



A COLONIAL ECONOMY IN CRISIS

Burma's rice cultivators and the world depression
of the 1930s

Ian Brown

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A Colonial Economy in Crisis

This book challenges the orthodox argument that rural populations which had abandoned self-sufficiency in the nineteenth century to become single commodity producers, and which were supposedly very vulnerable to the commodity price collapse of the 1930s depression, did not in fact suffer as severely as has been supposed. It shows how the effects of the depression in the Burma rice delta were complicated, varying between regions, between different kinds of economic actors, and over time, and shows how the ‘victims’ of the depression were not passive, but worked imaginatively to mitigate their circumstances.

Ian Brown is Professor of the Economic History of South East Asia at the School of Oriental and African Studies, London. He is the author of *Economic Change in South East Asia, c.1830–1980*, and he has also published extensively on the economy of Siam in the late nineteenth and early twentieth centuries, and on the impact of the world depression of the 1930s on the economies of South East Asia. He is currently working on a history of the prison in colonial Burma.

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In memory of my mother
Ethel Brown
1911–2004

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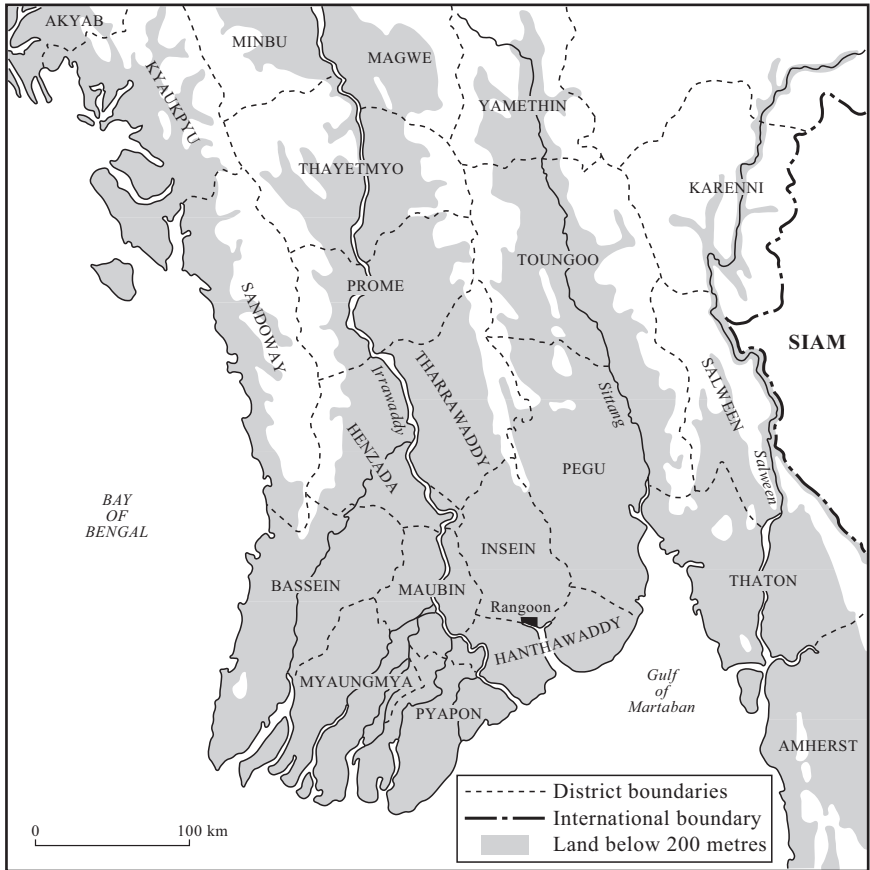
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Chapter 4 makes use, with revisions, of papers that I published in *Modern Asian Studies* in 1999 and in *Weathering the Storm: the Economies of Southeast Asia in the 1930s Depression*, edited with Peter Boomgaard, which appeared in 2000. I am grateful to Cambridge University Press and to the Institute of Southeast Asian Studies in Singapore for permission to use that material.

School of Oriental and
African Studies, London
February 2004



Districts of Lower Burma in the late colonial period

Prologue

Finding the question

My view on the subject of this book – the experience of the Burmese rice cultivator during the depression crisis of the early 1930s – has evolved considerably since I first gave the subject serious thought at the beginning of the 1980s. By ‘view’ I mean not simply or even principally my concluding assessment of the severity of the impact of the crisis on the material circumstances of the cultivator, although that is certainly part of it. Rather, I mean the way in which the subject is to be approached, the major lines of enquiry, the important questions to be asked – ‘view’ in the sense of perspective.

The task of this introduction is to trace that evolution. To proceed in this way is not without its dangers. While there should be no unease in others placing the historian at the centre of a discussion, for often this is how history is most effectively contested, for the historian himself to focus at the outset on his own intellectual journey, as here, may appear somewhat self-indulgent. I – first person singular again, and not for the last time – am clearly aware of that danger, and will make every effort to lessen the egotistical tone. I have chosen this line not as a self-indulgence or even because the journey was a particularly imaginative one but simply because it provides an effective statement of the principal aims of this book.

The early exploration

My first paper on rural South East Asia during the worldwide economic crisis of the early 1930s was a contribution to the 1983 conference of the International Association of Historians of Asia, held in Manila.¹ It arose directly from my teaching on the modern economic history of South East Asia. A central theme there had been the powerful commitment of rural populations across the region, from, roughly, the middle of the nineteenth century, to a huge expansion in the cultivation of crops for the world

1 Revised, the paper was published as Ian Brown, ‘Rural distress in Southeast Asia during the world depression of the early 1930s: a preliminary reexamination’, *Journal of Asian Studies*, 45, 5 (1986), pp. 995–1025.

2 Prologue

market, notably, rice in Burma, Siam, and French Indo-China, rubber in the Malay States and on Sumatra, sugar and coffee on Java, and sugar and abaca in the Philippines. That commitment had, obviously, left those populations highly dependent on the cash income from the cultivation of a single commercial crop. Therefore, it made sense to move on, in the teaching, to a consideration of the impact on the material circumstances of South East Asia's rural populations of the spectacular drop in primary commodity prices – the prices of rice, rubber, sugar, coffee, abaca – in the world economic crisis that took hold from the close of the 1920s.

The literature on the rural economies of South East Asia during the 1930s world depression was, then, rather thin. But scattered references firmly indicated a consensus that the depression had been a disaster for those rural populations across the region committed to production for the world market. As the cultivator was devoting virtually all his land, labour, and capital to the cultivation of a single crop for sale, and drawing on the cash income from those sales to cover expenditure on food, clothing, shelter, household articles, agricultural tools and work animals, religious donations, and social rites, as well as to pay his taxes and service his debts, it was inevitable – so the argument ran – that he would face severe distress when the price of that crop, and thus his cash income, collapsed from the end of the 1920s.

For a number of reasons, I had become increasingly sceptical about this argument. It was a matter of general knowledge that some of the economies in the industrial world had had markedly harsher experiences during the 1930s depression than others, and this was reason to suspect that in South East Asia, too, some economies may have suffered severely but others, perhaps, much less so. Indeed, there were sufficient differences in the circumstances of the rural populations in the various export-directed districts of South East Asia – in terms of, for example, landholding patterns, the burden of agrarian debt, tax administration, the market prospects of individual commodities – to suggest considerable variation in experience during the depression. Second, a fall in material consumption of the order often implied by the then consensus – and commodity prices, and thus cash incomes, commonly fell by a half or more – struck me as physically impossible. The case can be made that during the decades of rapid export expansion from the middle of the nineteenth century, the material circumstances of large numbers of rural South East Asians had improved.² But they could not have improved to the extent that the cultivator was able to take a 50 per cent cut in daily consumption during the depression. Cash incomes may well have fallen by half: real incomes simply could not have fallen to anything like the same extent. Third, in explaining, when teaching,

2 See, for example, Ian Brown, *Economic Change in South-East Asia, c.1830–1980*. Kuala Lumpur: Oxford University Press, 1997, chapter 9.

the commitment of the rural populations of South East Asia to the huge expansion in cultivation for export from the middle of the nineteenth century, I had sought to emphasize that this did not involve a dramatic abandonment of the subsistence economy for complete dependence on the market. Rather, there had already been a substantial measure of specialization in production and, therefore, a substantial involvement in trade in rural South East Asia before the huge expansion in cultivation for the world market. And then, crucially in this context, even the cultivator strongly committed to cultivation for export from the mid-nineteenth century had continued to draw a substantial part of his consumption from outside the market, from household production, through barter, and from nature. Following this line of argument would suggest that when commodity prices and cash incomes collapsed at the close of the 1920s, rural populations across South East Asia may have been able to defend their material circumstances, to some degree, by strengthening their reliance on the subsistence economy – for the subsistence economy had never gone away. And finally, I had come to feel that the existing consensus too often saw the rural populations of the region as passive victims of the depression crisis, taking the full force of the collapse in prices and cash incomes. Since in committing themselves to cultivation for export from the mid-nineteenth century they had shown remarkable initiative and ingenuity, there was every reason to anticipate that they would show the same qualities when the depression struck, and seize every opportunity to deflect its full impact.

The 1983 paper for Manila had a second provocation. In his *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, published in 1976, James Scott had devoted one chapter to an examination of – his term – ‘the depression rebellions’, the major rural risings that took place in Burma and Vietnam at the beginning of the 1930s.³ It was Scott’s position that the 1930s depression had created a severe subsistence crisis for those rural populations, for while the cash income of the cultivator collapsed, the tax collector, landlord, and moneylender, so Scott argued, had relentlessly enforced their claims – fixed in cash terms – against him. The subsistence crisis had then, he argued, detonated the depression rebellions. But for the reasons given above, I was not convinced that the depression had, in fact, created a severe subsistence crisis in rural Burma and Vietnam – certainly not in the way proposed by James Scott.

The 1983 paper attempted a preliminary reassessment of the established, grave view of the impact of the depression crisis on rural populations across South East Asia, drawing only on published sources. In its final form, the paper was divided into three sections. The first was devoted to an examination of some of the published statistical data on economic

3 James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, chapter 5.

4 Prologue

welfare in rural South East Asia in the 1920s and 1930s – household expenditure surveys conducted in rural Java, Cochin China, and Siam; calculations of trends in per capita rice consumption in Burma, Java, and the Philippines; and constructions of annual per capita real income, of the caloric value of per capita food consumption, and of the aggregate demand for manufactured consumption goods in the Netherlands East Indies. On occasions, those data could be read to suggest only a modest deterioration in the rural population's material circumstances during the depression crisis, or at least the absence of severe distress. But the main thrust of the discussion was that, sadly, it was near impossible to use these published statistical data to secure a firm measure of changes in material conditions – in consumption levels – in the export-oriented rural areas of South East Asia during the depression. The point might be made that much of the basic statistical data relating to South East Asia in this period, and certainly the statistical data on such aspects as per capita calorie intake or even per capita rice consumption, is fragile. But the core argument is that these data are insufficiently focused to answer the question here being set. That would require data that, at the very least, covered the period from the more prosperous years of the 1920s to the trough of the depression in the 1930s, related to a specific export-oriented rural district such as the Burma rice delta, and embraced not only the cultivator's consumption purchased in the market but also consumption drawn from his own production and from nature. None of the published statistical sources, I argued, came even close to meeting those requirements. Wrenching the statistical data into position to answer the questions I wish to see answered has, regrettably, continued to create enormous difficulties.

The second section examined some of the principal immediate influences on consumption levels – in fact on per capita rice consumption – in rural South East Asia during the depression. A major part of the discussion focused on James Scott's assertion in *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia* that during the crisis, the colonial administrations, landlords, and moneylenders in Burma and Cochin China had enforced their demands against the rural population – for the payment of taxes and rent, and for the repayment and servicing of loans – despite the collapse in cash incomes. As a consequence, the cultivator in Burma and Cochin China had been forced to direct a considerably larger volume of rice onto the market in a desperate scramble to maintain his cash income as prices collapsed, with the result that per capita consumption in the rice districts had fallen sharply. But drawing on a reading of some of the secondary literature, occasionally reinforced with careful speculation, I proposed that, on the contrary, the colonial administration in Burma at least had not ruthlessly enforced its tax demands during the depression, indeed, had shown marked flexibility, and that the rural populations at least in Burma and Cochin China had been able to offer resistance to the demands of the tax collector, landlord, and moneylender – although I also suggested

that there may have been marked variation in an administration's flexibility district by district, and in the cultivator's resistance by class. This section of the paper concluded, as had the first section, with a somewhat tetchy, apprehensive reference to the statistical data. It was not sufficient to demonstrate that colonial administrations had been flexible and that cultivators had resisted. It was critical to measure the extent of the administration's flexibility – the scale of remissions, the percentage cut in tax rates and in collections – and the effectiveness of the cultivator's resistance. Without an attempt at measurement, it would be impossible to say that state flexibility and cultivator resistance acted with sufficient power to prevent a sharp deterioration in material conditions during the depression or whether, in contrast, they were too weak to have an impact on rural welfare. In the early 1980s, I doubted whether quantitative data to measure the effectiveness of cultivator resistance were likely to exist. Perhaps I exaggerated the difficulties – but if so, not excessively.

The first section of the 1983 paper had argued that it was not possible from the published statistical data to secure a direct measurement of shifts in consumption levels in the export-oriented districts of South East Asia during the years of the depression. The final section offered, as an alternative approach to assessing the impact of the depression crisis, three indirect statistical indicators of possible change in material conditions in rural South East Asia in that difficult period. They were the immigration and repatriation of Indians to and from Malaya and Burma; the volume of textile imports into Burma and Java – used not to calculate per capita consumption of imported textiles but as an indicator of possible changes in the level of real income; and the overall and infant mortality rates for Burma. Taken separately, each indicator might be given little weight. But taken together, and many other indicators could have been added, they seriously challenged the view that the depression of the early 1930s had been an economic disaster for the rural populations of South East Asia.

The two principal propositions advanced in the 1983 Manila paper were, therefore, that the 1930s depression had brought varying degrees of economic distress to the different export-oriented rural districts of South East Asia but, crucially, that even in those districts most severely affected, the deterioration in the material circumstances of the population had been markedly more modest than had hitherto been widely accepted. But these were, indeed, just propositions, drawn from a reading of the published literature. They now had to be tested through detailed research.

My own contribution to that process was to be a close examination of the experience of Burma's rice cultivator in the depression. I decided to focus on Burma partly for practical reasons – the ease of physical and linguistic access to the sources – but principally because the Burma experience would provide for a particularly effective exploration of the propositions I had advanced. Two features were critical. The economy of the Burma delta had been tied extremely tightly to the international

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economy – indeed, the delta's physical landscape had been completely transformed, and its economic, social, and demographic character created by integration into the international economy from the middle of the nineteenth century. Therefore, it could be anticipated that the delta's cultivators would be particularly vulnerable in the crisis of the world economy that took hold from the end of the 1920s. Second, the Burma delta was the only export-driven part of rural South East Asia to experience a major rebellion during the depression years – the unrest in rural Cochin China involved scattered, small-scale violence, and was, thus, far from a coherent rising, while the remaining export districts were remarkably quiet in the early 1930s. That unique eruption would perhaps provide an additional insight into the nature and severity of the depression crisis.

I began research on the Burma sources in late 1995, publishing three papers within a few years as an initial trial of the material. The first explored the relationship between the economic crisis in the delta and the eruption of the Burma rebellion at the end of 1930.⁴ The second and third papers, however, took up directly the task of testing through detailed research the propositions advanced in 1983. They worked within that paradigm. An article published in *Modern Asian Studies* in 1999 considered whether the British colonial authorities in Burma had, in fact, been flexible in the administration of the land revenue and capitation tax during the depression years: and if so, the precise point in time when relief had been given, and the scale of the relief provided to the rice cultivators of the delta.⁵ A paper published in a collected volume in 2000 used the cotton textile import figures to explore changes in material conditions in rural Lower Burma during the 1930s crisis, a return to, but more thorough and diverse exploitation of, a form of evidence that had first been presented in 1983.⁶

But as the work progressed and the test papers were mulled over, discussed with colleagues, and written, it became increasingly clear that the core proposition advanced in 1983 – that even in those rural districts of South East Asia most severely affected by the depression crisis, the deterioration in the material circumstances of the population had been markedly more modest than had hitherto been widely accepted – was obscuring a crucial dynamic, indeed, *the* crucial dynamic. Thus far, the

4 Ian Brown, 'The economic crisis and rebellion in rural Burma in the early 1930s', in Ryoshin Minami, Kwan S. Kim, and Malcolm Falkus (eds), *Growth, Distribution, and Political Change: Asia and the Wider World*. London: Macmillan, 1999, pp. 143–57.

5 Ian Brown, 'Tax remission and tax burden in rural Lower Burma during the economic crisis of the early 1930s', *Modern Asian Studies*, 33, 2 (1999), pp. 383–403.

6 Ian Brown, 'Material conditions in rural Lower Burma during the economic crisis of the early 1930s: what the cotton textile import figures reveal', in Peter Boomgaard and Ian Brown (eds), *Weathering the Storm: The Economies of Southeast Asia in the 1930s Depression*. Singapore: Institute of Southeast Asian Studies; Leiden: KITLV Press, 2000, pp. 109–20.

framework for the research had been a geographical area – the export-committed rural districts of South East Asia, and now, one of those districts, the Burma delta. It had been recognized from the outset that there had been considerable variation in the impact of the depression crisis as between geographical areas – that the central rice plain of Siam had been hit less hard than the Burma or Cochin China rice deltas, the plantation and mining states of Malaya less hard than the plantation districts of East Sumatra, and, in prospect, perhaps some districts in the Burma delta less hard than others. But, in fact, far more important than geographical variation in tracing the dynamics of the depression crisis in rural South East Asia was the variable impact as between the different categories of agriculturist – landless labourer, tenant, owner-cultivator, landlord. For, at a given time and place, one class of agriculturist was likely to be more vulnerable to a collapse in cash incomes, soaring debt burdens, and tax demands, and/or better positioned to exploit the strategies – resistance to the demands for tax, rent, and debt repayment, a return to subsistence production – that would defend their material circumstances, than another. There had been a thin reference to class in the 1983 paper, when I had suggested that in the rice deltas of mainland South East Asia, landless labourers and tenant-cultivators were almost inevitably in a more vulnerable position during a period of market collapse than owner-cultivators (incidentally, a view I would no longer defend). In the later articles, the references had become somewhat stronger. I now see class as being critical.

In two crucial respects, the focus on the different classes of agriculturist redefines the subject. It alters the way in which a deterioration in the material circumstances of a rural population would be assessed, away from calorie intake and per capita imports of cotton textiles and towards loss of socio-economic position, the descent from owner-cultivator to tenant to labourer. Second, it changes the question. The question originally posed was: how severely were the material circumstances of the populations of the different export-committed districts of South East Asia damaged by the depression crisis of the early 1930s? As the issue of class became more prominent, the answers acquired greater nuance: the agricultural population of the Burma rice delta taken as a whole may have experienced only a modest deterioration in material circumstances during the depression crisis, but within that population, this class of agriculturist suffered a more severe deterioration than that. Now the nuance is central. It matters little for an understanding of the course of the depression crisis in rural South East Asia that, in broad terms, the population in one part of the region was hit hard or escaped relatively lightly. Calculations of an average experience mean nothing. Rather, the critical dynamic is the experience – and notably the dramatic shifts in socio-economic position – of particular classes of agriculturist, in particular districts at particular times. Whether the Burma data are sufficiently rich to capture that complex detail in full is, of course, another matter.

1 The long view

Growth and weakness in Burma's rice economy

In December 1852, near the conclusion of a second Anglo-Burmese war, Britain annexed the Burmese province of Pegu. The territory acquired was a frontier region on the southern periphery of the Burman heartland, a sparsely populated backwater with vast tracts abandoned to forest cover and swamp. But its economic potential was very considerable, and in the decades that followed the annexation, but particularly from the 1870s onwards, huge areas were cleared for the cultivation of rice for export. At the beginning of the twentieth century, Burma's annual rice exports were well in excess of two million tons, making the province the world's leading rice-export economy. That transformation – from backwater to powerhouse – is the first concern of this chapter.¹

The creation of Burma's rice economy

The scale of that transformation is caught in the two tables below. According to Table 1.1, the area under paddy in Lower Burma increased well over six-fold between the early 1860s and the late 1920s, rising to some 9.5 million acres. The expansion was not even. After a modest initial growth, the period from the early 1870s to the late 1900s saw the most dramatic increases, with almost three million acres being added between the late 1880s and the beginning of the new century. The rate of expansion then slowed, although it had picked up again somewhat by the 1920s. Table 1.2 indicates that between 1860 and the late 1920s, the annual volume of Burma's paddy and rice exports rose – from a low base – 23 times, to close to three million tons. Once again, the expansion was not even. The

1 The discussion draws mainly on three standard texts: Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968; Michael Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974; J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948.

10 *Growth and weakness in Burma's rice economy*

Table 1.1 Paddy acreage in Lower Burma, 1861–1930 (in thousands of acres, five-year annual averages)

| <i>Years</i> | <i>Acreage (000s)</i> |
|--------------|-----------------------|
| 1861–65 | 1,447 |
| 1866–70 | 1,686 |
| 1871–75 | 2,094 |
| 1876–80 | 2,848 |
| 1881–85 | 3,502 |
| 1886–90 | 4,150 |
| 1891–95 | 5,035 |
| 1896–1900 | 6,031 |
| 1901–05 | 6,960 |
| 1906–10 | 7,649 |
| 1911–15 | 8,120 |
| 1916–20 | 8,422 |
| 1921–25 | 9,058 |
| 1926–30 | 9,593 |

Source: Teruko Saito and Lee Kin Kiong (comp.), *Statistics on the Burmese Economy: The 19th and 20th Centuries*. Singapore: Institute of Southeast Asian Studies, 1999, p. 78.

Table 1.2 Paddy and rice exports, 1860–1929 (in millions of tons, each ten years and then five year annual averages)

| <i>Years</i> | <i>Rice exports (millions of tons)</i> |
|--------------|--|
| 1860 | 0.126 |
| 1870 | 0.381 |
| 1880 | 0.807 |
| 1890 | 1.208 |
| 1900–04 | 2.232 |
| 1905–09 | 2.238 |
| 1910–14 | 2.383 |
| 1915–19 | 2.141 |
| 1920–24 | 2.370 |
| 1925–29 | 2.906 |

Source: Teruko Saito and Lee Kin Kiong (comp.), *Statistics on the Burmese Economy: The 19th and 20th Centuries*. Singapore: Institute of Southeast Asian Studies, 1999, p. 83.

most dramatic increases in exports came in the final three decades of the nineteenth century, with over one million tons being added to the annual volume in the years between 1890 and the early 1900s. The rate of expansion then slowed sharply – indeed, there was a marked fall in the volume of rice exports during the First World War – before recovering somewhat in the 1920s.

The labour that transformed Lower Burma was that of the Burmese cultivator himself, in what the British official-scholar J. S. Furnivall called an

'epic of bravery and endurance'. To wrench the delta from nature was indeed a punishing undertaking. It commonly required the pioneer cultivator to fell a substantial tract of dense forest, burn off the undergrowth, and then – a huge physical challenge – dig out the tangle of thick, fiercely embedded roots. It could take three or four years of extreme effort before the tract could be ploughed and the first paddy planted. And this was a hostile environment. Attacks of malaria and dysentery could leave the cultivator severely weakened, while work animals – water buffalo and bullock – were lost to rinderpest, anthrax, and foot-and-mouth. The rice crop itself was vulnerable – to excessive flooding, as monsoon-swollen rivers and heavy tides broke through embankments, and to the ravages of rats, wild pigs, birds, and a variety of caterpillars, worms, and beetles that devoured young shoots and attacked maturing plants. In the frontier reaches of the delta, a single wild elephant could trample down crops, bulldoze embankments, and crash through dwellings and stores, destroying in minutes a holding that may have taken years to establish. There were also human predators. Forced to borrow heavily when bringing a wild tract into production, the pioneer cultivator could then default on the loan and lose his land to the lender, not least through one slice of misfortune – a bout of malaria, the loss of a work animal, the destruction of the rice crop through flooding or the ravages of insects, birds, or rodents. Or the cultivator could be driven off his land by intimidation and violence. In the frontier districts of the Burma delta, out beyond settled administration and the institutions of the law, the little man had no protection against the land-grabber and his thugs.

Many of the cultivators who cleared the delta wilderness and brought it into production were, until the early twentieth century, migrants from the Burman heartland to the north, the surviving independent kingdom until defeat in a third Anglo-Burmese war in 1885. No count was taken of the movement of people between the kingdom in the north and British-held Lower Burma. But the broad scale of the migration can be judged from the fact that in the 1891 census, of a total population for Lower Burma of 3.3 million, 393,000 – 12 per cent – were born outside the delta. Many of the migrants, particularly in the early decades, were single males seeking seasonal or short-term work in the delta before returning north, although, in time, repeated seasonal migration commonly became permanent settlement. But whole families – with their work animals and all their possessions – were also seen moving south, permanently.

Of course, by no means all the pioneer cultivators on the delta frontier fell victim to malaria, wild elephants, the land-grabber's thugs, or any of the other hazards noted earlier. But many did, and for all there was the risk that they might. Moreover, this was a risk to be set against the certainty of back-breaking toil in clearing the wilderness and putting the land under paddy. Why then, given these circumstances, did hundreds of thousands of Burmese cultivators – large numbers migrating several hundred miles

to reach the delta frontier – become drawn into this extraordinary enterprise? Part of the explanation is that the cultivator was forced into the delta by the insecurity of cultivation in the north, a region of limited and uncertain rainfall, and thus prone to drought, food shortages, and periodic famine. It might be noted, for example, that when the rains failed in the 1896/97 cropping season, the railways and roads leading south were crowded with cultivators in search of land and work.

But, more importantly, the Burmese cultivator was drawn into the delta by the prospect of material gain. By committing his resources – a large, newly cleared tract of land, capital secured by borrowing, his labour and the labour of his family and of hired workers – almost exclusively to the cultivation of rice, selling the substantial surplus for a cash income, the Burmese cultivator could buy from the wide range of cheap, mass-produced Western manufactures that now flooded into Burma. Most were basic necessities – textiles, corrugated iron roofs, soap, kerosene lamps – and replaced local articles. But some were, in the circumstances of the time, modest luxuries – European glassware and crockery, metal cabinets and chests, and clocks. In specializing in the cultivation of rice – on an open land frontier and with access to substantial capital – and securing almost all his household articles, personal items, and agricultural implements from the market, the Burmese cultivator increased the quantity, range, and often the quality of his consumption. There was evidence across the delta through the final decades of the nineteenth century of rising consumption, particularly the consumption of imported goods. Michael Adas quotes a settlement officer in Myaungmya and Bassein at the beginning of the twentieth century who reported seeing a Burmese ‘smoking a French briar pipe and suckling his motherless babe with an English nursing bottle containing Swiss condensed milk’.²

The prospect of material gain had a further dimension. With a vast open land frontier and a buoyant market demand for rice, the cultivator could anticipate – with strenuous labour and a measure of good fortune – establishing a substantial holding and then, over the years, repeatedly adding to it. He could anticipate upward mobility. He may have begun as a temporary labourer, travelling from his home village in the north into the delta a number of times over several years to work either for a season helping with the harvest or for a longer period to assist in clearing a tract, before returning north. Then, having identified a tract for himself, the cultivator and his family migrated permanently. The tract was cleared and cultivation established. He worked hard and avoided sickness, wild pigs, and land-grabbers. With the rice price rising, he cleared his debts and built a surplus. Further holdings were acquired and, in time, perhaps, that cultivator came to own hundreds of acres, which were worked by tenants and

2 Michael Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974, p. 76.

hired labourers. Of course, few travelled the entire road from seasonal labourer to major landlord. Most pioneers fell short. But it is important to note that the prospect of travelling that road was a powerful incentive for every pioneer who entered the delta, an elemental force in the delta's transformation over the final decades of the nineteenth century. In the context of a study of the Burma rice cultivator in the world depression, it is critical to add that by the 1920s that prospect had substantially weakened – and was then shattered when the depression struck the delta with full force in the final months of 1930.

There is a further aspect of the Burmese cultivator's commitment to the clearing and cultivation of the delta in the final decades of the nineteenth century that must be noted because it acquired considerable significance in the depression. In observing, as above, that the cultivator came to specialize in the cultivation of rice, and to secure his household articles, personal items, and agricultural implements from the market, it is important not to overstate his market-dependence or to assume that it was irreversible. The immediate material circumstances of the late nineteenth-century delta cultivator were not exclusively and irretrievably tied to the state of the rice market, to the buoyancy of that single income-stream. Although the rice cultivator may have depended on imports for a major part of his clothing, and to provide such articles as kerosene lamps, soap, crockery, and mirrors, his basic needs for shelter and food were still largely met outside the market, that is from household production or from local forests and streams. Materials for the construction of rural dwellings were simply taken from the forest; fish were caught in streams, ponds, and flooded fields; wild pigs were hunted in the wilderness; vegetables were cultivated and ducks, pigs, and chickens raised on higher ground. And were the rice market to falter and thus the ability of the cultivator to secure consumer imports diminish, it was not too difficult for him and his family to return to the domestic production of essentials (clothing) and to dispense altogether with non-essentials (mirrors). The implication is clear. The continued vitality of the subsistence sector in an economy highly specialized in the production of rice for the market was an important element in the cultivator's defence of his material circumstances when the rice price gave way in the depression.

A further major source of labour for the Burma delta rice industry was the Indian migrant. Immigration from India began with the establishment of British rule and the early expansion of the rice acreage, but from the beginning of the 1880s the numbers soared. In the second half of the 1890s, the average annual number of immigrants arriving by sea at Burma's ports – overwhelmingly Indian labourers – was more than 147,000: in the second half of the 1920s, that figure was almost 406,000. In one respect, these figures are misleading. The majority of Indian labourers came to the province as temporary migrants, working for a few years before returning home – although the migration might be repeated several times over an

individual's lifetime. Indeed, large numbers of labourers from those districts in India closest to Burma came across each year to work the harvest and/or milling season and then return. Consequently, each year large numbers of Indian labourers embarked at Burma's ports for the return to India, departures to be set against the wave of new arrivals – although it should be added that in all but two years between the mid-1880s and the end of the 1920s, the number of arrivals by sea exceeded, often greatly exceeded, the number of departures. In the 1901 census, there were over 297,000 Indians in Lower Burma, 7 per cent of the population. Most Indian labour migrants to Burma were from districts in Madras and Bengal. They were usually recruited by an Indian labour contractor – the *maistry* – who would offer a cash advance, cover the cost of the sea passage, and provide food and lodging on arrival in Burma, all those charges being repaid by the labourer with interest from the wages he would earn in the province. Indian labourers usually worked in gangs of 20 to 50, often under the supervision of the *maistry* who had recruited them. Many worked in Rangoon – in the 1901 census, 51 per cent of the city's inhabitants were Indian – notably in the port's large, steam-driven rice mills and on the Rangoon docks. But, increasingly, Indian labour gangs were found in the rural delta, moving through the rice districts to transplant and later harvest the crop.

The ships on the India–Burma–India run carried not only labourers but also moneylenders, far fewer of course but destined to have a comparably important impact on the Burma rice industry. All but a small fraction of the Indian moneylenders at work in the delta were Chettians, from Madras. The Chettiar caste had centuries of experience in lending money, and the community's structure and social practices were focused on the pursuit of that interest. Chettiar firms followed the British into Lower Burma but until the 1880s they restricted their business principally to Rangoon and other urban centres. At that point they moved out into the rural districts, establishing agencies in the larger settlements and in towns on the main lines of communication. By the twentieth century, it was said, there was a Chettiar within a day's journey of every cultivator in the main parts of the delta.

Crucial to the movement of the Chettiar into the rice districts was the practice, as opposed to the letter, of the colonial government's land administration. The Burmese cultivator could acquire rights to a new piece of land in two principal ways. Under the Lower Burma Land and Revenue Act of 1876, a squatter who continuously occupied a holding, and paid the land revenue, for 12 years, secured landholder's rights over it. Alternatively, the cultivator received from the government a grant of some 15 to 50 acres – the grant was called a *patta* – with exemption from land revenue for sufficient years, it was calculated, to bring the land into profitable cultivation. During the period of exemption, the cultivator was not permitted to mortgage the land, it being a condition of the grant that he

had sufficient means to clear and cultivate the holding without resorting to a moneylender. This was the legal position: and it implied that for the pioneer cultivator, a number of years had to pass – 12 in the case of the squatter – before he had the legal right to put forward the land as security for a loan. But the British administration – and, indeed, following the argument above, the Burmese cultivator and, presumably, the Chettiar – sought the most rapid expansion in the rice acreage, and that meant that the pioneer cultivator had to have swift access to capital. In practice, therefore, simply to occupy land, simply to pay the land revenue – regardless of the number of years – established sufficient rights for the holding to be accepted as security for a loan.³ For the Chettiar lender, there was a further critical consideration. Land administration in colonial Burma placed no restriction on the alienation of agricultural land, on land being owned by non-Burmese or by non-agriculturists. If there had been such a restriction, the Chettiar could not have advanced loans to the Burmese cultivator on the security of his land. The implications were immense.

Chettiars lent directly to the Burmese agriculturist, both long-term, to bring new land into production or for the purchase of, for example, work animals and agricultural tools, and short-term, crop loans to meet the costs of cultivation and the daily expenses of the cultivator and his family until the harvest was sold. But they also lent indirectly, by providing advances to Burmese moneylenders, paddy brokers, and large landlords who then lent on to the cultivator. An official enquiry into banking in the province at the end of the 1920s estimated that the Chettiars probably provided directly rather more than half the total value of crop loans in Lower Burma, and directly and indirectly, two-thirds.⁴ In certain districts – Hanthawaddy and Tharrawaddy – the figures for direct Chettiar loans were far higher. Thus, although there were many more Burmese moneylenders than Chettiars – the same enquiry suggested that the ‘total number of Chettiar businesses lending to agriculturists is round about fifteen hundred, while there must be at least one Burman lender in nearly every one of fifteen thousand village-tracts, and most of these have several lenders’ – the Chettiar dominated the financing of the delta cultivator, through the far greater scale of his operations and the fact that he was also funding the local lenders.

- 3 Cady offers an alternative account. He reports that the Lower Burma Land and Revenue Act of 1876 ‘provided that an “occupancy right” obtained by payment of nominal land revenue for a single year could be used as security for loans to cover the purchase of such things as food, the cost of clearing and drainage, cattle, and seed, and the planting of a crop’. John F. Cady, *A History of Modern Burma*. Ithaca, NY: Cornell University Press, 1958, p. 158. In other words, swift access to capital on the part of the pioneer cultivator was secured not through a tolerant land administration, as suggested above, but by legal provision.
- 4 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 1, pp. 67–68.

The injection of Chettiar capital, and Indian labour, meant that Burma's rice industry – the acreage under paddy and the volume of rice exports – grew at a considerably faster pace from the final decades of the nineteenth century than would otherwise have been the case, and secured the province's position as the world's leading rice-export economy. But the deep penetration of the rice delta by Indian capital, a penetration that the colonial administration did little to restrain, created a serious structural weakness in the delta rice economy, evident from the beginning of the twentieth century but brutally exposed by the depression crisis of the early 1930s. I will return to this weakness shortly.

Before that it is important to note other aspects of the Burma rice industry – often far beyond the rice fields – where, too, there was a major foreign presence, frequently near complete domination. The transactions that brought the rice crop from the threshing floor to the rice mills were undertaken by a great number of intermediaries, the majority of whom traded in rice simply as a further line to their business interests. They were landlords, shopkeepers, local traders, and moneylenders. The intermediaries therefore included many Indians and Chinese, but also substantial numbers of Burmese. Indeed, the first stage in the movement of the crop – securing deliveries from the threshing floor – was commonly in the hands of agents, or jungle-brokers, who were predominantly local men. With regard to milling, through to the end of the nineteenth century, the province's rice mills were almost exclusively situated in the ports, and owned largely by Europeans – 41 of the 49 mills in 1881. The remaining few were owned by Indians, Chinese, and, lastly, Burmese. But the first decades of the twentieth century saw a great expansion in the number of small up-country rice mills, some owned by Indians or Chinese – a still further line for landlords, moneylenders, and shopkeepers – but the majority by Burmese. Thus, in 1929, Burmese owned 336 of the total of 609 mills in the province. However, European-owned mills were far larger than the mills owned by Burmese and, indeed, by Indians and Chinese – in 1936, the average number of employees in a European mill would be 496, in a Burmese mill, 38 – and consequently, in terms of employment, European interests remained pre-eminent. The fact that European milling came to be dominated by just four firms – Steel Brothers, the Anglo-Burma Rice Company, Ellerman's Arakan Company, and Bulloch Brothers – projected a still more powerful European presence. Those four firms also occupied a powerful position in the export of Burma's rice. In fact, the export of rice from the province was almost exclusively in the hands of foreign interests, with European firms controlling the trade to Europe and to markets in Africa and the Americas, Indian merchants dominating exports to ports in South Asia and the Netherlands East Indies, and Chinese merchants the trade to the Straits Settlements and to ports in China and Japan. Burmese were little to be seen.

These basic points are raised because each of the foreign interests in the Burma rice industry noted here, and in the earlier discussion – the local

Chinese rice trader, the Chettiar, the Indian labourer in the rice districts, in the Rangoon mills, or on the Rangoon wharves, the European milling and exporting firms, the Indian and Chinese rice export merchant – would be damaged by the economic crisis of the early 1930s, often severely damaged. But more importantly, the crisis would brutally expose conflicting interests between the Burmese agriculturist and the Indians, Europeans, and Chinese who had been involved with them in the creation of Burma's rice industry from the final decades of the nineteenth century. The most explosive conflicts would be: in Rangoon, between Indian dock workers and Burmese labourers; and, of central importance in this study, in the rural delta, between the Burmese rice cultivator and the Chettiar. The following section will explore one crucial part of the background to that latter conflict.

British policy and the cultivator's land

'[T]he main object of the agricultural policy' of the British administration in the rice delta in the final decades of the nineteenth century, wrote J. S. Furnivall at the beginning of the 1930s, was 'the creation of a body of peasant proprietors', for it was widely held that 'cultivators would be more industrious and law-abiding if they owned the land they cultivated'.⁵ But Furnivall immediately added, 'this policy has met with [only] a very small measure of success'. The full consequences of that failure were played out in the depression crisis of the early 1930s – as Furnivall was writing – when a vast acreage across the delta was lost by the Burmese rice cultivator to non-agriculturists, largely the Chettiars. However, that the British colonial administration had failed in its crucial aim of seeing the creation of a core of cultivator-owners, dominating the delta, had been clear long before the 1930s crisis. In the early 1900s, for example, almost one-fifth of the occupied land in the 13 principal rice-growing districts of Lower Burma was owned by non-agriculturists, largely non-resident non-agriculturists.⁶ If the colonial government had taken remedial action at that point, had sought to rectify that failure of its agricultural administration, almost certainly the dispossession of the Burmese rice cultivator in the 1930s depression crisis would not have occurred on such a devastating scale. But it did not.

In the early 1890s, Burma's Financial Commissioner argued that the delta rice cultivator would hold on to his land only if he could be prevented from borrowing too freely from the moneylender, and that this could be

5 J. S. Furnivall, *An Introduction to the Political Economy of Burma*. Rangoon: Burma Book Club, 1931, p. 49.

6 Calculated from Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, p. 270.

achieved only by restricting the use of land as security for loans.⁷ He therefore proposed legislation that would make the sale of land by a Burmese agriculturist conditional on the issue of an 'instrument of transfer' signed by a revenue officer. It would prohibit the sale of such land in execution of a civil court judgment – as, for example, when a moneylender went to court to foreclose on a defaulting cultivator. Legislation was drafted in 1896. This stipulated that a revenue officer would sanction the sale of an agriculturist's land only to another agriculturist. Furthermore, it recognized only usufruct mortgages, that is, a loan agreement in which the cultivator who defaulted could remain on the land as a tenant of the lender, in this case for a period of up to 15 years. The legislation was not enacted.

A decade later, in 1906, a further attempt was made to introduce legislation that would restrict the loss of agricultural land to non-agriculturists, an attempt driven by the Governor himself, Sir Herbert Thirkell White. White, too, wished to recognize only usufruct mortgages and he sought to revive the traditional Burmese practice that gave the person who sold a piece of land the right to repurchase it after a period of years. But there was considerable opposition to the proposed legislation from 'articulate opinion' – from within the administration and from foreign commercial interests. There were three principal objections. It was near impossible to produce a working definition of 'agriculturist', although in legislation designed to restrict the ownership of agricultural land to 'agriculturists' it was clearly essential to do so. Second, too great a burden would be imposed on the local revenue officer, for in each case he would be required either to sanction or reject the sale of land by a Burmese agriculturist. But most importantly, it was argued that the legislation would seriously disrupt the provision of credit in the rural delta, and thus inflict considerable damage on the rice economy. In detail, it was feared that the Chettiars would refuse to lend on usufruct security. This would undoubtedly slow the rate at which new land was being brought into production – it might even force existing land out of cultivation – which would hit the government's revenues as well as the profits of traders, millers, shippers, and, of course, the Chettiars themselves. During his term as Governor, White failed to bring in his legislation. His successor abandoned it. White's memoirs, completed soon after his departure from Burma, capture his disappointment and concern.

I had much at heart the enactment of legislation for restraining the alienation of land and for the protection of tenants. I was unsuccessful in effecting either of these objects before my retirement. I have no doubt that gradually but surely the Burman is being squeezed off the

7 This discussion draws on John F. Cady, *A History of Modern Burma*. Ithaca, NY: Cornell University Press, 1958, pp. 166–67.

land, and that if, as seems likely, the proposed legislation is abandoned, the land will fall into the hands of non-agriculturists and natives of India. Free trade in land as in other things may be good. From an economic point of view the position is probably sound. More rice will be grown for export; more land revenue and customs duty will be garnered. But there are other considerations. The standard of living will be lowered. The deterioration of the Burmese race which will inevitably accompany their divorce from the land will be a subject for regret when it is irremediable.⁸

In brief, the rapid expansion of the rice economy, and thus the government's revenues and the profits of rice traders, moneylenders, millers, and shipping lines, was deemed more important than the creation of a settled, law-abiding, and industrious rural population. Commercial interests – overwhelmingly foreign – took precedence over the Burmese rice cultivator. In seeking to understand why this was so – after all, powerful figures in the administration had argued that the Burmese cultivator needed protection – it is important first to note that in other parts of colonial South East Asia, including British-ruled South East Asia, legal restrictions were imposed on the ownership of agricultural land. The Federated Malay States provides a prime example.⁹ In the late 1900s, senior British officials became concerned that the rural Malays were then selling substantial blocks of their established holdings to European rubber companies, for with the rubber price soaring, the companies were extremely eager to expand their acreage. The rural Malays were obviously getting a very good price. But obviously they were also losing their traditional land – not simply a critical economic resource but the very foundation of Malay rural society. The British administration concluded that it was vital 'to protect Malays against themselves'. The Malay Reservations Enactment of 1913 gave the British Resident in each of the Federated Malay States the power to declare any land in the state a Malay Reservation: it then ruled that Malay reserved land could not be sold, leased, or otherwise disposed of, to a non-Malay. In the following years, a substantial area was gazetted, although the progress of reservation varied markedly from state to state. At the end of 1923, there were almost 2.8 million acres of Malay Reservations in the Federated Malay States, a little over 15 per cent of the total area.

The Netherlands East Indies provides a further example. From the late eighteenth century it was a firm principle of Dutch administration that

8 Herbert Thirkell White, *A Civil Servant in Burma*. London: Edward Arnold, 1913, p. 296.

9 The following draws on Lim Teck Ghee, *Peasants and their Agricultural Economy in Colonial Malaya, 1874–1941*. Kuala Lumpur: Oxford University Press, 1977, pp. 106–16, 165.

'native' land should not be alienated to foreigners.¹⁰ The Dutch feared, moreover, that in the absence of market restriction, large areas of agricultural land would, indeed, fall into the hands of European and Chinese planters and Chinese moneylenders. Consequently, through the nineteenth century to the end of Dutch rule, foreign interests were not permitted to purchase 'native' land, and the local population retained full control over the use of its land in accordance with custom. Foreign interests could, however, rent 'native' land or lease waste land from the state and, during the nineteenth century, the terms upon which that renting and leasing took place was an important concern of the Dutch colonial administration.

There were, of course, marked differences in land administration and its context as between the Federated Malay States and the Netherlands East Indies, and also between those two territories on the one side, and Burma on the other. Notably, in the Malay States, restriction on the ownership of land was determined by ethnicity, in the Indies by a distinction between 'native' and 'foreigner'. But in Burma it was proposed that restriction would be determined by occupation: only agriculturists would be permitted to own agricultural land. But the central point to be made from the experience of the Federated Malay States and the Netherlands East Indies is that, clearly, it was administratively, ideologically, and politically possible for colonial administrations to intervene in the market to protect the land-owning interests of the indigenous population. Once again, why did the Burma administration fail to intervene?

The explanation lies, I suspect, not in some distinctive feature of the delta economy but in Burma's constitutional position between 1886 and 1937 as a mere province of British India. There are two points here. First, with the exception of the Punjab, no major province of British India introduced legislation to prohibit the transfer of agricultural land to non-agriculturists, although the issue was debated at great length across the sub-continent in the late nineteenth and early twentieth centuries.¹¹ Most provincial governments, including of course the Burma administration, feared that such legislative restriction on the freedom of contract would harm the revenue. There was also concern – again, in Burma as well – that it would be difficult to create working definitions of 'agriculturist' and 'non-agriculturist'.¹²

10 J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 224; with further detail from J. S. Furnivall, *Netherlands India: A Study of Plural Economy*. Cambridge: Cambridge University Press, 1944, pp. 47, 178–81.

11 Dietmar Rothermund, *An Economic History of India: From Pre-Colonial Times to 1986*. London: Croom Helm, 1988, p. 46; Neil Charlesworth, *Peasants and Imperial Rule: Agriculture and Agrarian Society in the Bombay Presidency, 1850–1935*. Cambridge: Cambridge University Press, 1985, pp. 243–44.

In brief, whatever the experience of the Federated Malay States and the Netherlands East Indies, the position in British India was not to intervene.¹³ The second point is more difficult to capture. Burma was not an integral part of British India. Indeed, from the perspective of Delhi – and crucially, in the eyes of many senior officials in Rangoon – the province was not much more than a support act to the main event. The reasons are clear. The decision taken in early 1886, in the immediate aftermath of the third Anglo-Burmese war, to bring Burma into British India was driven solely by administrative and political expediency. There was little choice, for Burmese administration had completely disintegrated.¹⁴ Burma was a late, forced addition to British India. Then, in the twentieth century, the course and character of nationalist politics in Burma was quite different from that in India ‘proper’. Moreover, the question whether Burma should remain a province of British India – the separation question – was a crucial and contentious issue in the politics of the province from the late 1920s until separation was effected in April 1937.¹⁵ There was a further perception of the province in Delhi, again one commonly shared by senior officials in Rangoon – the image of Burma as a considerable commercial, financial, and economic asset to British India. Burma was the world’s leading rice exporter, and a crucial supplier of rice for India ‘proper’; it provided important opportunities for Indian labour and capital; and, critically, the province was a major net contributor to the revenues of the central government. The coincidence of these two contrasting perceptions – Burma as a political appendage but Burma as an economic powerhouse – came to engender within the Rangoon administration the view, or at least a reluctant acceptance, that commercial interests and economic ambitions

12 The Punjab legislation included no definitions of these terms. But appended to it was a list of those castes and communities that were deemed to be agriculturists and non-agriculturists: Rothermund, *An Economic History of India: From Pre-Colonial Times to 1986*. London: Croom Helm, 1988, p. 46.

13 Perhaps there was less need for legislation to protect the land-owning agriculturist in India ‘proper’ – at least parts of it – than in the province of Burma. In a study of rural Tamilnad, Christopher Baker notes that the administrative and legal machinery for the registration of land titles was so inept there that the local Chettiar firms felt that it was far too treacherous to lend money against the security of land. The Chettiars pressed the provincial government for improvement but the latter refused, arguing that effective registration of land titles would make it possible for outsiders – non-agriculturists – to secure village land. And in good part because of the difficulties with the Anglo-Indian legal machinery, the Chettiars explained, they preferred to conduct their business in South East Asia rather than in Tamilnad. Christopher John Baker, *An Indian Rural Economy 1880–1955: The Tamilnad Countryside*. Delhi: Oxford University Press, 1984, p. 322.

14 See Thant Myint-U, *The Making of Modern Burma*. Cambridge: Cambridge University Press, 2001, pp. 193–98.

15 Robert H. Taylor, *The State in Burma*. London: C. Hurst, 1987, pp. 121–23.

would be dominant in the province. The protection of the Burmese owner-cultivator, at the cost of a less rapid expansion of the rice economy and diminished commercial profits and government revenues, was lost.¹⁶

Tenants and labourers in the 1920s

In the early 1920s the Burma government ordered an inquiry into the condition of agricultural tenants and labourers in the rice delta. The inquiry was led by Thomas Couper, a senior official with long experience in the province's land administration, and involved investigations in the 13 delta rice districts. The inquiry's report, published in 1924, made depressing reading. It established – although of course the point had long been clear – that tenants and labourers constituted a strikingly high and increasing proportion of the agricultural population, that the rice cultivator was losing his land. In 1910, shortly after a sharp credit contraction that had forced many landowners to default, 23 per cent of the occupied area in the 13 districts had been owned by non-agriculturists.¹⁷ In 1923 the figure was just over 27 per cent. Similarly, in 1910, 33 per cent of the occupied area had been let to tenant-cultivators at full rent. The figure was just over 38 per cent in 1923, although in some districts – notably Hanthawaddy and Pyapon – it was far higher. There was a further point to be drawn from these data. In both 1910 and 1923, the area let to tenant-cultivators was far larger than the area owned by non-agriculturists, which indicated that many agriculturists were renting out at least part of their land rather than working it themselves. The Couper report explained that with rents soaring – a point to be considered immediately below – often the landowner found

16 I am aware that this brief account of the failure of the British administration to introduce legislation in this period to slow or prevent the alienation of agricultural land is harshly drawn. In truth it was very difficult for the colonial government to find a legislative approach that would secure the cultivator on his land without damaging the realization of the delta's economic potential. For a detailed insight into some of the difficulties, and into the administration's struggle with them, see Donald Smeaton [Financial Commissioner], 'Memorandum', 20 April 1894, and attached 'Draft: Burma Agriculturists Relief Act', NAD, 1/15 (E), 4A-13, 1894, 13660. It might be noted, however, that one British official, with long experience in the revenue administration of the province, indicated that legislation was simply unnecessary. He argued, in the 1920s, that such a large share of the cultivated land in Lower Burma was by then in the hands of landlords – 'few of whom have any connection with agriculture except as rent-receivers' – because the low rates of land revenue (as he saw it) had ensured substantial profits for that class. In other words, cultivating owners had been drawn into 'retiring to live on the rents of their land'. A sharp increase in land revenue rates, cutting the landlord's profits, would therefore discourage, and perhaps reverse, that movement: R. Grant Brown, *Burma As I Saw It, 1889–1917. With a Chapter on Recent Events*. London: Methuen, 1926, pp. 193, 211–20.

17 T. Couper, *Report of Inquiry into the Condition of Agricultural Tenants and Labourers*. Rangoon: Government Printing and Stationery, 1924, pp. 4, 10, 27.

it more profitable to rent out than to cultivate. Moreover, if he rented out, the risks inevitably involved in cultivation – a failure of the rains, the loss of a work animal – would be borne not by himself but by the tenant. Couper's choice of words for this trend – here the landowner had 'abandoned the practice of agriculture' and become a 'rent receiver' – suggests that he did not approve.

Turning to the inquiry's principal focus, Couper reported that the position of the tenant-cultivator had markedly weakened in the previous decade. In the first place, rents – measured in baskets of paddy – had been raised in many districts. The inquiry found that in Insein and Pegu, increases of 10 to 20 per cent on pre-war rents were common.¹⁸ And even when nominal rents remained unchanged, many landlords were still able to take more, simply by using larger measuring baskets. Almost every revision of the land settlement and, indeed, for a holding, almost each change in ownership, was seen by the landlord as an opportunity to increase the rent. The rise in rents reflected, of course, an increased competition for tenancies which, in turn, was driven by two main factors. In certain districts – Myaungmya and parts of Pyapon – considerable numbers of Indian cultivators were now seeking holdings to rent. Far more importantly, the open land frontier was now closing, or indeed had closed. The staggering increase in the volume of rice produced in and exported from Burma from the 1870s had been achieved by a comparably staggering increase in the area under cultivation, and it was inevitable that at some point it would become increasingly more difficult and then near impossible to find new land to clear and put under rice. The Couper inquiry reported that there were then – the early 1920s – almost 600,000 acres of cultivable waste in the 13 districts.¹⁹ But much of this land was in the more distant parts of the delta, and could offer little immediate relief to the rack-rented tenant in, say, densely populated Tharrawaddy. Moreover, according to the Couper report, in all but a few cases that land could be cleared and cultivated at a profit only if large-scale, expensive defences against flooding were first constructed. In brief, the presence of a reserve of waste land, which would check the rise in rents, was now largely illusory.

Second, the tenant-cultivator had been hit by rises in the cost of cultivation – the wages of seasonal labour – far ahead of the rise in the price he received for his paddy. The inquiry reported that the seasonal wage of a ploughman, Rs 30 before the war, was now Rs 50.²⁰ Third, over the previous 15 years or so, the tenant-cultivator had seen, according to

18 *Ibid.*, pp. 7–8.

19 *Ibid.*, pp. 28–29.

20 *Ibid.*, pp. 6–7. The marked rise in agricultural wages was not a reflection of labour shortages but, presumably, mainly a reflection of post-war increases in the cost of living.

the Couper report, a marked decline in the fertility of his land.²¹ The cause, it was argued, lay in the fact that the tenant commonly held just a single-year lease, which gave him every incentive to work the land hard but invest neither time nor money in its maintenance, let alone improvement. Few tenants put manure on their holding, while damaged field embankments were ignored, remained unrepaired, leaving the rich top soil to drain away. The marked fall in the land's fertility would imply, of course, a reduced out-turn for the cultivator.

But if the position of the tenant-cultivator had been weakened in the early 1920s by rising cultivation costs, a fall in yields per acre, and increases in produce rents, to a degree he could still defend his material circumstances. The Couper inquiry noted a number of ways in which tenants would 'cheat' – Couper's word – the landlord out of his rent.²² The tenant surreptitiously sold a major part of his crop from the threshing-room floor to a rice broker before he delivered his rent to the landlord, to give the impression that the crop was much smaller than it really was. If the landlord went to court to secure his rent in full, the tenant – who again had physical control of his paddy on the threshing-room floor – would spirit away much of the crop before the law could act. If the landlord seized his rent from the threshing room in a pre-emptive strike against his tenant, he could be prosecuted for theft. And finally, for the tenant with just a single-year lease and no fixed place of residence, it was psychologically and physically easy to abscond, with the rent not delivered and loans not repaid. There are two points to be made here. It is strongly possible that such stratagems provided more effective protection for the tenant-cultivator against the increasing market strength of the landlord than any legislation the colonial administration might have considered. Second, such stratagems – but of near endless variation and on a much increased scale – were to provide a crucial defence for the tenant-cultivator when the depression crisis struck the Burma delta with full force at the beginning of the 1930s.

Turning to the condition of agricultural labourers, the Couper inquiry focused first on the practice by which the labourer, whose wages were almost invariably expressed in baskets of paddy at harvest, commonly took payment in cash in advance.²³ Indeed, he was forced by circumstances to do so. While the labourer himself was fed and clothed by his employer – and therefore, on his own account, could wait until harvest for his wages – he still needed a cash income through the agricultural year to provide for his family. Consequently, he was repeatedly forced to seek small cash sums from his employer, to be set against his wages at harvest. In fact, it was common for a labourer's wages to be exhausted in this way before

21 *Ibid.*, pp. 4–6.

22 *Ibid.*, pp. 21–22, 38.

23 *Ibid.*, pp. 45–49.

the harvest was reached – indeed, long before – leaving nothing to be paid at the end of the agricultural year. Of course, wages paid in cash in advance were paid at a discounted rate and, Couper reported, it was commonly held that the employer was in a position to force harsh terms on his labourers. After all, if the labourer had no cash, his family starved, unless he was prepared to steal. But Couper argued that, with inevitable exceptions, employers were not imposing particularly harsh terms – presumably because their critical importance in ploughing, planting, and reaping gave labourers some bargaining power. Moreover, there was a significant advantage for the labourer in taking his wages in cash in advance, even at a marked discount. He avoided the risks that could arise in waiting until the harvest for payment, and in taking wages expressed in baskets of paddy. If the crop failed, there might be nothing with which to pay the labourer: the employer could cheat his labourers by measuring out their wages in undersized baskets: and, of particular concern to the inquiry, at harvest, tenant-cultivators almost invariably settled the claims of the landlord for rent before, and often instead of, paying the labourers their wages, for they had far more reason to fear the landlord than the labourer. Finally, the Couper report suggested that while produce wages had remained at much the same level as before the war and, therefore, in cash terms wages had risen in line with the rise in the price of rice, in two other respects the position of the delta labourer had deteriorated.²⁴ Labourers were now, in the early 1920s, given less latitude in the event of illness, with wages more liable to be cut for every day of absence. Second, with the land frontier now effectively closed, which implied not simply that little or no waste land remained to be cleared but also that land prices were rising, it was now near impossible, argued Couper, for a landless labourer to become a landowner. The material expectation that had been such a crucial element in the expansion of the delta rice economy from the final decades of the nineteenth century was close to exhaustion.

Conclusion

The Couper report recommended the introduction of legislation to make crop failure a statutory defence in court proceedings to secure payment of rent, and to give the labourer an equal claim on the tenant's harvest as the landlord.²⁵ But no action appears to have been taken.²⁶ As for the central

24 *Ibid.*, pp. 49–50.

25 *Ibid.*, p. 60.

26 A Burma Agrarian Bill, using the findings of the Couper inquiry, was published in 1927 but rapidly withdrawn in the face of strong opposition from landlords. Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, p. 169.

issue, the rice cultivator's loss of his land and the prospect that the colonial administration could impose restriction on the transfer of agricultural land to non-agriculturists, His Excellency the Governor commented, in the Resolution to the Couper report, that this was a question that called for 'most anxious and careful consideration and on which the Government reserves its opinion'.²⁷ The failure of the colonial administration to act did not lead to the economic crisis of the early 1930s. As the following chapter will demonstrate, the origins of that crisis lay outside Burma, in the transmission to Burma of the great contraction in the world economy that took hold from the end of the 1920s. But the long-standing and unresolved failures in the delta rice economy – crucially the failures of indebtedness, default, foreclosure – were important in determining the severity of the crisis once it struck and, critically, its economic and social character as it unfolded. Debt, default, and foreclosure were also to trigger its major political fall out.

27 Couper, *Report of Inquiry into the Condition of Agricultural Tenants and Labourers*, Resolution, p. 3.

2 The course of the depression crisis

This chapter seeks to locate the main turning points in the course of the depression crisis in Burma's rice delta. When was the impact of the world slump first felt in the delta? At what point did the depression in Burma's rice economy bottom out? When was the delta depression's 'darkest hour'? The exploration of these issues here rests largely on a close examination of the statistical data. It begins with the data on the volume and value of rice exports.

In certain circumstances – when comparing one rice trading year with the next – the figures in Table 2.1 may partly obscure the true state of affairs. The reason is that while the rice trading year corresponded roughly with the calendar year (that is, the export of the annual harvest began around December or January), the figures in the table are for the official year – the financial year – which ran from 1 April to 31 March. In other words, each year's figures below cover parts of two consecutive rice trading years. They are adequate, however, for this first, broad look at the course of the depression crisis.

Table 2.1 Paddy and rice exports, 1926/27–1936/37

| <i>Years</i> | <i>Tons</i> | <i>Rupees</i> | <i>Rupees per ton</i> |
|--------------|-------------|---------------|-----------------------|
| 1926/27 | 2,504,026 | 381,708,000 | 152.4 |
| 1927/28 | 2,976,667 | 430,803,000 | 144.7 |
| 1928/29 | 2,786,393 | 373,660,000 | 134.1 |
| 1929/30 | 3,130,942 | 396,970,000 | 126.8 |
| 1930/31 | 2,982,746 | 305,773,000 | 102.5 |
| 1931/32 | 3,388,822 | 241,788,000 | 71.3 |
| 1932/33 | 2,703,254 | 195,804,000 | 72.4 |
| 1933/34 | 3,315,603 | 190,107,000 | 57.3 |
| 1934/35 | 3,598,897 | 211,422,000 | 58.7 |
| 1935/36 | 2,965,439 | 215,157,000 | 72.5 |
| 1936/37 | 2,852,363 | 209,239,000 | 73.4 |

Source: *Report on the Maritime Trade of Burma*. Calcutta: Government of India Central Publication Branch; then Delhi: Manager of Publications; then Rangoon: Government Printing and Stationery, annually.

The most striking feature of the table is the collapse in the rupee value per ton of paddy and rice exported, a stunning drop of no less than 62 per cent between 1926/27 and the bottom point in 1933/34. It had been falling modestly in the final years of the 1920s. But the major drop took place in 1930/31 (a fall of 19 per cent on the previous year) and in 1931/32 (a fall of 30 per cent on 1930/31). From its lowest point in 1933/34, the rupee value per ton recovered slightly. But even in 1936/37 it remained less than half its level of a decade earlier. The second important feature of the table is that the volume of paddy and rice exports was substantially higher during the depression crisis than in the closing years of the 1920s. The average annual volume of exports in the period 1930/31 to 1934/35 was 12 per cent above the average annual volume in the years 1926/27 to 1929/30. It should also be noted that the highest volumes of paddy and rice exports – on three occasions in excess of 3.3 million tons – were achieved in 1931/32 – the year that saw the most severe fall in the rupee value per ton – and in 1933/34 and 1934/35 – when the rupee value was at its lowest. The higher volumes of paddy and rice exports implied, of course, that the fall in total export values during the depression crisis was less than the fall in the rupee value per ton. To a degree, increased volumes compensated for the collapse in the unit value.

The weakening market

A valuable contemporary account and analysis of the early years of the depression crisis was provided by a committee appointed by the Burma government in June 1929 to enquire into the condition of the rice and paddy trade. The committee's main brief was to investigate the relatively modest fall in the price of rice and paddy then under way and, in particular, the belief, prominent in nationalist opinion, that the fall was due to the manipulation of the market by a combination of European rice-millers in Rangoon, the so-called Bullinger Pool. During the course of 1930, while the committee was deliberating, the price of rice and paddy began to fall very sharply. Now faced with rapidly deteriorating conditions in the rice trade, in January 1931 the committee decided to prepare an interim report, and this was completed at the end of March.¹

On the big contentious issue, the activities of the Bullinger Pool, the committee divided. At one extreme, Tharrawaddy U Pu, the Legislative Council representative for Toungoo South, was highly critical, as he had long been. Addressing the Legislative Council in February 1931, as the committee's report was being finalized, he declared that 'the Bullinger Pool

1 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931. There does not appear to have been a final report.

is responsible to a large extent for the trade depression in Burma . . . for the exceptionally low price of paddy prevailing in Burma at present'.² The secretary to the committee, E. H. Solomon, a lecturer at Rangoon University, was also critical, although far less so than Tharrawaddy U Pu. Towards the end of a long and valuable minute of dissent, Solomon argued that 'in addition to world factors, some other causes of a local nature are responsible for depressing the prices of rice and paddy in Burma . . . One of these is . . . the Bullinger Pool'.³ At the other extreme, the majority report dismissed the allegation that the Bullinger Pool had – or indeed ever could – depress the prices of rice and paddy.⁴

However, the members of the committee were often in agreement on the other causes of the depression in the rice trade, although not always, of course, on their relative importance. Both the majority report and, in a minute of dissent, Tharrawaddy U Pu maintained that the stabilization of the exchange value of the rupee in 1927 at 1s 6d, rather than the pre-war rate of 1s 4d, had necessitated a marked reduction in domestic prices, including of course the prices of paddy and rice. In fact, this was not a compelling argument, for it could equally be claimed that when the rupee came to be stabilized at that higher rate, the adjustment of domestic prices had already taken place – that at 1s 6d, the rupee was not over-valued.⁵ Far more persuasive was the argument, advanced in both the majority report and Solomon's minute of dissent, that in the late 1920s Burma's rice exports were facing difficulties in a number of important markets. Several factors were at work here. For example, in August 1927 Japan's government imposed a duty on the import of foreign rice, and then, in March the following year, a full prohibition on rice imports – not only

2 *Burma Legislative Council Proceedings*, 19 February 1931, p. 250.

3 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 91.

4 A meticulous examination of the allegations against the Bullinger Pool, using not only the interim report of the committee on the rice and paddy trade but also a considerable volume of other contemporary comment and analysis, can be found in Maria Serena I. Diokno, 'British Firms and the Economy of Burma, with Special Reference to the Rice and Teak Industries, 1917–1937', PhD dissertation, University of London, 1983, chapter 4. Clearly frustrated, Diokno argued that it was, in fact, difficult to evaluate the allegations, principally because to do so would require detailed commercial information which only the member firms themselves could have provided, but also because the committee did not include in its report a summary of the evidence it had heard (pp. 113, 138–39). At the same time, present in much of Diokno's discussion is the firm suspicion that, at least in some periods, the activities of the Bullinger Pool did indeed depress, to a degree, the prices of rice and paddy in Burma. In other words, her position appears to be closest to that of Solomon.

5 For a detailed discussion of these conflicting positions with reference to India 'proper', see B. R. Tomlinson, *The Political Economy of the Raj 1914–1947: The Economics of Decolonization in India*. London: Macmillan, 1979, pp. 64–78. See also U Tun Wai, *Burma's Currency and Credit*. Calcutta: Orient Longmans, 1953, pp. 22–23.

into Japan but also into the Japanese colonies of Korea and Formosa – except under licence.⁶ The prohibition remained in force until 31 December 1932. During those years, Burma's rice was simply excluded from these markets. A further factor was a strong challenge to Burma's rice in some regional markets – the Straits Settlements and Federated Malay States but not, apparently, the Netherlands East Indies – from rice imported from Siam and French Indo-China. 'Freights are a handicap', noted the majority report.⁷ But elsewhere it was said that, in what was clearly a more fiercely competitive rice market, Burma prices were simply too high and 'will have to be brought down if [Burma] is to compete successfully'.⁸

At the root of many of the difficulties now being faced by Burma's rice exports, argued both the majority report and Solomon's minute, was the marked expansion in rice cultivation that had been taking place across the world – not only in Asia but also in Europe and the Americas – for some years. It was noted that increased cultivation in Korea and, therefore, an increase in the export of Korean rice to Japan, had led to Burma's rice being shut out of the Japanese market. Increased cultivation in Egypt, Italy, and Spain had 'rendered Europe a less favourable market' for Burma's rice.⁹ And, clearly important in the challenge to Burma from Siam and French Indo-China in this period – in markets in South East Asia but also elsewhere – were striking increases in the area under rice in those two states in the 1920s.¹⁰

Finally, both the majority report and Solomon's minute of dissent argued that the world rice trade – and, naturally, Burma's trade – were being adversely affected by the serious slump in world wheat prices, brought about mainly by substantial increases in production in the US, Canada, Australia, and Argentina, and the recovery of European production after the First World War. Low wheat prices hit the rice trade in two ways. It brought wheat within the reach of populations which hitherto had been able to afford only rice. Thus, in the late 1920s, wheat flooded into India (where it was consumed as chapattis) and into China (where it was

6 Cecil Dormer (British Embassy, Tokyo) to Sir Austen Chamberlain (Foreign Office, London), 13 March 1928. IOLR, L/E/9/839. Dormer added that 'it is generally understood that the [Japanese] Government have no intention of granting licences'.

7 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 7.

8 *Report on the Maritime Trade of Burma, 1927–28*. Calcutta: Government of India Central Publication Branch, 1928, p. 20. The next sentence noted that 'Saigon and Bangkok are menacing [Burma's] position [near to] home'.

9 *Report on the Maritime Trade of Burma, 1927–28*. Calcutta: Government of India Central Publication Branch, 1928, p. 20.

10 Between 1914 and 1928, the area under rice increased by 49 per cent in Siam, 45 per cent in French Indo-China, but only 16 per cent in Burma. Calculated from Diokno, 'British Firms and the Economy of Burma, with Special Reference to the Rice and Teak Industries, 1917–1937', PhD dissertation, University of London, 1983, p. 131.

consumed as noodles), to the clear disadvantage of the rice trade.¹¹ And second, in many countries where rice could be grown as an alternative to other crops, the depressed price of wheat – and of other cereals – while the price of rice was yet to fall sharply, gave further encouragement to the expansion of rice cultivation. In Solomon's account, it was the substantial increase in world production of rice in the crop year 1930/31 – Solomon estimated an increase of between 3 and 4 per cent, excluding China, more were China to be included – brought on, he argued, principally by the earlier onset of the collapse in wheat and other cereal prices, that unleashed the full force of the depression crisis on Burma. Solomon's argument will be considered below.

The crash

Looking back in March 1931, Solomon reported that '[t]he first unmistakable signs of the depression in the Burma rice trade were manifested early in 1928'. He continued:

[In those first weeks] prices for rice in Burma were above world parity . . . and it became increasingly difficult to find foreign markets against competition from Saigon and Siam. After a futile attempt on the part of merchants and producers to maintain prices, these began to sag from about the middle of March and, with slight recoveries due to purely local causes, reached the lowest level for the year in the second week of August.¹²

A fall in rice prices through the middle months of the year was unusual. In most years, prices were low during the three months January to March, as the bulk of the new crop, harvested from towards the close of the previous year, was sold by the cultivators for delivery to the rice mills. As those sales dwindled, prices began to rise, so that the months April to August, roughly, saw the highest prices of the year. Then from around September prices would begin to slip back, in anticipation of the arrival of the new crop.

When rice prices fell over the middle months of 1928, instead of rising as would have been anticipated, at least one substantial Rangoon rice export firm was driven into liquidation. The distant origins of that collapse lay in a remarkable growth in the number of small up-country rice mills – owned by Burmese, Indians, and Chinese – that had taken place from the

11 A. J. H. Latham, *The Depression and the Developing World, 1914–1939*. London: Croom Helm, 1981, p. 178.

12 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 73.

beginning of the century.¹³ In their competition with the long-established and much larger rice mills in Rangoon, the up-country mills had the advantage of location. Situated in the rice-growing districts themselves, and therefore closely informed on local cultivating and trading conditions, they were commonly able to secure the best and, perhaps more importantly, a more uniform quality of paddy, which enabled them to mill the superior grades of rice. As against that advantage, the up-country mills were often financially insecure. A number were constructed with capital borrowed locally at high rates of interest. More importantly, few up-country owners had sufficient working capital of their own and, unable to obtain financial accommodation at reasonable rates from the European banks in the province, once again were forced to borrow at high rates of interest from the Chettiars and from local moneylenders.

From the beginning of the 1920s, this financial handicap had been mitigated, to some extent, by an arrangement under which a number of Rangoon export firms, working on credit secured from the local European banks or from their foreign customers, made cash advances to up-country mills in the early part of the trading season (roughly January through to March) against deliveries of rice later in the year. For the Rangoon firms, profit was taken from the anticipated rise in rice prices between the time the cash advances were made and the later delivery of rice agreed, and the time the rice was actually delivered. They bought in advance when prices were at their lowest and took delivery – for export – when prices were much higher. But in 1928 prices fell. From an average of Rs 438 per hundred baskets in January and February, the price of Small Mills Specials was down to Rs 408 in August.¹⁴ The Rangoon export firms suffered considerable losses, not only through their failed speculation on a rise in prices but also because a number of up-country mills apparently reneged on their contracts. In August 1928, the most important of the firms collapsed.¹⁵

13 'The number of small mills in the interior rose from 27 in 1900, all but one close to Rangoon, to 151 in 1914, 260 in 1920, and 528 in 1930.' J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 189.

14 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 61.

15 *Ibid.*, pp. 61–62. Solomon did not identify the firm. However, another source notes the failure at this time of the prominent Chinese rice exporters, Beng Huat. The firm 'has [almost certainly] been losing money for a considerable number of years, principally owing to speculation and probably considerable expenditure (bribery and corruption) in the political world'. Moreover, Beng Huat's failure exposed a substantial fraud – it was alleged – against the Western banks in Rangoon. A. H. Ensor to the Joint General Managers, Lloyds Bank, Head Office, London, 18 December 1928. LBA, A56c/148:5257. See also the related documents in A56c/149:5338. Both Solomon (p. 77) and the Lloyds Bank materials report that several export firms and rice mills collapsed at this time.

Solomon suggested that these failures contributed to the gathering depression crisis in two ways. The collapse of the Rangoon export firms – two of which had been handling the greater part of the trade to Germany – appreciably increased the proportion of the total export trade in the hands of the Bullinger Pool.¹⁶ For Solomon this was important because, as noted earlier, he believed that the Pool – now with even greater power in the market – was in part responsible for depressing the prices of rice and paddy in the worst months of the crisis. Second, the commercial failures around August 1928 dealt a considerable shock to the local credit system. Solomon referred specifically to the system of advances to up-country mills, which had flourished from the beginning of the 1920s and which clearly was now in ruins.¹⁷ But, in addition, a number of the big Western banks in Rangoon had lost heavily when their clients failed, and this, undoubtedly, made them more cautious in the troubled times which were to follow.¹⁸

In fact, the following year – 1929 – was comparatively untroubled, perhaps in part because Burma's rice faced less severe competition from Siam and Indo-China.¹⁹ Then, in 1930, the depression crisis struck Burma's rice economy with full force.

The year began strongly. In the first three months of 1930, the volume of rice and paddy exports was over 40 per cent above that for the corresponding period of both 1929 and 1928, sustained in part by strong demand from Shanghai as famine hit regions of China.²⁰ Prices were down: but not markedly so. And yet, as rice cultivators in Burma and elsewhere then turned to plant the new crop that would be harvested in the closing months of 1930, they brought the crisis in the world rice market to a head. As noted above, Solomon estimated that in the crop year 1930/31, world production of rice, excluding China, increased by between 3 and 4 per cent, more if China were to be included. Moreover, as only a small proportion of the world's rice production entered international trade – Solomon estimated between 7 and 8 per cent, excluding China's production, in the late 1920s – that increase was certain to have a quite disproportionate

16 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, pp. 77–78.

17 *Ibid.*, p. 62.

18 It would appear that Beng Huat obtained (in part fraudulently) loan facilities in excess of Rs 16 million (£1.25 million) from the Netherlands Trading Society, Lloyds Bank, the Hongkong and Shanghai Bank, and the Yokohama Specie Bank in Rangoon. A. H. Ensor to the Joint General Managers, Lloyds Bank, Head Office, London, 18 December 1928. LBA, A56c/148:5257.

19 *Report on the Maritime Trade of Burma, 1929–30*. Calcutta: Government of India Central Publication Branch, 1930, p. 20.

20 *Ibid.*, pp. 19–20.

21 *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 88.

impact on rice prices.²¹ As the world's rice harvest began to be gathered, the increase in production was felt in the market. Prices gave way.

According to the majority report of the rice and paddy trade committee, the market in Rangoon broke in the second half of September when a 'foreign' firm of millers – presumably Chinese – began to offer forward sales of rice (delivery in February, March, and April 1931) at a price significantly below the current one. When those initial forward sales were rapidly taken up, the firm lowered the price again, and then again, until it was contracting forward sales at a price far below the one then current. The firm was not then buying paddy to cover these forward commitments. Rather, it anticipated that in the weeks and months that were to follow, the price of paddy would collapse – that by the turn of the year, when it could delay no longer, it would be securing its paddy requirements to cover those forward sales at a far lower cost. The majority report certainly did not condemn these transactions: there was no question of it accusing the firm of bringing ruin to the Rangoon rice trade. Quite simply, it said, the firm 'took a correct view of the market'.²² Solomon agreed that prices gave way when it became evident that a substantial increase in production hung over the world rice market. But, as noted earlier, in his minute of dissent he also argued that because of its dominant position in the Rangoon market – he reported that the failure of a number of Rangoon rice exporters and up-country mills from 1928 had left it responsible for perhaps two-thirds of Burma's rice exports in 1930 – the Bullinger Pool was able to push prices even lower, for its own profit.²³ Moreover, Solomon asserted, prices were driven down still further when, as the payment of taxes became due, agriculturists were forced to throw their paddy onto the market for whatever it would fetch.

It is important to convey the scale, speed, and – perhaps most importantly – the suddenness of this collapse. Figure 2.1 shows the monthly movement in rice prices at Rangoon in 1930 and, for comparison, 1927. The figure captures the terrifying suddenness with which rice prices gave way in September 1930. Until that point in the year, prices had followed the usual trajectory – low in January through to March, higher across the middle months of the year – although perhaps they had been more volatile than usual and, certainly, they were down on earlier years. But then in September, when a modest fall would have been anticipated, prices plummeted. Between the first week of September and the first week of October 1930, the price of Big Mills Specials fell by 22 per cent; in the same period in 1927, the price had fallen by just 7 per cent. By the first week of December 1930, Big Mills Specials were down 38 per cent on the previous September – and would continue to fall through the opening months of 1931.

22 *Ibid.*, p. 29.

23 *Ibid.*, pp. 78, 92–93.

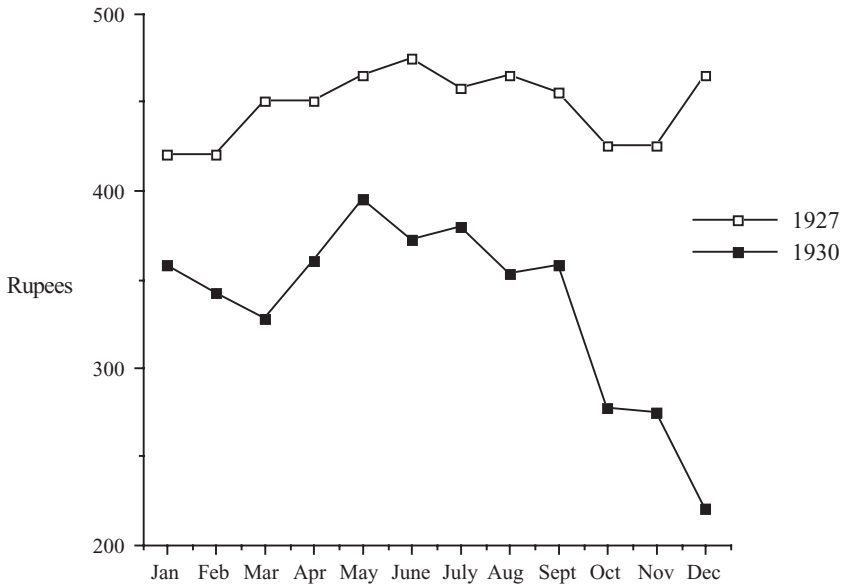


Figure 2.1 Monthly rice prices at Rangoon, 1927 and 1930

Source: Supplement to the *Indian Trade Journal*, 14 April 1927, 28 July 1927, 3 November 1927, 9 February 1928, 10 April 1930, 17 July 1930, 23 October 1930, 15 January 1931.

Note

Prices are for Big Mills Specials, in rupees per 100 baskets of 75 lb each, and for the first week of the month or, where no quotation is available, the nearest period.

With the rice price plummeting, cultivators across the delta began the harvest, a task that (each year) started around the middle of November and continued through into January. It was the practice of the delta’s cultivators to sell – or otherwise hand on – the great bulk of their surplus crop, destined for the market, immediately the harvest was brought in, partly because few possessed storage facilities but principally because their financial circumstances demanded it. For it was during these weeks that the cultivator faced many of the most substantial claims on his income – from the tax collector, the landlord, his labourers, and, of particular importance here, the moneylender. To meet those claims, he had little choice but to sell his crop quickly. Even in a buoyant trading year, the rice cultivator was disadvantaged – in being compelled to sell during those weeks in which prices were at their lowest. But in 1930, the prospects were far grimmer. Quite simply, the dramatic collapse in the price of rice that began in September threatened the ability of a large number of cultivators to meet the claims on their income noted above – imminent claims. For many it immediately raised the spectre of default and foreclosure.

Table 2.2 provides some insight into the trajectory of land foreclosure in the rice delta through the depression years. The non-agriculturists who held agricultural land – the two columns furthest to the right – included land speculators, paddy traders (who bought land in order to secure control over supplies of paddy), and shopkeepers, general merchants, even lawyers, government servants, schoolteachers, and doctors (who, during the rice economy's boom years, had looked upon agricultural land as a particularly attractive investment).²⁴ The non-agriculturist owners also included, of course, moneylenders, who acquired agricultural land – often reluctantly – when cultivators to whom they had lent, defaulted. As noted in the preceding chapter, the moneylenders operating in the rice districts were both Burmese (included under 'resident non-agriculturists' in the table) and Chettians (included under 'non-resident non-agriculturists'). It is difficult to say what proportion of non-agriculturist owners were moneylenders, simply because in many cases – although not in the case of the Chettiar – the local moneylender was also the paddy trader and the local shopkeeper. But in the present context, this complication does not matter. For it can be safely assumed that the very marked increase in the proportion of agricultural land held by non-agriculturists during the depression years – the focus of the present discussion – was due almost entirely to foreclosure by moneylenders, among non-resident moneylenders – by far the principal culprits – this was very largely the Chettians. In the depression crisis, few government servants or schoolteachers would have looked upon agricultural land as a good investment, and few paddy traders needed to be concerned about securing supplies of paddy. But right across the delta, cultivators were defaulting on their loans and losing their land.

Table 2.2 shows that the proportion of agricultural land in the Pegu and Irrawaddy Divisions held by Chettians (captured under 'non-resident non-agriculturists') rose very dramatically in the depression years. After edging up at the close of the 1920s, the break came in the year 1930/31, during which perhaps a further 220,000 acres in the two divisions (some 3 per cent of their total occupied area) came into Chettiar hands. (It might be useful to note again the – surely secure – assumption that, although of course not all agricultural land held by non-resident non-agriculturists was held by Chettians, any *increase* in these holdings during the depression crisis would have been due almost entirely to Chettiar foreclosures.) In the following year – 1931/32 – the Chettians foreclosed on perhaps a further 440,000 acres (some 6 per cent of the total occupied area), then, in 1932/33, 320,000 acres (slightly over 4 per cent); and in 1933/34, perhaps a further

24 J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 87; Michael Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974, pp. 72–74.

Table 2.2 Ownership of agricultural land in the Pegu and Irrawaddy Divisions, 1926/27–1935/36 (in acres)

| Years | Total occupied area | Area held by agriculturists | Area held by non-agriculturists | |
|---------|---------------------|-----------------------------|---------------------------------|-------------------|
| | | | Resident | Non-resident |
| 1926/27 | 7,223,605 | 4,950,012 [68.53] | 579,532 [8.02] | 1,694,061 [23.45] |
| 1927/28 | 7,339,682 | 5,000,243 [68.12] | 606,739 [8.27] | 1,732,700 [23.61] |
| 1928/29 | 7,353,167 | 4,928,959 [67.03] | 616,549 [8.39] | 1,807,659 [24.58] |
| 1929/30 | 7,398,556 | 4,818,040 [65.12] | 635,177 [8.59] | 1,945,339 [26.29] |
| 1930/31 | 7,433,858 | 4,609,395 [62.01] | 649,293 [8.73] | 2,175,170 [29.26] |
| 1931/32 | 7,355,558 | 4,048,071 [55.04] | 676,883 [9.20] | 2,630,604 [35.76] |
| 1932/33 | 7,354,427 | 3,713,705 [50.50] | 670,596 [9.12] | 2,970,126 [40.38] |
| 1933/34 | 7,440,196 | 3,534,140 [47.50] | 674,819 [9.07] | 3,231,237 [43.43] |
| 1934/35 | 7,492,053 | 3,417,812 [45.62] | 688,349 [9.19] | 3,385,892 [45.19] |
| 1935/36 | 7,579,480 | 3,346,659 [44.16] | 744,591 [9.82] | 3,488,230 [46.02] |

Source: *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery, annually.

Notes

- a Year: ending 30 June. Thus 1926/27 = 1 July 1926 to 30 June 1927.
- b The Pegu Division comprises the districts of Pegu, Tharrawaddy, Hanthawaddy, Insein, and Prome. The Irrawaddy Division comprises the districts of Bassein, Henzada, Myaungmya, Maubin, and Pyapon.
- c Figures in square brackets: as percentage of total occupied area.

245,000 acres (over 3 per cent). With much of the most vulnerable debt-burdened agricultural land in the Pegu and Irrawaddy Divisions now having been lost by the agriculturist, and with the depression crisis passing, the pace of foreclosure then slowed considerably.

The focus here is on the break – on the upward jump in land foreclosures in 1930/31. There are grounds for arguing that Table 2.2 – the final column – substantially under-reports the size of that jump, and certainly that it fails to convey its full impact. The argument that land foreclosure was under-reported in 1930/31 rests on the fact that for half that year – that is, from the final days of December 1930 – much of the Pegu and Irrawaddy Divisions were engulfed in rebellion, the Hsaya San rising. Almost inevitably, therefore, the government’s land administration was considerably disrupted. Then, as the rebellion was brought under control – which in many districts was not until well into the administration year 1931/32 – and stability returned to rural administration, agricultural land on which the Chettiar had foreclosed when the rice price had collapsed over the final months of 1930 was, for the first time, recorded as being held by ‘non-resident non-agriculturists’ – broadly, the Chettiar.

The argument that Table 2.2 cannot convey the full impact of the upward jump in land foreclosures in 1930/31 – whether under-reported or not – draws upon an important observation by the colonial administrator and

scholar, J. S. Furnivall, made at the time of the depression. Referring to the decades before the crisis, in 1931 he noted that:

much of the land registered as held by agriculturists is cultivated by men who are heavily indebted to the money-lender The effective owner of such land is the money-lender Thus the area of land held by non-agriculturists is much larger than the statistics indicate.²⁵

Writing again in 1948, Furnivall developed the point. From the final decades of the nineteenth century through to the depression, he argued, land in the expanding rice delta had been constantly passed backwards and forwards between the moneylender and a succession of transitory cultivators. In a repeating cycle, a cultivator borrowed from the moneylender on the security of his land but within a few seasons defaulted; the moneylender then took possession of the land but rapidly sold it to a new cultivator; that cultivator borrowed on the security of the land – and thus the cycle began again. But in the depression, Furnivall reported, the cycle was broken.

[T]he depression of the thirties prevented moneylenders from finding purchasers at prices approximating to the value of their loans, and the land registers began to reveal the true proportions of the problem practically half the land in Lower Burma was owned by absentees, and in the chief rice-producing districts from two-thirds to nearly three-quarters.²⁶

Furnivall's concern here was to demonstrate the failure of the British colonial administration in its oft-stated policy to create or conserve a rural population of cultivator-proprietors. The bald fact was that 'most land in the rice tract has been held by absentee moneylenders since its first reclamation'.²⁷ He may also have been seeking to make the point that although the government's statistics show a major shift in landownership taking place in the rice delta during the depression years – the proportion of the total occupied area in the Pegu and Irrawaddy Divisions held by non-agriculturists rose from 33 per cent in 1928/29 to almost 56 per cent in 1935/36 – the shift was more apparent than real. Most of the rice land, Furnivall would argue, had long been in the hands of non-agriculturists.

But it is possible to draw a different point from Furnivall's observations, one that helps to sustain the main argument being developed in this

25 J. S. Furnivall, *An Introduction to the Political Economy of Burma*. Rangoon: Burma Book Club, 1931, p. 62.

26 J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 87.

27 *Ibid.*

section. The cultivator's hold on his land in the final decades of the nineteenth century through to the depression may well have been more secure than Furnivall suggested.²⁸ At the same time, it is evident that the cultivator in the rice delta was heavily – and increasingly – dependent on the moneylender to cover cultivation costs and to finance the purchase and clearing of land. With rice prices and land values buoyant in the mid-1920s, that dependence – vulnerability – became still more acute, as cultivator-owners borrowed heavily to add to their holdings and cover cultivation expenses but also to fuel luxury consumption.²⁹ The break came with the depression – as Furnivall notes, although perhaps not for the precise reasons he suggests. As the price of rice collapsed over the final months of 1930, it must have been frighteningly clear to large numbers of cultivator-owners across the delta that they would lose their own holding – not temporarily now but irrevocably. Perhaps only 220,000, maybe 320,000, acres were lost to the moneylender in the Pegu and Irrawaddy Divisions in 1930/31 itself. But all would have known then that the final figure would be much higher. That was the full impact of the upward jump in land foreclosures in 1930/31 – the knowledge that the loss of land was certain to become far worse.

The final months of 1930, therefore, saw the first main turning-point in the course of the depression crisis in Burma's rice delta – the point at which the crisis struck with full force. For two main reasons, this may also have been the grimmest point in the delta's depression, its 'darkest hour'. The first reason has been established in the preceding pages. These months saw a terrifying collapse in rice prices and a dramatic exposure of the financial vulnerability of large numbers of cultivator-owners across the delta. The second arises from a central argument of this book. With the collapse in rice prices, over the depression years the delta's agriculturists – committed to the cultivation of rice for export – created or discovered a number of strategies to defend their material circumstances. However, and crucially in the present context, it took some time for these survival strategies to come into play: in other words, in the immediate aftermath of the onset of the crisis – in the final months or weeks of 1930 – there was very little opportunity for evasive action. I will return to this argument in Chapter 4, which examines the agriculturist's survival strategies and material circumstances, and in Chapter 5, which explores the economic foundations of the rebellion which erupted in the delta at the end of December 1930.

28 See, for example, Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974, p. 74: 'cultivator-owners were for the most part solvent and prosperous during the last decades of the nineteenth century'.

29 *Rangoon Gazette Weekly Budget*, 11 May 1931, p. 4.

Recovery?

The rice price continued to fall, almost without interruption, through the first months of 1931. By the middle of that year it was less than half its mid-1930 level. The subsequent movement of rice prices – indeed, monthly prices for the whole period from January 1930 through to December 1935 – is given in Table 2.3.³⁰

In mid-1931 the rice price rose sharply, and held that gain – obviously with some fluctuation – through to the last few months of 1932. Consequently, the rice price in, for example, June 1932 was substantially above the level to which it had fallen in June 1931, although still a considerable way below its level in June 1930. The principal reason for this partial but sustained recovery in the price appears to have been a surge in demand for Burma's rice from China, where flooding had caused serious damage to production. Indeed, it was the first reports of flood damage reaching Rangoon in mid-July 1931 – sparking a rush of buying in the local market in anticipation of large orders from China – that caused the initial jump in price, after months of decline.³¹ Substantial rice shipments to China continued well into 1932. In the year 1 April 1931 to 31 March 1932 Burma exported over 350,000 tons of rice to China, compared with a little over 125,000 tons on average for the three years 1927/28 to 1929/30.³² Shipments to India and to important markets in Europe were also substantially higher in 1931/32 than they had been in the previous year. Total exports of paddy and rice, by volume, were 14 per cent up on 1930/31. And finally, prices were pushed up by indications that Japan, which from March 1928 had severely restricted the import of rice from Burma, would again be active in the Rangoon market – although that

30 The rice price in Figure 2.1, concerned with 1927 and 1930, is the price for Big Mills Specials, taken from supplements to the *Indian Trade Journal*. However, the rice price in Table 2.3, covering the period 1930 to 1935, is the price for Small Mills Specials. This change is unavoidable because publication of the supplements was discontinued in late 1931 while the source for Table 2.3 – a table in the *Indian Trade Journal* itself, in all other respects providing close continuity with the earlier data in the supplements – gives monthly prices for Small Mills Specials but not Big Mills Specials. In fact, in the present context this matters relatively little, for during the depression years (at least) the price of Small Mills Specials and the price of Big Mills Specials moved roughly in line. It should be explained that Big Mills Specials (milled principally by the big European-owned mills at the ports) was the lowest grade of rice exported from Burma; Small Mills Specials (milled by the small up-country mills) was a slightly superior grade, which therefore secured a slightly higher price. These two grades accounted for the major part of Burma's rice exports, certainly the exports to Asian markets. Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, pp. 104–06.

31 *Report on the Maritime Trade of Burma, 1931–32*. Calcutta: Government of India Central Publication Branch, 1932, p. 18.

32 *Ibid.*, p. 17.

Table 2.3 Monthly rice prices at Rangoon, 1930–1935

| | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 |
|-----------|-------|-------|-------|-------|-------|-------|
| January | 370.0 | 220.0 | 230.0 | 175.0 | 150.0 | 200.0 |
| February | 357.8 | 195.0 | 290.0 | 170.0 | 145.0 | 217.8 |
| March | 345.0 | 205.0 | 252.8 | 150.0 | 135.0 | 212.8 |
| April | 380.0 | 182.8 | 280.0 | 167.8 | 142.8 | 247.8 |
| May | 412.8 | 175.0 | 245.0 | 177.8 | 150.0 | 232.8 |
| June | 382.8 | 175.0 | 225.0 | 175.0 | 175.0 | 242.8 |
| July | 392.8 | 225.0 | 237.8 | 167.8 | 202.8 | 237.8 |
| August | 367.8 | 240.0 | 242.8 | 150.0 | 230.0 | 225.0 |
| September | 367.8 | 242.8 | 217.8 | 152.8 | 230.0 | 240.0 |
| October | 295.0 | 227.8 | 207.8 | 162.8 | 190.0 | 245.0 |
| November | 300.0 | 225.0 | 190.0 | 177.8 | 185.0 | 237.8 |
| December | 232.8 | 212.8 | 180.0 | 152.8 | 179.0 | 207.8 |

Source: For 1930, Supplement to the *Indian Trade Journal*, 10 April 1930, 17 July 1930, 23 October 1930, 15 January 1931; for 1931 to 1935, *Indian Trade Journal*, 24 March 1932, 23 March 1933, 8 March 1934, 14 March 1935, 12 March 1936, 18 February 1937.

Note

Prices are for Small Mills Specials, in rupees and annas per 100 baskets of 75 lb each. Prices in 1930 are for the first week of the month or – where no quotation is available – the nearest period: prices in the years 1931 to 1935 are for the end of the month. As there could be substantial movement in prices between the beginning and end of a month, it is therefore a little unsafe to make precise comparisons between monthly prices in 1930 and monthly prices in the subsequent years.

prospect faded, and prices dipped, when the prospective Japanese buyers withdrew in March 1932.³³ The sharp improvement in the rice price in mid-1931, coupled with a reduction in rebel activity and the resumption of cultivation in tracts earlier disrupted by the rebellion, created considerable optimism, at least in Rangoon's commercial district.³⁴

But in the last months of 1932, the rice price gave way again, although this fall was far less steep than that which, in the final months of 1930, had first brought the full force of the depression crisis to the delta. The price held its new, lower level – again, with some fluctuation – through 1933, but then fell further in the first months of 1934. The monthly rice price (the price for Small Mills Specials) reached its lowest point of the depression years in March 1934, when it was barely one-third of its level of mid-1930. This renewed fall in the price between the final months of 1932 and the beginning of 1934 was due in part to a weakening in demand for Burma's rice. Exports to China in 1933/34 (that is, 1 April 1933 to 31 March 1934) fell back to just over 170,000 tons, as the Chinese

33 *Ibid.*, pp. 18–19.

34 *Rangoon Gazette Weekly Budget*, 17 August 1931, p. 9.

government imposed duties on rice imports.³⁵ Exports to Japan, which in fact had been an encouraging 74,000 tons the previous year, were restricted to an insignificant 200 tons by the Japanese import license regime. And direct exports to the Netherlands East Indies – an important regional market for Burma's rice – were also sharply reduced, as the Dutch colonial administration first restricted (March 1933) and then prohibited (July 1933) the import of rice into Java, before gradually also closing the Outer Islands to foreign imports.³⁶ Burma's exports of rice direct to Java, which had averaged almost 90,000 tons per annum over the three years 1929/30 to 1931/32, were reduced to a mere 4,373 tons in 1933/34.³⁷ There were also difficulties for Burma's rice exports in the extremely important India market, although difficulties of a very different kind. Indeed, rather than contracting, as often elsewhere, the volume of paddy and rice exports to India soared, from 1.046 million tons in 1932/33 to 1.789 million tons in 1933/34. Almost certainly, an increase in sales on that scale could have been effected only through reductions in price. But, in addition, it was argued in Rangoon that the rice price had been driven still lower by more aggressive competition in the India market from Siam, French Indo-China, and now Japan.³⁸ There was particularly strong criticism from the Rangoon merchants, of Japan, which they accused of seeking, in mid-1933, to offload a substantial volume of rice onto the Indian market at prices well below the current level – an action which they clearly felt, had pushed the price, already depressed, significantly lower.³⁹

Over the middle months of 1934, the rice price climbed away from its March record low, indeed away from the low levels that had prevailed throughout 1933. It slipped back towards the end of the year but then quickly recovered. In mid-1935 the price of rice had regained its mid-1932 level. The improvement in price was due mainly to strong demand for Burma's rice from India. Several factors were at work here. Damage to India's own crops from extensive flooding – there was also a serious earthquake in Bihar – left a substantial shortfall in the domestic supply of food grains which had to be made good by increased imports.⁴⁰ In addition, it

35 *Report on the Maritime Trade of Burma, 1933–34*. Delhi: Manager of Publications, 1934, p. 18.

36 J. S. Furnivall, *Netherlands India: A Study of Plural Economy*. Cambridge: Cambridge University Press, 1944, p. 439.

37 *Report on the Maritime Trade of Burma, 1933–34*. Delhi: Manager of Publications, 1934, p. 18.

38 *Ibid.*, pp. 18–20; *Rangoon Gazette Weekly Budget*, 5 March 1934, pp. 13–14.

39 The mood of the Rangoon merchants would not have been improved by a report that approximately half the rice that Japan was seeking to offload in mid-1933 had been bought from Burma in mid-1932: *Rangoon Gazette Weekly Budget*, 5 March 1934, p. 14. Presumably this was the 'encouraging' 74,000 tons referred to in the text immediately above.

40 *Report on the Maritime Trade of Burma, 1934–35*. Delhi: Manager of Publications, 1935, p. 15; *Rangoon Gazette Weekly Budget*, 11 March 1935, pp. 4–5.

was the opinion in Rangoon that even in years in which cultivation in India was not seriously disrupted by natural disasters, India's dependence on rice imports would continue to grow simply because of its rapidly increasing population.⁴¹ That longer-term prospect undoubtedly contributed to the new optimism in Rangoon's rice trade. And, third, the large import of cheap rice into India from Siam and French Indo-China, which apparently had damaged the position of Burma's rice in the Indian market the previous year, was now being cut. The high value of the piastre against the rupee now disadvantaged rice from the French colony while, in addition, the Indian administration had imposed a temporary duty on certain grades of foreign rice.⁴² But if Burma's rice enjoyed strong demand from India in 1934/35, it still struggled in many of its other important markets, although the Rangoon rice trade could take some encouragement from a relaxation towards the end of 1934 in the restriction on imports into Java.⁴³

Even though there was a clear improvement in the rice price and a new optimism in the rice trade, for a number of very different reasons I would hesitate to speak of 'the recovery' of the Burma rice economy from mid-1934 – or, at least, would do so only with heavy qualification. First, that improvement still left the price of rice far below its level in, say, mid-1930 – although of course prices all round had fallen greatly and were now adjusting to new, lower, levels. Second, as Table 2.1 makes clear, there had been no decline in the volume of Burma's paddy and rice exports during the depression years – indeed, a modest rise. In other words, there had been no contraction in the physical output of the delta's rice economy – or at least that part of output that entered international trade – from which there could be a recovery. (The buoyancy of Burma's rice production during the depression years will be considered in the next section.) And, finally, it was suggested earlier that for the rice cultivators in the delta, the grimmest point in the depression – the 'darkest hour' – came as the crisis first struck with full force, that is in the final months of 1930, but that, rapidly, the delta's cultivators began to create or discover strategies to defend their material circumstances. If this argument can be sustained – and I will return to it in Chapters 4 and 5 – it implies that the recovery in the cultivators' material condition was under way even as the rice price continued its fall and, in fact, several years before the rice price itself began to recover.

41 *Rangoon Gazette Weekly Budget*, 11 March 1935, p. 5.

42 *Rangoon Gazette Weekly Budget*, 23 September 1935, p. 18. As Burma was a province of British India, rice imported from Burma did not, of course, attract that duty.

43 *Rangoon Gazette Weekly Budget*, 23 September 1935, p. 18.

Production

The average annual volume of Burma's paddy and rice exports rose from 2,876,155 tons in the years 1926/27–1930/31 to 3,194,403 tons in 1931/32–1935/36, an increase of 11 per cent.⁴⁴ Table 2.4 makes it clear that this rise was not achieved through an expansion in the area under rice in the delta or an increase in the delta's production of paddy. Throughout the period from the mid-1920s to the mid-1930s, the area under rice in the Pegu and Irrawaddy Divisions – the delta – remained virtually unchanged. The only significant movement was a fall in the rice acreage in 1931/32, as cultivation in many of the most important rice districts – Pegu, Tharrawaddy, Insein, Hanthawaddy, Maubin – was disrupted by the rebellion.⁴⁵ There appears to be a simple explanation for the absence of increase in the area under rice in this period: by the mid-1920s – and almost certainly much earlier – there were few significant cultivable tracts in the delta still to be cleared and brought into production. The land frontier had closed.

Table 2.4 Area under rice and paddy production in the Pegu and Irrawaddy Divisions, 1926/27–1935/36

| | <i>Area (in acres)</i> | <i>Production (in tons)</i> |
|---------|----------------------------|---------------------------------|
| 1926/27 | 6,771,782 | 4,819,116 |
| 1927/28 | 6,840,629 | 4,620,844 |
| 1928/29 | 6,833,887 | 4,484,010 |
| 1929/30 | 6,937,472 | 4,755,142 |
| 1930/31 | 6,977,387 | 4,781,315 |
| 1931/32 | 6,656,482 | 3,749,459 |
| 1932/33 | 6,774,492 | 4,482,968 |
| 1933/34 | 6,813,985 | 4,852,374 |
| 1934/35 | 6,835,013 | 4,038,170 |
| 1935/36 | 6,857,506 | 4,670,074 |

Source: *Season and Crop Report of Burma*. Rangoon: Government Printing and Stationery, annually.

Notes

- a Year: ending 30 June. Thus 1926/27 = 1 July 1926 to 30 June 1927.
 b The Pegu Division comprises the districts of Pegu, Tharrawaddy, Hanthawaddy, Insein, and Prome. The Irrawaddy Division comprises the districts of Bassein, Henzada, Myaungmya, Maubin, and Pyapon.
 c 'Area' is the area sown, matured, and assessed; 'production' is the out-turn from the matured area.

44 From Table 2.1.

45 *Season and Crop Report of Burma, 1931–32*. Rangoon: Government Printing and Stationery, 1932, p. 5.

Paddy production, too, appears to have remained essentially unchanged throughout the period from the mid-1920s to the mid-1930s. The only significant movements were sharp falls in 1931/32 (the result of the contraction in the area sown because of the rebellion – noted above – but also of a fall in the proportion of the sown area that reached maturity and of a fall in the out-turn from that which did mature; both the result of the inadequacy of the rains)⁴⁶ and in 1934/35 (the result of a poor out-turn on the matured area, brought about, again, by the inadequacy of the rains).⁴⁷ However, the figures in that column of Table 2.4 should be treated with caution. The government's paddy production figures were not constructed from direct observations: rural officials did not measure and record the baskets of paddy as they left the field or reached the threshing floor. Such a task would have been far beyond the capacity of the administration in Burma or, indeed, almost any bureaucracy. Rather, the production figures were constructed from a combination of informed estimates, rough observations, and precise measurement – as follows.

The first element was an estimate of the average yield per acre in a 'normal' year for each district. For example, the estimate for Hanthawaddy District was 1,650 lb, that for Insein, 1,500 lb. The second was an observation undertaken by local officials each year, of cultivation conditions in their district, an observation that apparently drew mainly upon reports on the timing and generosity of the rains in that locality. The observation (for each district, each year) was expressed as a percentage: for example, in 1932/33 the condition figure (as it was called) for Hanthawaddy was 102, that for Insein, 93. Applying the condition figure to the estimate of average yield per acre in a 'normal' year gave the estimated average yield per acre in that district in that year. Thus, in 1932/33 the estimated average yield per acre in Hanthawaddy District was 1,683 lb (that is, 102 per cent of 1,650 lb), and in Insein, 1,395 lb (93 per cent of 1,500 lb). The final element in the administration's construction of the paddy production figures was a measurement of the matured area under rice, a direct measurement of acreage, undertaken throughout each district every year in the annual assessment of agriculturists for the land revenue. Multiplying the estimated average yield per acre (converted to tons) by the matured acreage gave the total production of paddy (in tons) for that district in that year. Adding up the district figures gives the total production of paddy in the Pegu and Irrawaddy Divisions, as in Table 2.4.

In a government publication that appeared in the late 1940s, B. O. Binns, who had been Commissioner of Settlements and Land Records in the late 1930s, suggested that the methodology described above had led to a

46 *Ibid.*, p. 7.

47 *Season and Crop Report of Burma, 1934–35*. Rangoon: Government Printing and Stationery, 1935, p. 7.

significant – and, over time, increasing – underestimation of Burma’s rice production.⁴⁸ The problem lay with the first element in the construction – the estimate of the average yield per acre in a ‘normal’ year. Binns noted that from the mid-1920s, the officials responsible for constructing the rice production statistics had left this estimate for each district unchanged. They did so, he argued, because they feared that any change might disturb the working of the statistical formula used by officials to produce forecasts of the volume of rice exports.⁴⁹ But, Binns continued, there were strong indications that during this period, the average yield per acre across much of the delta, far from remaining unchanged, had in fact been rising. These years had seen a greater use of higher yield varieties of rice seed and improvements in irrigation in the delta: in any event it was recognized that land newly reclaimed for cultivation would naturally, perhaps through more experienced use, produce rising yields over as much as four decades.⁵⁰ Binns announced that he was then (the late 1940s) engaged in an attempt to rework the pre-war rice production figures. But he was already prepared to suggest that in the late 1930s, the average yield per acre for Burma as a whole had been around 12 per cent above the average of the estimates that had been used by officials at that time in their calculations of rice production.

However, there was a further consideration, important in this context. For, at the same time as the average yield and thus total production were, allegedly, rising, so too was Burma’s population – and, according to Binns, at a faster rate. In other words, the marked (but unrecorded) rise in rice production which appears to have taken place from the mid-1920s was fully absorbed by an increase in the number of domestic consumers. Thus – and this is the central point – the surge in the average annual volume of Burma’s paddy and rice exports that took place in the early 1930s could not have been met from an increase in the surplus of production over

48 B. O. Binns, *Agricultural Economy in Burma*. Rangoon: Government Printing and Stationery, 1948, p. 58. This is a reference in the main text, which was, in fact, written in 1943. In a brief preface added just before publication, Binns was far firmer on this point:

Close study of the facts of pre-war rice production in Burma has now fully convinced me, as indeed I suspected before, that for many years official estimates of production have been much too low . . . we must accept the fact that actual production was considerably in excess of our estimates.

(pp. i–ii)

49 Binns, *Agricultural Economy in Burma*. Rangoon: Government Printing and Stationery, 1948, p. 58. Binns did not explain here the purpose or importance of the rice export forecasts. Perhaps they were intended to assist the Rangoon commercial community in anticipating major movements in the rice market: perhaps they were part of the process by which, each year, the administration drew up estimates of its anticipated revenues.

50 *Ibid.*, pp. ii, 58.

internal needs (there was no increase) but came from a redirection of output away from the cultivating household's own consumption and towards the market.

Binns explained why and how this redirection and consequent surge in export volume – during years in which the rice price was severely depressed – took place.⁵¹ He identified two mechanisms. When the depression crisis struck Burma with full force, the delta's specialist moneylenders (in effect, the Chettiers) sharply reduced their lending to agriculturists, not least because the value of the land offered as security had now fallen below the value of the loans they would be asked to make. Cultivators were therefore forced to seek alternative sources of credit, and this period saw a particularly sharp rise in the volume of so-called *sabape* loans. Commonly contracted with the village shopkeeper, the most important features of such loans in the present context were that they were repaid in deliveries of paddy, and that they attracted extremely high rates of interest.⁵² Thus, in being forced to switch to *sabape* loans, the delta cultivator found himself, in the early 1930s, committing a considerably larger volume of paddy – and, given a merely modest (at best) increase in production, a markedly larger proportion of his crop – to the annual settlement of his debts. Second, as the price of rice collapsed, then clearly the delta cultivator was forced to sell a considerably larger volume to meet his needs for cash, assuming that the prices of the goods he purchased and the cash value of the direct taxes he paid had fallen less than the price of rice. With only a modest increase in production to call upon, perhaps, once again the cultivator found himself forced to direct a markedly larger proportion of his crop towards the market. And thus, once again, his own consumption was cut back. Precisely how far per capita consumption of rice in the delta fell in the early 1930s is, in the absence of Binns' reworking of the production figures, difficult to say. But I will return to this issue in Chapter 4, when examining the delta cultivators' material circumstances.

Conclusion

The depression was felt in Burma's vast rice delta over many years. The 'first unmistakable signs' – the fall in the price of rice, unusually, through the middle months of the year – came in 1928; and yet the rice price did not reach its lowest point of the depression for a further six years. Nevertheless, the outline of the depression's course presented above has suggested that, in terms of understanding its impact – on the delta's rice

51 *Ibid.*, pp. 25, 58–59.

52 See also Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, pp. 173, 175.

cultivator, but also on the landowner and moneylender – the critical period was the few weeks or months from mid-September 1930, which saw the first dramatic, the most terrifying, drop in the rice price. This is an argument that will be developed further in the later examination of the rice cultivator's survival strategies and material circumstances. But first, the collapse of credit and the wave of land foreclosure will be discussed.

3 Credit contraction and foreclosure

Arguably, the deepest scar left by the depression crisis on the socio-economic landscape of the Burma rice delta was the dispossession of the Burmese agriculturist at the hands of the Chettiar moneylender. Between 1930 and 1937, almost 1.9 million acres in Lower Burma passed into Chettiar ownership, the proportion of the total occupied area held by the Chettiar rising from around 6 per cent to some 25 per cent.¹ This dispossession had a number of important consequences. It fed into the virulent anti-Indian mood that marked much of that decade in Burma, a hostility that, at its worst, found expression in serious racial rioting in 1930 and 1938, and in numerous attacks on Indians in the rural delta – not only the Chettiar moneylender but also Indian landowners, shopkeepers, tenants, and labourers – during the Hsaya San rebellion at the beginning of the decade.² In the longer term, inevitably it had a major influence on the land policy of independent Burma. Thus, the 1947 constitution established the right of the state to nationalize the land, while the declared purpose of the 1948 Land Nationalization Act was ‘to put an end to landlordism and to usher in an era whose ultimate objective is collective farming’:³ the principal targets here were, clearly, the Chettiar owners of land. Almost certainly the dispossession of the Burmese agriculturist also contributed to the much wider hostility towards foreign – not only Indian – participation in the economy that was such an important feature of the political economy of independent Burma, notably after the military came to power

- 1 Calculated from J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 111.
- 2 For an extended discussion of the eruption in anti-Indian hostility in the 1930s – its origins and course – see, for example, Philip Siegelman, ‘Colonial Development and the Chettyar: A Study in the Ecology of Modern Burma, 1850–1941’, PhD dissertation, University of Minnesota, 1962, chapter 8.
- 3 Hugh Tinker, *The Union of Burma: A Study of the First Years of Independence*. London: Oxford University Press, fourth edition, 1967, pp. 93, 95–96. In fact implementation of the 1948 act proved impossible.

in 1962.⁴ That the dispossession of the agriculturist at the hands of the Chettiar moneylender had deeply scarred the society and economy of the rice delta – and thus also the standing of the colonial administration – was clearly understood by at least some British officials.⁵ The most damning in his response – in print – was J. S. Furnivall. Writing towards the close of the 1940s, he pointed out that the process by which the Burmese had brought the vast Irrawaddy delta into cultivation – an ‘epic of bravery and endurance’ – now

ends with a picture of imposing Government offices and business houses in Rangoon, and gilded *chettiyar* temples in Tanjore, while in the rice districts, the source of almost all this wealth, nearly half the land is owned by foreigners, and a landless people can show little for their labour but their debts.⁶

This chapter’s exploration of the dispossession of the Burmese agriculturist during the depression begins with an examination of two important initial conditions on the eve of the crisis – the scale and structure of Chettiar operations in the delta: and the burden of debt being borne by the agriculturist.

Chettiar operations: the burden of debt in the delta

Considerable data on Chettiar operations in the delta on the very eve of the crisis can be found in the report of a committee appointed by the Burma government in August 1929 to enquire into banking and credit in the province.⁷ The report suggested that there were then some 1,500 Chettiar firms in Burma involved in lending to agriculturists.⁸ There were far more Burmese moneylenders – ten, twenty times that number, probably more – but the scale of Chettiar lending was far greater. The committee estimated that the Chettiars directly provided rather more than half the total volume

4 Indeed the nationalization of external and internal trade and of much of the manufacturing sector after the March 1962 coup largely removed foreign – and certainly Indian – interests from the economy: Robert H. Taylor, *The State in Burma*. London: C. Hurst, 1987, p. 341.

5 See, for example, B. O. Binns, *Agricultural Economy in Burma*. Rangoon: Government Printing and Stationery, 1948, pp. 9–10.

6 Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press, 1948, p. 116.

7 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, 3 volumes. Included on the committee was Diwan Bahadur A. M. M. Murugappa Chettiar, a prominent figure in the community. The committee gathered data on agricultural financing retrospectively – that is, for the period mid-April 1928 to mid-April 1929.

8 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 1, p. 67.

of Lower Burma's crop-loans, that is, the loan taken by agriculturists each year principally to meet cultivation costs, and, if all went well, repaid after the harvest.⁹ In two respects, however, that estimate under-reported the Chettiars' contribution. As the committee itself noted, the Chettiars were also lending on a substantial scale to the Burmese moneylenders, who, in turn, lent on to the agriculturist. Consequently, the committee estimated, the Chettiars were, in fact, providing, directly and indirectly, perhaps two-thirds of the total volume of crop-loans across Lower Burma's rice districts. Second, in some of the principal rice districts, the Chettiar contribution was far higher than even that figure. For example, the committee reported that in Hanthawaddy and Tharrawaddy, the Chettiars were providing (the suggestion is, directly) all, or almost all, crop-loans.

The total value of the crop-loans provided annually by Chettiars to the Lower Burma agriculturist, directly and indirectly, was put at between 100 million and 120 million rupees, between £7.5 million and £9.0 million at the current rate of exchange.¹⁰ This was a very substantial sum: yet the provision of annual crop-loans constituted only the minor part of Chettiar financing of rice cultivation in the Burma delta. The 1929 banking committee estimated that the Chettiars were also providing between 330 million and 400 million rupees (between £24.7 million and £30.0 million) in long-term loans to the Lower Burma agriculturist, mainly to finance the acquisition and improvement of land, or the purchase of agricultural implements and work animals. Apparently the committee did not determine the Chettiar share in total long-term lending to the delta agriculturist. But the absolute figure above – between 330 million and 400 million rupees – would suggest that the Chettiar's share here was at least comparable with his share in the provision of annual crop-loans. On the eve of the depression crisis, the Chettiar was, indeed, by far the dominant source of agricultural credit in the Burma delta.

Of the main terms and conditions that were applied to Chettiar loans to delta agriculturists, three were to be particularly important in the unfolding of the depression crisis. First, payment of interest and repayment of the principal were accepted only in cash, never in kind, for example, in deliveries of paddy.¹¹ The Chettiars were specialist moneylenders who had little wish to move into the rice trade. The importance of this condition was that the delta agriculturist could be in serious financial difficulty if, in the months between the time he borrowed from the Chettiar and the time when payment or repayment was due, the price of rice, and thus the cash value of his harvested crop, collapsed. Falling rice prices increased the real burden of debt servicing and settlement when servicing and settlement

9 *Ibid.*, volume 1, pp. 67–68.

10 *Ibid.*, volume 1, pp. 68, 211–12.

11 *Ibid.*, volume 1, p. 76.

were only in cash. Second, by far the major part of the funds loaned by Chettiers to the delta agriculturist was secured against the borrower's land. The committee appointed in 1929 to enquire into banking and credit in the province reported that long-term Chettiar loans to agriculture were secured either entirely against land, or partly against land and partly on a promissory note, the promissory note opening the way for the lender to secure a legal claim on the borrower's land in the event of default.¹² As for Chettiar crop-loans, apparently between one-third and a half of their total value was secured against land.¹³ The importance of the Chettiers' strong preference for land as security was, of course, that in the event of large-scale default it threatened the dispossession of the delta agriculturist. The third condition to be noted concerned repayment. The legal position, that is, the condition stipulated in the written contracts between Chettiar and agriculturist, was that loans were to be repaid on demand.¹⁴ In practice, however, the point at which repayment would be expected was agreed well in advance in informal understandings between lender and borrower. For annual crop-loans, repayment was set for after that year's harvest, and both lender and borrower expected the loan to be settled in full at that time. In the case of long-term loans, the common understanding was that the Chettiers would not press for, or expect, repayment of the principal on a set date, as long as the interest was being paid in full and on time. In brief, while the Chettiers had the legal right to repayment on demand, even with respect to long-term loans, in practice he allowed, and the borrower expected, such loans to run on for several years. The important point here is that when the depression crisis struck the Burma delta with full force in the final months of 1930, those understandings suddenly fell apart and the Chettiers sought immediate settlement. This central issue will be considered later in this chapter.

Two final aspects of Chettiar operations in the delta on the eve of the depression should be noted – the sources of Chettiar working capital and the spatial distribution of Chettiar firms across the delta's rice districts. The committee appointed in 1929 to enquire into banking and credit in the province estimated the total of Chettiar working capital in Burma – loans both to agriculture and to non-agricultural interests – at 750 million rupees (£56.3 million).¹⁵ By far the major part, between 500 million and 550 million rupees (£37.5 million to £41.3 million), or roughly two-thirds,

12 *Ibid.*, volume 1, p. 89.

13 *Ibid.*, volume 1, p. 212. Other forms of security sought by the Chettiers, in addition to land and promissory notes, included gold and dwellings: Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, p. 174.

14 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 1, p. 238.

15 *Ibid.*, volume 1, pp. 211, 213–14, 216, 222.

was drawn from the resources of the Chettiar proprietors themselves. A further 115 million rupees (£8.6 million), roughly, drew on the deposits placed with Chettiar firms by individual Chettiars resident in Burma, commonly relatives and friends of the proprietor. The final 100 million rupees (£7.5 million), again roughly – that is less than one-seventh the total of Chettiar working capital in Burma – came from non-Chettiar sources. This included 50 million rupees (£3.7 million) or more in deposits from non-Chettiars resident in Burma, and some 30 million rupees (£2.2 million) – the figure fluctuated through the agricultural year – in loans and overdrafts provided by the Burma branches of major regional banks, most importantly the Imperial Bank of India and then, in declining importance, Lloyds, the National City Bank of New York, the Chartered Bank of India, Australia and China, and the National Bank of India. Later, this chapter will focus on the deterioration in the relationship between Lloyds in Burma and its Chettiar clients in the early 1930s, an examination made possible because the bank's records relating to its loans to Chettiars in that period have survived. But when focusing on Lloyds, it will be well to remember that, according to the 1929 committee, that bank was the source of less than 1 per cent of the Chettiars' working capital in Burma, indeed all the local branches, just 4 per cent.

The data on the spatial distribution of Chettiar firms across the rice delta – not from the report of the 1929 banking and credit committee but taken from a secondary text published in 1953 – are for the second half of the 1930s rather than the late 1920s. Although the depression crisis surely forced the withdrawal of certain Chettiar firms from their district, these figures should still capture the broad distribution of firms across the delta on the eve of the depression. Briefly, while Chettiar firms were found in considerable strength in all the delta's 13 rice districts, the greatest number (100 or more in each) were in the following five – Pegu, Tharrawaddy, Bassein, Myaungmya, and Pyapon.¹⁶

The *Report of the Burma Provincial Banking Enquiry Committee, 1929–30* is also an excellent source of information on the burden of debt being borne by the delta agriculturist on the eve of the crisis. Such data were gathered for the committee through three initiatives. First, local committees were appointed in each district to report broadly on the financial circumstances of that district's agriculturists. Second, detailed statistical investigations were undertaken in a selected area in each of the three districts of Insein, Pyapon, and Mandalay.¹⁷ Statistical data were collected on, notably, the agriculturists' assets (which might include cash, holdings of paddy, land, dwellings, and implements) and liabilities (his borrowings);

16 U Tun Wai, *Burma's Currency and Credit*. Calcutta: Orient Longmans, 1953, p. 51.

17 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 2, pp. 3–4.

the agriculturists' permanent debts, by each category of lender (that is, Chettiar or other moneylender, the borrower's own landlord, other landlords, another cultivator, and traders); the number of years for which permanent debts – long-term loans – had been run on; and the security committed by the agriculturists with respect to crop-loans. Of central importance for the present discussion is the fact that, for all the headings, data were gathered and reported for each of four categories of agriculturist – landlord, owner, tenant, and labourer. In Pyapon District, the data were collected in Kyonmange and Kyonmange-Chaungwa village-tracts, selected for having conditions typical of the lower rice delta. The work was carried out between December 1929 and March 1930 by two Burmese investigators – U Tin Ohn, a graduate in economics of London University, and U Ba Than, a graduate in commerce of Birmingham University – under the direction of the secretary to the committee, G. R. Morley.¹⁸ The final initiative was an experimental survey undertaken in October and November 1929, and intended mainly as a trial run for the principal investigations.¹⁹ It took place in nine villages in Pyapon District, and again involved the two Burmese officials, U Tin Ohn and U Ba Than, but this time working under the direction of Lawrence Dawson, a member of the committee and managing director of Dawson's Bank.

In using this rich material, it seems obvious – because the central theme of the chapter is the dispossession of the Burmese agriculturist – to concentrate on those who owned land; after all, the landless could not be dispossessed. But in fact, at least as much attention must be given to the landless, and specifically the tenant-cultivator, for they were to have a crucial role in the dispossession of those who did hold land. A valuable insight into that fatal connection was provided by the main investigation undertaken in Pyapon District between December 1929 and March 1930. As part of that work, officials questioned 30 tenant-cultivators on the sources of their long-term loans.²⁰ The total of their long-term debts (in

18 The two Burmese had only recently returned from their studies in England, where U Tin Ohn had spent over three years, and U Ba Than, nine. This prompted the published report to comment that 'both were out of touch with conditions in Burma, especially conditions in rural areas'. The report drew attention to further weaknesses in the investigations which, similarly, cast doubt on the accuracy of the figures being produced. Most importantly, carrying out the fieldwork between December 1929 and March 1930, the investigators questioned local agriculturists on their financial circumstances not in that period (the year was incomplete) but for the year mid-April 1928 to mid-April 1929. Thus not only were respondents being asked to recall the details of their finances of perhaps two years earlier but, the report feared, their replies were confused by the more immediate details of their current financial circumstances. *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 2, pp. 3–4.

19 *Ibid.*, volume 2, pp. 3, 72.

20 *Ibid.*, volume 2, pp. 18–19.

mid-April 1929) was 23,206 rupees. Of that sum, no less than 20,947 rupees (90.3 per cent) was debt owing to the tenants' own landlords.²¹ Officials also questioned 12 landlords. The total of their long-term debts was 35,113 rupees, of which 34,813 rupees (99.1 per cent) was debt owing to Chettiars, and perhaps other moneylenders. In other words, landlords were borrowing from the Chettiars to lend on, and on a substantial scale, to their tenants, largely to meet cultivation expenses. This is confirmed by further data gathered as part of the main investigation in Pyapon District. The single most important purpose for the 12 landlords' long-term borrowing, accounting for 30.0 per cent of the total of their long-term debts outstanding in mid-April 1929, was to lend on to their tenants. And overwhelmingly the single most important purpose in the 30 tenant-cultivators' long-term borrowing – 98.7 per cent of the total of their long-term debts, again in mid-April 1929 – was to meet household and cultivation expenses.²² The obvious point is that if the tenant failed to meet his debt payments to his landlord, the landlord might well be in difficulty with the Chettiar. It is crucial to add, however, that in certain circumstances the landlord would still be in difficulty – as a direct result of the loans he had made to his tenants – even when the tenant kept up his debt payments. The reason is quite simple. While the Chettiar insisted on cash from the landlord in the payment of interest and repayment of principal, the tenant usually settled his debts to the landlord in deliveries of paddy.²³ This clearly meant that when the price of paddy dropped, the cash received by landlords from the sale of paddy delivered by their tenants in settlement of debt also dropped: and yet, of course, there was no fall in the cash payment demanded from the landlord by the Chettiar. The landlord could well be in difficulties as a result of lending on to his tenants, even when the tenants were not.

In fact, as evidence gathered by the banking and credit enquiry made clear, towards the end of the 1920s the financial circumstances of the large majority of the delta's tenant-cultivators were fragile, to say the least. Each of the enquiry's local committees was asked to report what proportion of tenants in its district was able, after harvest in an ordinary year, to pay the rent and settle all the debts incurred in cultivation, and then put aside sufficient grain to feed the family through to the next harvest – in other words,

21 Although apparently no data were collected on the sources of annual crop-loans, there is little doubt that the tenant-cultivator was highly dependent on his landlord for this finance too.

22 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 2, pp. 26–27. Out of interest, the remaining 1.3 per cent was accounted for by a single 300 rupee debt, incurred by one of the 30 tenants to construct a dwelling.

23 Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, pp. 173–74.

what proportion was solvent.²⁴ The replies indicated that, across the delta, just one tenant in four was in that position. In some districts the proportion was much lower still – there the solvent tenant was, indeed, rare. The replies further reported that in some districts perhaps one-third of tenant-cultivators had little or no capital, and were therefore forced to borrow to meet essential cultivation and household expenses in advance. For that third, the entire proceeds of the harvest was committed to the settlement of debt – and even then they commonly failed to clear the year's debts completely, leaving arrears to accumulate. These broad assessments of the tenant's dismal financial circumstances were amply confirmed by data gathered in the detailed investigations. The tenant-cultivators in Pyapon District questioned between December 1929 and March 1930 had total long-term debts in mid-April 1929 of 23,206 rupees, as noted above. But the total value of their assets was markedly less – 15,474 rupees.²⁵ And, of course, only a small fraction could be liquidated rapidly. As part of the experimental survey undertaken in Pyapon District in October and November 1929, officials interviewed two tenant-cultivator families.²⁶ Their combined debts – loans from the landlord – were 2,700 rupees. Their combined assets were valued at 6,000 rupees. But of that, 4,800 rupees were in dwellings and cattle – which, if sold, would obviously undermine the family and its livelihood – and a mere 400 rupees were in jewellery, to be sold quickly in extreme circumstances. It might be added that the combined income of the two families fell short, if only slightly, of their combined expenditure – 1,505 rupees to meet expenditure of 1,560 rupees. And finally, in a note on his work in the Thameintaw village-tract, U Ba Kun, briefly seconded to the experimental survey from the Burma Agricultural Society, reported that very few of the roughly 250 tenant-cultivators in the settlement 'can make ends meet . . . [t]enants are in the most pitiable plight'.²⁷

U Ba Kun also offered an interesting comment on the financial circumstances of the owners of land in Thameintaw. 'Land owners are pretty well off now', he reported: but they were also carrying a heavy burden of long-term debt, to the point where, he indicated, many were in a precarious position.²⁸ This last observation can be supported by data gathered in the detailed investigations in Pyapon District. One measure of the burden of debt is the proportion of the agriculturist's cash expenditure taken in interest payments on loans. For six cultivator-owner families (that is where the cultivator owns all the land he works but no more) interviewed as part

24 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 1, pp. 30, 55.

25 *Ibid.*, volume 2, pp. 14–15.

26 *Ibid.*, volume 2, pp. 76–77.

27 *Ibid.*, volume 2, p. 79.

28 *Ibid.*, volume 2, p. 79.

of the experimental survey undertaken in October and November 1929, that figure was no less than 43 per cent. For 11 landlord-cultivator families (where the owner cultivates part of the land he owns and rents out the remainder) the figure was 46 per cent.²⁹ Even allowing a considerable margin of error – after all, this was a trial survey and the samples were small – these figures, indeed, indicate a heavy burden of debt servicing. A second measure – perhaps rather problematical – is the age of long-term loans, the argument being that the repeated annual renewal of a loan, after the first two or three years, would indicate that it had become beyond the resources of the borrower to settle. When an agricultural loan was extended into, say, an eighth year, surely it was because it could not be repaid – it was simply too heavy a burden to pay off. The data gathered in the main Pyapon investigation between December 1929 and March 1930 are striking. As noted above, the 12 landlords interviewed had total long-term debts outstanding in mid-April 1929 of 35,113 rupees. Of that sum, 27,200 rupees (77.5 per cent) were debts first contracted six or more years earlier.³⁰ Five cultivator-owners were reported to have total long-term debts of 9,255 rupees, of which no less than 8,500 rupees (91.8 per cent) were debts first incurred six years previously. And, most striking of all, 30 tenant-cultivators had total long-term debts of 23,206 rupees outstanding in mid-April 1929, again as noted above: of that sum, 9,400 rupees (40.5 per cent) were debts first contracted between 11 and 15 years earlier. Surely the latter would never be repaid – would remain an accumulating burden on the borrower. These figures reinforce a central argument in this book. When the crisis struck with full force, when agricultural credit suddenly contracted and moneylenders sought immediate repayment of long-standing loans, the delta agriculturist, long familiar with loans being run on for 5, 10, 15 years, was hit a blow which was as much psychological as financial.

The contraction in bank lending

From around the middle of 1929, perhaps earlier in that year – with the present sources it is impossible to be precise, although precision here would greatly assist the analysis – the local banks reduced their lending to the Chettiars. They demanded the repayment of loans, lowered overdraft limits, and cut the volume of new advances. To some degree the banks' action may have been a distant reflection of a tightening of credit in the industrial economies. The first half of 1929 saw interest rates rise across much

29 Calculated from *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 2, pp. 76–77.

30 Calculated from *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 2, pp. 22–23.

of Europe, as the authorities sought to limit damaging outflows of short-term capital and, in August, rates were raised in New York in an attempt to dampen down an overheating stock market.³¹ The Rangoon banks, branches of international concerns with head offices in, for example, London and New York, were inevitably drawn into that contraction. But if, perhaps, the reduction in bank lending was initially driven by external circumstances, soon domestic factors were also in play.

At the end of the 1920s, the Imperial Bank of India – of the banks in Rangoon, by far the most important single source of advances for the Chettiers – maintained a distinctive seasonal lending regime.³² The bank's lending cycle began around mid-August, as delta agriculturists sought loans from the Chettiers to meet cultivation costs. A further wave of lending took place when the harvest was brought in, from the beginning of December, as traders went to the Chettiers in order to finance the purchase and holding of the crop. And then, after the peak towards the end of January, the demand for loans – from the Chettiers, and by the Chettiers from the banks – gradually fell away. The distinctive feature of the Imperial Bank's lending regime was that in the months from January, the bank pursued the reduction in its short-term advances to the Chettiers to the point where, by the end of June, there were no outstandings on that account at all: and no new advances were made until the lending cycle began again in mid-August. In contrast, at the end of the 1920s it was the practice of the other Rangoon banks not to call in all their short-term Chettier advances for the close of the trading year and, moreover, to agree new advances through the slack weeks from the end of June to the middle of August, apparently a reflection of the competition between them, and with the dominant Imperial Bank for the Chettier business. However, in early 1930 the Rangoon banks decided in principle to adopt the Imperial Bank's practice. In the months that followed, Lloyds Bank at least – and Lloyds was second only to the Imperial Bank in lending to the Chettiers – called in all its short-term Chettier advances and reduced some lending ceilings.

Lloyds records indicate that the banks' decision, and the consequent contraction in lending that took place over the middle months of 1930, were prompted by a number of considerations.³³ First, there was concern among the Rangoon banks that, in competing with each other for the Chettier business, they had recently been lending much more to Chettier

31 Charles P. Kindleberger, *The World in Depression 1929–1939*. London: Allen Lane The Penguin Press, 1973, pp. 114–15.

32 'Eastern Department: Rangoon Branch', March 1930; Sir Alexander Murray, Rangoon, to F. A. Beane, Lloyds Bank, Head Office, London, 10 November 1930. LBA, HO/GM/Bea.30:2321.

33 'Eastern Department: Rangoon Branch', March 1930; Sir Alexander Murray, Rangoon, to F. A. Beane, Lloyds Bank, Head Office, London, 10 November 1930. LBA, HO/GM/Bea.30:2321.

firms than the latter could safely use. It was now time to cut back. Second, the banks recognized that with the recent falls in the price of paddy and the value of agricultural land, the Chettiar would now be working with a smaller volume of funds. But, most importantly, the confidence of the banks in the financial robustness of a number of Chettiar firms, indeed of the Chettiar community as a commercial network, had recently been damaged. In August 1929 several Chettiar firms in Rangoon had failed when pressed by the banks for the repayment of loans.³⁴ The banks' confidence was shaken not only by the failures per se but by the fact that they appeared to show that the Chettiar community in Burma, which in the past had almost invariably come to the aid of a firm in difficulties, could no longer be relied upon to do so. Firms had gone to the wall: and even the strong now looked somewhat insecure.

The contraction in bank lending obviously left the Chettiar with less funds to advance to the delta agriculturists as the new season (the one which would begin around August 1930) approached. Moreover, in the same period Chettiar firms had seen a marked fall in the volume of deposits being made by local non-Chettiar customers, in usual circumstances a more important source of funds for them than their borrowings from the banks: customer confidence had been shaken by the August 1929 failures.³⁵ Even so, the contraction in bank lending and reduction in deposits did not bring on the crisis that hit Burma's rice economy in the closing months of 1930.

Foreclosure in the districts

The crisis was brought on, of course, by the collapse in rice prices from the September of that year, in that it ruthlessly exposed the fragile financial position of cultivators right across the delta and triggered large-scale default and foreclosure. The broad dimensions were outlined in the preceding chapter. The core figures are those showing that between the first week of September and the first week of December 1930 – just three months – the price of Big Mills Specials plummeted almost 40 per cent; and that in the year 1930/31, perhaps 220,000 acres of agricultural land in the Pegu and Irrawaddy Divisions were foreclosed on by the Chettiar, followed by, perhaps, a further 440,000 acres the next year. The aim here is to refine that broad outline and, as far as the sources allow, reach behind the statistics to capture more fully the experience of the delta's rice cultivator caught in this crisis.

Between November 1930 and October 1933, a team of settlement officials was at work in Hanthawaddy, the coastal district immediately south

34 *Report of the Burma Provincial Banking Enquiry Committee, 1929–30*. Rangoon: Government Printing and Stationery, 1930, volume 1, pp. 213, 221; volume 2, p. 89.

35 *Ibid.*, volume 1, p. 213.

of Rangoon, on a revision of the district's land revenue settlement. The report on this settlement revision is a rich source of information on the economic condition of the Hanthawaddy cultivator during those troubled years. It certainly captures an air of desperation.

[E]vil times have fallen on [the cultivator] since the abnormal drop in prices and one hears nothing but tales of woe, of lands being sold up to satisfy a debtor [*sic*], of cattle and implements being seized by the more rapacious amongst the landlords, of the surreptitious selling of paddy by a dishonest tenant and the consequent confiscation of the rest of his crops in order to liquidate the rent and the other advances in money and kind made to him earlier in the season. The scarcity of money was brought home to the writer one day when he sat for an hour in a village Chinaman's store and watched the women bringing nothing but paddy in order to barter for the things they needed.³⁶

The report also makes it clear that the market in agricultural land in the district had simply collapsed: 'the purchase of land has come to a stop since the slump in the paddy trade' while 'no money-lender, Burman or Chettyar, cares to advance money on the security of land'.³⁷ But in the present context, the Hanthawaddy settlement report is particularly valuable for its exploration of the precise circumstances in which the district's landowners lost their land to the moneylender.

Rural Hanthawaddy was marked by large estates worked by tenants and labourers. The settlement report calculated that only one-quarter of the district's total cultivated area was being worked by the owners themselves, three-quarters by tenants.³⁸ According to the 1931 census, as cited in the settlement report, tenant-cultivators accounted for 18 per cent of the population of Hanthawaddy engaged in agriculture, labourers for 73 per cent.³⁹ Since they owned by far the major part of the cultivated land in the district, in that respect at least, it was the large landlords who were particularly at risk in Hanthawaddy as the rice price collapsed.

In the year that saw the rice price break, 1930/31, most tenants still paid their rent in full.⁴⁰ With the rice districts in turmoil and the prospect of sharper competition for tenancies, not least as indebted landowners defaulted, presumably tenants were seeking to hold on to their existing arrangement. But in any event, as rents were almost invariably paid in kind

36 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33.* Rangoon: Government Printing and Stationery, 1934, p. 13.

37 *Ibid.*, pp. 14–15, 33.

38 *Ibid.*, pp. 37, 42.

39 *Ibid.*, p. 10.

40 *Ibid.*, pp. 38, 41.

– in deliveries of paddy at harvest – the collapse in prices should have created no particular difficulty for the tenant in meeting his rent, except, crucially, to the extent that he was now forced to sell a larger quantity of paddy to cover other payments that had to be made in cash, for example the repayment or servicing of money loans, and the payment of taxes. In those, apparently relatively few, cases in 1930/31 where a tenant was unable to pay his rent in full, the Hanthawaddy landlord took his cattle, carts, or implements to cover the shortfall, or recorded it as a debt to be repaid at the next harvest. In the following year, 1931/32, tenant-cultivators across the district pressed for a substantial reduction in rents. But most landlords held firm, partly because there was no shortage of tenants at the existing rents but also because they could point out that they were responsible for the payment of the land revenue, and that the burden of that tax in terms of baskets of paddy had risen sharply with the fall in price. They simply could not afford to agree to a reduction in the quantities of paddy paid as rent. Faced with the landlords' intransigence, at harvest that year many tenants simply ignored their tenancy agreement and paid as much as they could, or what they thought to be appropriate. Landlords reduced rents slightly in 1932/33 but actual rent payments – deliveries of paddy – fell further still. And even when the tenant paid the agreed rent in full, he commonly defaulted on other payments due to the landlord – the repayment of cash advances. Not surprisingly, landlords cut back their advances sharply. Interestingly, the settlement report pointed to the comparative ease with which tenants were able to defraud their landlords. And it appeared to suggest that the landlords had little room, or perhaps inclination, to retaliate.

Cases of surreptitious selling of paddy [on the part of tenants] were rampant all over the Settlement Area [Hanthawaddy District] and though landlords did their best to secure the rents in full, the majority had to rest content with what they could get. Unlike the years when paddy prices ruled high, there was however little tendency on the part of landlords to resort to coercive measures in attempting to get the rents agreed upon. The unpaid balance was generally written off as a bad debt.⁴¹

Even where landlords secured the agreed rent in full, its cash value was, of course, falling sharply in these years. As tenants evaded full payment, the cash returns to the landlords fell still further. Landlords who had borrowed heavily from the Chettiars, carrying loans that had to be serviced and repaid in fixed cash terms, were therefore likely to be in difficulty.

41 *Ibid.*, p. 41.

And yet the settlement report argued that in almost every case where a Hanthawaddy landlord had lost his land to the Chettiers during the crisis, he had been brought down mainly by the losses he had incurred in making cash advances to his tenants and in trading in paddy.

Tenants have not been able to repay their loans with interest and much money had to be written off as bad debts . . . Paddy prices refused to rise during the rains as in years gone by and speculators were obliged to part with their stock at a considerable loss which often meant parting with the land they had originally mortgaged in order to obtain the necessary working capital.⁴²

Inevitably, the risk to the owner-cultivator in Hanthawaddy took a rather different form. In the years before the crisis, with rice prices buoyant, the district's owner-cultivators had taken substantial loans on the security of their land in order to add to their holdings.⁴³ The loans were to be serviced and repaid, of course, in cash. Immediately the rice price broke (September 1930) these owners were in serious difficulty, for now few could afford to settle even a part of their loan from the sale of their crop if other cash expenses were to be met. It would appear that at first, Hanthawaddy's owner-cultivators sought to keep their land from the Chettiers by at least paying the interest on their loans. However, by the 1932 harvest, the price of rice land had fallen to less than half its former level, and it clearly made little sense for the owner to continue paying interest on a loan that had been used to purchase land the value of which was now below the value of the loan. Many of the district's owner-cultivators now abandoned the struggle. They stopped paying even the interest on their loan, in effect inviting the Chettiers to foreclose.

In just two years, 1931/32 and 1932/33, some 50,000 acres of agricultural land in Hanthawaddy District came into the hands of the Chettiers.⁴⁴ It would be interesting to know what part of that total was land seized from the district's large landlords, what part seized from its owner-cultivators. It would be more interesting still to learn what proportion of the land held by landlords was lost to the Chettiers in those years, compared to that held by owner-cultivators. The latter data in particular would indicate

42 *Ibid.*, p. 40. It might be important to note that the authors of the report were far from sympathetic to the landlords' distress, noting, for example, their stiff reluctance to reduce rents. When rice prices had been buoyant, the report commented, 'the landowning class' had been accustomed to living on 'the wages of idleness' (p. 13).

43 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930-33*. Rangoon: Government Printing and Stationery, 1934, pp. 37-38.

44 Calculated from *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930-33*. Rangoon: Government Printing and Stationery, 1934, pp. 72-110.

which of these two classes of agriculturist in Hanthawaddy had been hit more severely by the process of default and foreclosure. But, sadly, the settlement report appears to have ignored that important dimension. It offered merely a few impressionistic assertions, for example, that it was the landlord class 'that has felt the pinch most'.⁴⁵ In one respect at least, the landlord class was indeed more severely hit: as noted earlier, in Hanthawaddy, landlords clearly out-numbered owner-cultivators.

Sadly, the Hanthawaddy settlement report appears to provide the only substantial account of the processes of default and foreclosure in the delta during the depression crisis. It is the only source, apparently, that attempts to capture the basic chronology and, of course, that focuses on one district. Beyond this report, there are merely broad generalizations and fragmentary detail. Among the more valuable fragments is a newspaper report in November 1930 of a protest in Insein District, under the headline 'Slump in rice trade: landowners badly hit: protest meeting at Taikkyi'.⁴⁶ The meeting was attended by over 3,000 people – a remarkably large gathering – and the protesters included the district's major landowners, owner-cultivators, tenants, rice millers, and a few of the local Chinese and Chettiar moneylenders. There was agreement not to sell paddy at the low price, then current, in an attempt to force it back up – in reality an action that would have been impossible to sustain. And there were calls for a boycott of foreign, in particular Japanese, goods – a response that was, in fact, more likely to damage than protect the material circumstances of the local population. But, of particular interest here, it was reported at the meeting that the Chettiar in Insein 'had practically stopped lending money'. Almost certainly the local Chettiar were refusing new loans because, with the collapse in the rice price, it was clear that the landowner was finding it difficult to service and repay his existing loans – indeed, could do so only if his borrowings continued to be renewed.⁴⁷ Thus, by his refusal – by practically stopping lending money – the Chettiar, as often as not, was sealing the landowner's fate.

45 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33*. Rangoon: Government Printing and Stationery, 1934, p. 13. As noted by Michael Adas (*The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974, p. 233), no attempt was made in the Burma settlement reports to categorize agricultural holdings by size. Consequently data on, for example, the transfer of landownership (as here) or the burden of agricultural indebtedness are presented as an aggregate and/or an average, and thus fail to capture distribution by size of holding, that is, the contrasting experiences of the different classes of agriculturist.

46 *Rangoon Gazette Weekly Budget*, 24 November 1930, p. 8.

47 This is not the explanation given in the newspaper report: the Chettiar in Insein 'had practically stopped lending money, but more to keep the poor cultivator out of the clutches of the moneylenders'. The argument makes little sense.

A second fragment is an observation in a paper on Burma's agricultural crisis read to the Burma Economic Society in March 1931 by J. S. Furnivall, retired from government service but still resident in Rangoon.⁴⁸ The crisis was not the immediate crisis of the depression but, in Furnivall's view, a long-term crisis in the basic structure of the delta rice economy. The 'root evil', he argued, was the instability of both tenure and ownership, with the large majority of tenant-cultivators working the same holding for just two or three years at best before moving on, and owners, apparently both large and small, engaged in a near-constant sale and resale of land. 'Thus the land is occupied by the transitory tenants of transitory landlords.' And it was in this context that Furnivall observed: 'in Lower Burma taken as a whole, 4 to 5 per cent of the land changes hands by sale every year.' Almost certainly, those figures were for pre-depression years, for in the early 1930s it was not uncommon for the area of agricultural land sold in a particular district in a particular year to be 10 per cent or more of the district's total occupied area.⁴⁹ This was a remarkably high turnover in ownership.

Since agricultural land was a poor investment in these years, it must be assumed that this abnormally high turnover reflected a rush of distress sales – that many landowners were being forced by a sharp deterioration in their financial circumstances and, specifically, by impending default, to dispose of part, or even all, of their holdings. But, crucially, there is no reason to think that all these sales were to non-agriculturists, to the moneylender. Undoubtedly, many sales were to other landowners, clearly less distressed and prepared to add to their holdings when land prices were sharply down. The central point being made here is that the scale and nature of default in the delta in the depression crisis is not fully caught by the figures (see Tables 2.2 and 3.1) for the shares of agriculturist and non-agriculturist in the ownership of rice land. In other words, the transfer of agricultural land to the non-agriculturist, the moneylender, in the early 1930s, dramatic though it was, may still fail to convey the full extent of the default crisis in the delta.

The final fragment is important less for its factual content than for the connection it makes. It is a passage from the *Report of the Land and Agriculture Committee*, published in 1938, and concerns the causes of the Hsaya San Rebellion that engulfed most of the delta from the end of 1930.

In regard to the rebellion in the Dedaye Township of the Pyapôn District, it was found that many of the villagers who took part were

48 The paper was published in the *Rangoon Gazette Weekly Budget*, 23 March 1931, pp. 2, 27–28.

49 Figures for the area of agricultural land sold in each district, and for total occupied area, were published each year in the *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery.

in the grip of the money-lenders. Much of the land in the neighbourhood had been lost to the Chettyars within a short period preceding the rebellion. The leader of the Dedaye rebellion and one of his principal lieutenants had recently lost land to the Chettyars. It was thought in the circumstances that an important cause of the rebellion at Dedaye was the extensive loss of land by the villagers of that area.⁵⁰

I will return to this connection in Chapter 5.

There is one further perspective on the depression foreclosures in the rice delta to be considered. Table 3.1 provides a measure of the loss of land by agriculturists in each district in the delta over the first half of the 1930s. The table shows that the most severe losses took place in Pegu, for over the years 1929/30 to 1935/36, agriculturists there lost land equal to no less than 45 per cent of the area they had held on the eve of the crisis. The remaining districts are then listed in declining severity, with the least severe losses in Henzada: there, the area lost by agriculturists by 1935/36 was equal to just 11 per cent of the area they had held in 1929/30. Broadly, the districts divide into three groups: Pegu, Pyapon, Insein, and Hanthawaddy saw very severe losses; in Myaungmya, Bassein, Tharrawaddy, and Maubin, agriculturists suffered less severe but still substantial losses; and Prome and Henzada escaped relatively lightly.

It might be anticipated that these differences were determined by a simple physical constraint, that where agriculturists had already lost a substantial

Table 3.1 Land lost by agriculturists, 1929/30–1935/36, by district

| <i>District</i> | <i>Area lost by agriculturists, 1929/30–1935/36, as a percentage of the area held by agriculturists in 1929/30</i> | <i>Percentage of total occupied area held by agriculturists in 1929/30</i> |
|-----------------|--|--|
| Pegu | 45.46 | 62.70 |
| Pyapon | 44.55 | 57.02 |
| Insein | 40.77 | 55.75 |
| Hanthawaddy | 38.42 | 50.45 |
| Myaungmya | 29.23 | 56.79 |
| Bassein | 27.59 | 71.21 |
| Tharrawaddy | 26.77 | 73.07 |
| Maubin | 26.23 | 70.20 |
| Prome | 17.73 | 86.14 |
| Henzada | 11.12 | 82.12 |

Source: Calculated from *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery: 1929/30, pp. 54–55; 1935/36, p. 40.

⁵⁰ *Report of the Land and Agriculture Committee*. Rangoon: Government Printing and Stationery, 1938, pp. 52–53.

part of their holdings to non-agriculturists before the onset of the crisis, they could not then suffer further severe losses during the crisis itself. And conversely, where agriculturists held most of the district's occupied area as the crisis struck, they were highly vulnerable – there were vast tracts to lose. In fact, as the right-hand column of Table 3.1 indicates, the reverse is true. Certainly, the two districts that escaped relatively lightly (Prome and Henzada) were the only two districts in the delta in which, in 1929/30, agriculturists still held over 80 per cent of the occupied area. Very broadly, the smaller the share of occupied land still in the hands of agriculturists on the eve of the crisis the more severe their losses during the crisis itself. Those who had been hit hard were hit hard again.

This pattern appears to reflect the different extent to which the structures of 'industrial agriculture' had become established in the different parts of the delta. At one extreme were the districts in the north, including Prome and Henzada. This was the first part of the delta to be cleared for cultivation from the middle of the nineteenth century, and in the decades that followed, it continued to be dominated by small owner-cultivators.⁵¹ The modest size of holdings presumably limited the activities of the Chettiers and, therefore, the scale of indebtedness and the threat of default and foreclosure, both before and during the depression crisis. At the other extreme were the districts around Rangoon, that is, Pegu, Insein, Hanthawaddy, and those in the central lower delta, including Pyapon and Myaungmya. Districts of more recent occupation, here were found the structures of advanced 'industrial agriculture' – large estates, often exceeding 500 acres and some over 3,000, worked by a shifting population of tenant-cultivators and gangs of labourers moving through the delta, gangs engaged short term for specific tasks.⁵² These structures encouraged heavy borrowing when prices and profits were rising which, inevitably, brought the threat of default and foreclosure, a threat made good both before the depression crisis and again during it.

To round off this examination of default and foreclosure during the crisis itself, it would be valuable to draw out two broad points from the, sadly, fragmentary evidence. First, it is not possible, on the basis of the data here, to demonstrate whether the large landlord or the modest owner-cultivator suffered the more serious losses. There may be a hint that it was the former. But this could reflect the fact that the most detailed evidence is for Hanthawaddy, where large estates were prominent. However, it is possible to advance a less adventurous, but still valuable, argument – that there

51 J. S. Furnivall, *An Introduction to the Political Economy of Burma*. Rangoon: Burma Book Club, 1931, p. 64.

52 Michael Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852–1941*. Madison: University of Wisconsin Press, 1974, pp. 142–43.

is no evidence that either the large landlord or the owner-cultivator escaped serious losses. Both classes of landowner were hit hard. The second point returns to an important argument raised in Chapter 2 – that the final months of 1930 were the grimmest passage in the delta's depression, its 'darkest hour'. Much of the evidence here undermines the view that these months were uniquely troubled. Thus, it was noted immediately above that in those districts that saw the most severe losses by landowners during the depression, a major part of the occupied area was already in the possession of non-agriculturists when the crisis first struck. In Pegu, the district hit hardest, almost 40 per cent of the agricultural land was already held by non-agriculturists before the rice price collapsed in late 1930. Moreover, the heaviest losses during the depression occurred not in 1930/31 – as the crisis first struck – but subsequently. Agriculturists in Pegu lost roughly 47,000 acres between 1929/30 and 1930/31 but over 86,000 acres between 1930/31 and 1931/32.⁵³ But in one absolutely crucial respect, the final months of 1930 were unique. This was the point in the gathering crisis in the delta when the provision of agricultural credit suddenly and sharply contracted, when, as noted earlier, the Chettiers 'had practically stopped lending money'. This was a devastating blow to almost all who owned land in the rice delta, for, as often as not, it spelt ruin. Perhaps actual default and the loss of land lay a year or even years ahead but the huge damage to the landowner's expectations and aspirations was immediate. This last observation will be a key element in the discussion in Chapter 5.

Lloyds and the Chettiers

Default and foreclosure in the rice delta hit the lender as well as those who had borrowed and now failed. One significant lender, Dawson's Bank, was brought to its knees. Established by Lawrence Dawson in 1905, with its head office in Pyapon and branches in other parts of the delta, the bank advanced loans to the more secure, substantial landowner, its advances rising to just over 7 million rupees in 1929.⁵⁴ But of course, even secure landowners failed in the depression, and with the sharp contraction in its income and the collapse in value of agricultural land, the bank's principal security, in May 1931 Dawson's Bank faced insolvency. It survived only by a major financial reconstruction.

53 Calculated from *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery: 1929/30, p. 54; 1930/31, p. 52; 1931/32, p. 46.

54 Cheng Siok-Hwa, *The Rice Industry of Burma, 1852–1940*. Kuala Lumpur: University of Malaya Press, 1968, pp. 185–86; U Tun Wai, *Burma's Currency and Credit*. Calcutta: Orient Longmans, 1953, pp. 78–82; *Rangoon Gazette Weekly Budget*, 6 July 1931, p. 18. See also Jacob Lloyd-Smith, 'The Role of Dawson's Bank in the Agricultural Export Economy of Twentieth Century Colonial Burma', MA dissertation, School of Oriental and African Studies, University of London, 1991.

However it was the Chettiers, by far the principal lenders in the delta, who took the biggest hit, although they struggled hard to limit the damage. That struggle can be traced in the often tense relations between a number of Chettiar firms, on the one hand, and the Rangoon branch of Lloyds Bank on the other, almost from the onset of the crisis right through until the end of the decade.⁵⁵ As noted earlier, through the opening months of 1930, following the long-established practice of the Imperial Bank of India, Lloyds now called in all its short-term Chettiar loans. The bank's aim was to have no outstandings on that account at the end of the agricultural year in June, and to provide fresh advances when the lending cycle began again in mid-August. This procedure was completed, apparently without difficulty. By the end of June 1930, the Chettiers had repaid all their short-term advances to Lloyds – overdrafts were not recalled – and the following August, the bank agreed new loans, to be repaid, without fail, by the end of June 1931.⁵⁶ But, within a few weeks, the rice price gave way, and through the first months of 1931, as tenants defaulted on their cash advances from landlords and, in turn, landlords failed to repay the loans they had taken from the Chettiers, it became evident that the latter would struggle to clear their short-term Lloyds loans by the deadline, if at all. Some Chettiar firms were able to repay, and on schedule, but a good number did not. In July 1931, the Chettiers still held 5.6 million rupees in outstanding loans from Lloyds, and overdrafts totalling 1.9 million rupees.⁵⁷ By July 1932, those figures had been reduced to 1.75 million and 1.25 million, respectively. But over the following two years, only very modest further reductions were achieved, despite great pressure from the bank.

Writing in July 1934 to the Lloyds district manager in Calcutta, the manager of the Rangoon branch explained:

I cannot sense any sincerity on the part of the Chettiers as a whole that it is their desire and intention to repay the Banks to the best of their means but I sense a very definite air of evasion at any time I interview any of them.⁵⁸

But, in fact, the more common voice in Lloyds was that which understood the severe difficulties in which the Chettiers now found themselves, while

55 However, as the Chettiers were only lightly involved with Lloyds – as noted earlier, the bank was said to provide less than 1 per cent of their working capital – it is by no means certain that the full extent of Chettiar operations in the 1930s is captured in the Lloyds files.

56 'Special report on bad, doubtful, and dormant debts: a/c C. V. R. M. Chettyar and eleven others.' Rangoon Branch, 27 March 1939. LBA, HO/E/Off.22:1557.

57 'Eastern Department, Memorandum: Chettiers-Rangoon', 5 November 1934. LBA, HO/E/Off.22:1557.

58 Lloyds Manager, Rangoon to District Manager, Lloyds, Calcutta, 3 July 1934. LBA, HO/E/Off.22:1557.

being frustrated that the bank, too, was trapped. The crisis for the Chettiers was not simply that they had suffered a devastating loss of income and capital as landowners defaulted. They also found themselves needing to put up new monies if they were to salvage much from the collapse. The latter could arise in two ways. First, if at all possible, the Chettiar preferred to keep a landowner who had defaulted on his land, rather than foreclose, for this had the advantage that, particularly where rice prices to recover even slightly, the landowner would have some chance of paying off at least part of the loan on which he had now failed.⁵⁹ If the Chettiar foreclosed, the loan was lost beyond hope. But if the landowner was to be left in possession of his land – left with an opportunity to settle his debts – he would need fresh advances to finance the coming year. By deciding not to foreclose, in effect, the Chettiar was committing himself to providing that fresh finance. But the Chettiar could also find himself being forced to put up new monies when he did foreclose. Taking possession of the land, he became liable for payment of the land revenue. Either he found a tenant or tenants to work the land, providing a rent income from which he would pay the tax – in which case, almost certainly, the Chettiar would again be called upon to provide fresh finance for the coming year – or he paid the land revenue himself from his existing resources. Failure to pay was a disaster. The government would seize the land for immediate sale and, given the depressed condition of the market, inevitably such forced sales were at knock-down prices. The Lloyds files tell of one Chettiar, struggling to meet a land revenue bill of some 4,000 rupees on 800 acres of rice land in Insein District, who went to Colombo to borrow additional funds from his relatives.⁶⁰ By the time he had returned to Rangoon – incidentally, having raised substantially less than he needed – the period of grace for payment had expired with respect to one plot of some 100 acres, and the land had been seized and sold. It went for 600 rupees, having changed hands for 20,000 rupees just six years earlier. The core argument here is that, with a greatly reduced income, it made clear sense for the Chettiers to give priority to supporting the defaulting landowner who might, in time, still pay off his loan and, where there was no such hope, to keep possession of the land on which they had foreclosed, rather than to clear up their loans and overdrafts with Lloyds. After all, even if Lloyds refused to touch them again, it had never been a very important source of funds.

In reality, there was little the bank could do to force payment from Chettiar firms that refused to pay. Even action through the courts to seize the Chettiar's land was no solution, for Lloyds either sold the seized land immediately, of course at a rock-bottom price, or took responsibility for

59 (No author), 'Chetties', (no date, but apparently early 1935). LBA, HO/E/Off.22:1557.

60 M. H. Sherazee, 'Re: K. P. A. N. M. Chettiar: interview with C. A. R. Chettiar', 19 January 1934. LBA, HO/E/Off.22:1557.

its cultivation and the payment of the land revenue.⁶¹ It wanted neither. And legal action could be expensive. In late 1934, Lloyds, together with the Imperial Bank of India, reached agreement with a number of Chettiar firms for repayment by scheduled instalments, in return for reductions in the interest charged on the loans.⁶² But, although some repayments were made, it is clear from the Lloyds files that, even at the end of the 1930s, there remained a core of unsettled accounts. Almost certainly, there was little wish to settle. As a Lloyds manager remarked in early 1936, most Chettiar firms were keen to get out of Burma, and were held there only because 'all their wealth is locked up in paddy lands'.⁶³ It is often noted in the literature that the depression crisis left fully one-quarter of the land in the 13 principal rice-producing districts of Burma, among the richest agricultural land in the world, in the hands of the Chettiars.⁶⁴ In truth, the crisis broke the Chettiars' interest in the rice delta, and in Burma.

61 (No author), 'Chetties', (no date, but apparently early 1935). LBA, HO/E/Off.22:1557.

62 'Eastern Department, Memorandum for Committee, 25 June 1935: Chettiars-Rangoon.' LBA, HO/E/Off.22:1557.

63 Acting Manager, Lloyds, Rangoon to District Manager, Lloyds, Calcutta, 17 February 1936. LBA, HO/E/Off.22:1557.

64 For example, Cheng Siok-Hwa, *The Rice Industry of Burma, 1852-1940*. Kuala Lumpur: University of Malaya Press, 1968, p. 144.

4 Survival strategies and material circumstances

In November 1930, with the rice price well into its initial terrifying collapse, a protest meeting of over 3,000 people in Insein District, involving landowners, owner-cultivators, tenants, and rice millers, resolved – as noted in the preceding chapter – not to sell paddy at the current depressed price, in an attempt to force the price back up.¹ But a complete withdrawal from the market was not only impractical – even the more substantial agriculturist could not survive for long, could not cover his household expenses, meet the costs of cultivation, pay his taxes, if deprived of cash income – but futile. The character of the rice market was such – hundreds of thousands of cultivators across mainland South East Asia producing a scarcely differentiated commodity – that the withdrawal of the protesters in Insein, even of the entire district or, indeed, the whole province, would pass unnoticed. The Burma rice cultivator was a price-taker not a price-maker.

From this it should not be concluded that the Burma cultivator was defenceless in the face of the economic crisis, that he stood rooted to the spot as it hit him. It is true that he could do nothing to halt or slow the collapse in the price of rice. But he could take action to reduce the potentially highly damaging impact of that collapse on his material circumstances, and he also found protection in the fall in the general price-level that took place in those years and in certain relief measures taken by the colonial administration. In other words, in the face of the economic storm, the delta rice cultivator was neither transfixed nor helpless.

The first part of this chapter will outline the defence actions open to the rice cultivator, and the other factors by which his material circumstances were defended through the depression crisis. The argument here is relatively straightforward. But it leads to one further argument and raises one issue, both of much greater complexity. The further argument is that some categories of delta agriculturist – whether tenant, landless labourer, large landowner, or owner-cultivator – were better positioned to take advantage of

1 *Rangoon Gazette Weekly Budget*, 24 November 1930, p. 8.

the defence mechanisms, and better placed to benefit from the fall in the general price-level and from the colonial administration's crisis measures, than others. And, moreover, the balance of advantage and benefit changed over the months and years of the depression. In brief, the opportunity or capacity to defend the material circumstances of the delta agriculturist in the face of the collapse in the price of rice varied both by class and over time. At times, for one or more category of agriculturist, there may well have been no defence: at other times, for another class, material well-being was not merely defended but improved.

With regard to the issue referred to immediately above, it is not sufficient simply to identify the ways in which the delta agriculturist's material circumstances could be defended, even in the refined form of the argument which recognizes that the capacity to defend varied both by class and over time. It is important also to attempt to assess, to measure, the effectiveness of the defence mechanisms, if not their individual effectiveness then at least their effectiveness in total. How far did the mechanisms work? How successful was the delta rice cultivator – the different categories of agriculturist at different points through the depression crisis – in protecting his material condition? That issue, which is extremely difficult to resolve, and the preceding argument, whose full complexity is difficult to capture, will be the focus of the second part of the chapter.

Survival strategies

One action that the delta rice cultivator could take to protect his money income as the price of rice fell was to increase the volume of his paddy sales. That response on the part of the individual cultivator, repeated hundreds of thousands of times across the delta, implied a substantial increase in the volume of Burma rice coming onto the market during the depression years. The relevant figures, which were given in Chapter 2, show that the average annual volume of the province's paddy and rice exports rose from 2,876,155 tons in the years 1926/27–1930/31 to 3,194,403 tons in 1931/32–1935/36, an increase of 11 per cent.² It is possible to provide a crude measure of the extent to which the rice cultivator was able, in this way, to compensate for the fall in the price of rice. The volume of Burma's paddy and rice exports was at its highest in this period (at 3,598,897 tons) in 1934/35, not surprisingly, in view of this discussion, the point in the depression at which value per ton was at its lowest.³ If the volume of exports had remained at its pre-crisis level – say, the annual average of 2,876,155 tons for 1926/27–1930/31 – the value of exports in 1934/35 would have been 168.83 million rupees, roughly 45 per cent of the average annual value

2 Calculated from Table 2.1.

3 From Table 2.1.

in the pre-crisis years. In fact, because of the increase in export volume, export value in 1934/35 was 211.42 million rupees, 56 per cent of the pre-crisis average. In other words, this defence mechanism was moderately, certainly not dramatically, effective.

Moreover, it had a cost. As was explained in Chapter 2, the increase in export volume was achieved not through an expansion in the cultivated area in the delta or a rise in the delta's production ahead of population growth – there was neither – but through a redirection of output away from domestic consumption. In other words, the rice cultivator consumed less in order to sell more. In that earlier discussion, I shied away from a calculation of the extent to which per capita consumption of rice in the delta fell in the first half of the 1930s, principally because of uncertainty over the production figures. But, here, it might be noted that two economists at the Food Research Institute at Stanford University, writing at the beginning of the 1940s, calculated that average annual per capita utilization of rice in Burma as a whole fell from 149 kilograms in 1926–30 to 115 kilograms in 1931–35 before recovering to 123 kilograms in 1936–40.⁴ This was a substantial fall, of over one-fifth, although it should be added that per capita utilization in Burma in the first half of the 1930s, while markedly reduced, was still, according to these calculations, above that in French Indo-China and the Philippines in the same period, and considerably above that in Java. There is no evidence here, or indeed elsewhere, that the rice cultivator's determination to maintain his money income created a domestic shortage of rice.

A second, and almost certainly more effective, defence for the delta agriculturist was repudiation of the claims made by the landowner, moneylender, and tax collector against his income or against his production. That repudiation was effected at different levels of intensity, from surreptitious evasion to violent confrontation, and took many forms. The argument that the rural population of the delta was able to resist, to a degree, the demands of the landowner, moneylender, and tax collector challenges a central assertion of a highly influential study of rural rebellion in colonial South East Asia published by James Scott in the mid-1970s, a study that took much of its evidence from the Burma delta in the early 1930s.⁵ In brief, Scott establishes that through the final decades of the nineteenth century and into the twentieth, the capacity of landowners across rural South East Asia

4 V. D. Wickizer and M. K. Bennett, *The Rice Economy of Monsoon Asia*. Stanford, CA: Food Research Institute, Stanford University, 1941, pp. 328–29. These figures came with a strong warning. 'Too much importance should not be attached to per capita utilization data for particular five-year periods, especially for countries where exports or imports are large in relation to production.'

5 James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976.

to impose terms on their tenants, as well as the capacity of colonial administrations to extract tax payments from its rural populations, increased markedly. Many factors were at work here. The growing power of landowners derived in large part from the growth in population and the closing of the land frontier – which clearly strengthened the bargaining position of those who held the increasingly scarce resource, land – and from the enforcement of their property rights by the colonial state, through the courts and, when necessary, by the militia. The growing power of the colonial state meant here its growing administrative reach:

To follow the development of the colonial regime is to follow the inexorable progress of cadastral surveys, settlement reports for land revenue, censuses, the issuance of land titles and licenses, identity cards, tax rolls and receipts, and a growing body of regulations and procedures. The collection of revenue was the end of much of this activity. Nets of finer and finer official weave caught and recorded the status of each inhabitant, each piece of land, each transaction, each activity that was assessable.⁶

When the depression struck at the beginning of the 1930s, Scott argues, landowners and tax collectors not only had long had the power to enforce their different claims against the rural population but were now under great pressure to do so:

the claimants themselves were in trouble. Landowners and money-lenders (often the same people) were commonly in debt and courted ruin themselves unless they could collect from their tenants and debtors (often the same people as well). The state, for its part, had lost a great deal of its revenue from excise taxes and customs duties and thus risked having to dismiss a large portion of its personnel and to dismantle much of the institutional framework that had developed over three decades. Thus the situation became something of a ‘zero-sum’ struggle for survival between the state and the landholding-money-lending class on one hand and the peasantry on the other. . . . [T]he colonial state had the institutional and coercive means both to enforce its claim to revenue and to enforce the contractual rights of creditors and landowners.⁷

There is no denying that the advantage in rural South East Asia had shifted markedly in favour of the tax collector, landlord, and moneylender by the early decades of the twentieth century, nor that those interests would

6 *Ibid.*, p. 94.

7 *Ibid.*, pp. 118, 120.

have been under pressure during the depression crisis to enforce that advantage. Even so, the evidence from the Burma delta suggests that Scott has underestimated the capacity of the cultivator, even the more vulnerable, to resist claims against his income or production during the crisis. It further suggests that, in practice, the tax collector at least showed some flexibility, even if reluctantly, in pressing his claim.

Turning first to the tenant and the payment of rent, it is clear from the report on the settlement revision of Hanthawaddy District undertaken at the beginning of the 1930s (evidence extensively cited in the preceding chapter) that landlords had good reason to press for payment in full and to resist the clamour from their tenants for rent reductions. As almost all rents were paid in deliveries of paddy, with the collapse in the rice price, the money value of the rents received by the landlords collapsed too. But at the same time, the claims on landlords for payment of the land revenue and for the servicing of loans, denominated in rupees, were unchanged – unless the tax collector and moneylender showed some flexibility. Understandably, therefore, when tenants across the district called for a substantial reduction in rents in, for example, 1931/32 – after all, the money value of that portion of the crop left in the tenant's hands after the rent had been paid had also collapsed – 'though some landlords reduced their demands by small amounts, the majority put off the evil day by a half-hearted promise to take less than the stipulated figure if prices continued to be poor'.⁸ More interesting, however, is the response of the tenants to the landlords' apparent firm stand. The Hanthawaddy settlement report (again, evidence cited in the preceding chapter) noted first that '[c]ases of surreptitious selling of paddy [by tenants] were rampant all over the Settlement Area [Hanthawaddy District]',⁹ a ploy presumably intended in part to mislead the landlord into thinking that the tenant's crop was much smaller than it actually was. And then, when faced with the demand for rent, according to the settlement report, the Hanthawaddy tenant just paid what he could afford, or said he could afford.

Tenants during the harvest season of 1932 . . . cared little for written agreements and paid up as much as they could. The recorded figures . . . often showed during that year, rents which were absurdly low owing to the tenant refusing to pay anything more than what he could well spare . . . [T]hough landlords did their best to secure the rents in full, the majority had to rest content with what they could get. . . . The unpaid balance was generally written off as a bad debt.¹⁰

8 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33*. Rangoon: Government Printing and Stationery, 1934, p. 41.

9 *Ibid.*, p. 41.

10 *Ibid.*, p. 41.

If, as the Hanthawaddy settlement report argues, the delta landlord was near powerless to extract the full rent, or perhaps any substantial rent, from his tenant during the depression crisis, how had he lost power so dramatically? After all, over the preceding decades from the late nineteenth century, backed by the administrative, legal, and armed authority of the colonial state and with the land frontier closing, the capacity of the landlord to impose terms on his tenants, and enforce them, had increased markedly. That domination had now evaporated. The explanation lies, I suspect, in the argument that economic difficulties for the many create opportunities for resistance that do not exist in good times. When the rice price was buoyant and most tenants were paying their rent in full, the individual tenant who sought to bargain aggressively with his landlord or refused to pay the full rent when due would almost certainly be dismissed and replaced by a more submissive tenant. The landlord's position was unassailable. But when all tenants were in difficulty, the individual who resisted his landlord's terms was unlikely to be dismissed, because it was now no longer a simple matter for the landlord to find a submissive replacement. The landlords might well make a stand in refusing rent reductions, as did the Hanthawaddy landlords, but the reality – measured by the rent actually paid – was that now it was the tenant who was dictating terms.¹¹

The moneylender may well have suffered a comparable collapse in power in the depression crisis, although, naturally, the precise circumstances were different. In August 1934, a large group of Rangoon Chettiars petitioned the local manager of Lloyds:

[M]ost of our debtors prefer to turn over their lands to us rather than pay their liabilities in money. We have no other alternative but to accept these lands in full settlement of our claims . . . we are not able to collect even a small portion of our principal, not to speak of the arrears of interest for several months.¹²

Although the Chettiars may have been exaggerating their powerlessness – after all, they were seeking to convince the bank that they were in no position to clear their loans and overdrafts – there is further evidence elsewhere of debtors refusing to pay and, in effect, inviting the moneylender to foreclose. Thus, the Hanthawaddy settlement report, again, noted that ‘[a]fter the harvest of 1932 . . . many [owner-cultivators] preferred to get

11 There is a hint of this argument in the following passage in the Hanthawaddy settlement report, p. 41. ‘Unlike the years when paddy prices ruled high, there was . . . little tendency on the part of landlords to resort to coercive measures in attempting to get the rents agreed upon.’

12 Forty-three Chettiars, Rangoon, to the Manager, Lloyds Bank, Rangoon, August 1934. LBA, HO/E/Off.22:1557.

rid of the land incubus by allowing the foreclose [*sic*] of the mortgage rather than continue paying interest on it'.¹³ It should be emphasized, however, that while the moneylender may have been powerless to force the payment of interest or repayment of principal, the indebted landowner – and it is his defence of his material condition that is the main focus of this discussion – certainly did not escape lightly in these circumstances. He lost his land and, almost inevitably, dropped into the ranks of the tenant-cultivator or wage labourer.

Of course, not all debtors' crises ended in foreclosure, but when the moneylender declined to foreclose, he again found his position much weakened, although in a different way. As was explained in the preceding chapter, for a number of reasons – the value of rice land was sharply down, possession of land brought liability for payment of the land revenue – the Chettiar was reluctant to foreclose, certainly if there was some prospect that given time the defaulting landowner would clear his debt. But if that landowner was left in possession of his land, he would need fresh finance to continue cultivation: and the obvious source – the only source with an interest in keeping this particular landowner in business – was the Chettiar with whom he already had uncleared debt. The Chettiar was trapped. In these circumstances, in contrast to those in which the Chettiar simply foreclosed, the defaulting landowner had defended his material condition against the demands of the moneylender. He had escaped immediate payment of interest and repayment of principal, although he would be committed to clearing his arrears later; he had held on to his land; and he had secured loans to finance the next crop.

A major weakness of this evidence for the evasion of rent and loan payments during the depression crisis is that it rarely provides precise indication of scale. The surreptitious selling of paddy by tenants is reported to have been rampant throughout Hanthawaddy: but, even roughly, how much grain was slipped past the landlords in this way? During the harvest season of 1932, tenants paid as much rent as they could: but how much was that?¹⁴ The petitioning Chettiars claimed that they had been unable to recover even a small portion of their principal or collect arrears of interest: but precisely how much was recovered and collected by this group and, indeed, by the Chettiar community as a whole – or, more to the point, how much interest payment and loan repayment was evaded? To determine the effectiveness of the tenant's resistance to the demands of the landlord and

13 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33.* Rangoon: Government Printing and Stationery, 1934, p. 38.

14 To be accurate, a lengthy appendix in the settlement report (Statement 16) includes figures for the actual rents paid in the year of enquiry. But those data are simply too fragmented – tract by tract – to secure a firm figure for the rent paid across the district as a whole.

of the landowner's resistance to the claims of the Chettiar, it is vital to have figures. And there are few. Fortunately, for the third channel of resistance – resistance to the demands of the tax collector – the evidence, including the quantitative evidence, is far richer, obviously, as the administration of the revenue was a major function of the government and is therefore well caught in the colonial archives. The following exploration of this material will focus on not only the taxpayer's resistance but also the tax collector's intransigence – or flexibility.¹⁵

In early 1930, with the rice price weakening but several months before its collapse, pressure was being put on the colonial administration for a more lenient treatment of rural taxpayers. At the budget session of the Legislative Council, resolutions were passed calling for postponement of collection of the land revenue, scheduled to begin on 15 February, to June, and a substantial reduction in the rates levied.¹⁶ The administration rejected these calls. With respect to a cut in the rates, it pointed out that the Burma Settlement Instructions provided for a reduction 'when a serious and not merely temporary fall occurs in the prices of [paddy] below the normal prices assumed at settlement'.¹⁷ Despite recent falls, prices were still generally above those assumed at settlement in the delta's districts. But in September, the rice price gave way, and in the final months of 1930 the calls for relief were renewed. At the protest meeting in Insein District in November, there were demands for 'drastic cuts' in land revenue rates.¹⁸ At around the same time, cultivators in Tharrawaddy petitioned the government for a reduction in, or postponement of, the capitation tax. The petition was rejected, a rejection which, in the view of one commentator, may well have been a trigger for the outbreak of the Hsaya San rebellion in late December 1930.¹⁹

Almost immediately after the rejection, the government signalled a shift in its attitude, announcing in a press communiqué on 2 January 1931 that it 'has had under consideration' a temporary reduction in land revenue rates in some districts.²⁰ It is tempting to see in this the government being forced, even panicked, into leniency by the outbreak of the rebellion. But it is more likely that the government was simply following the procedures it had reiterated towards the beginning of 1930, when it had rejected calls for a reduction in the rates of land revenue on the grounds that rice prices

15 I have examined these issues in detail in Ian Brown, 'Tax remission and tax burden in rural Lower Burma during the economic crisis of the early 1930s', *Modern Asian Studies*, 33, 2 (1999), pp. 383–403. The present discussion follows that article closely.

16 *Rangoon Gazette Weekly Budget*, 10 March 1930, p. 25.

17 *Ibid.*

18 *Rangoon Gazette Weekly Budget*, 24 November 1930, p. 8.

19 James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, p. 155.

20 *Rangoon Gazette Weekly Budget*, 12 January 1931, p. 18.

were still above those assumed at settlement. With the collapse in prices over the final months of that year, in a number of districts this was no longer the case, and that, in itself, was sufficient to trigger a more lenient administration of the revenue.

The rate reductions, remissions, and postponements granted from the beginning of 1931 were as follows. With respect to the land revenue, in the first months of 1931 itself, the government took three measures. It reduced the rate in 15 districts where the rice price assumed at the last settlement was now, in view of the continuing collapse, way above the current price.²¹ Three of the districts – Myaungmya, Maubin, and Pyapon – were in the delta, and the reductions ranged, for the province as a whole, from one-third to one-tenth. Second, the government put back the date on which collection of the land revenue would begin, from 15 February to 7 March, to give the cultivator more time to sell his crop.²² And, finally, district officers were given discretion to remit land revenue in those cases where they were satisfied that there was a genuine inability to pay, and were instructed to resort to the sale of land to recover arrears of revenue only where necessary to meet ‘contumacious default’.²³ In the following land revenue administration year, 1931/32, the government continued the rate reductions in the 15 districts and also appointed ‘an exceptionally large number of special remission officers’.²⁴ In 1932/33, rice prices were markedly down, and consequently, for the first time, the government reduced land revenue rates across the rice delta, by one-seventh or one-eighth.²⁵ Rice prices went lower still in 1933/34, and the government responded by further reducing land revenue rates in almost all the delta districts and by urging district officers ‘to show all possible consideration to assesses who were really unable to pay promptly’.²⁶ In 1934/35 prices were slightly up, and therefore the government settled on a smaller reduction in land revenue rates. For example, in Irrawaddy Division, the reduction, which had been one-fifth the previous year, was now one-sixth.²⁷

With respect to the capitation tax, at the beginning of 1931, district officers were instructed ‘to avoid unduly harassing’ those liable for the tax

21 *Report on the Land Revenue Administration of Burma*, 1930/31. Rangoon: Government Printing and Stationery, 1932, pp. 4–5, 7.

22 *Rangoon Gazette Weekly Budget*, 9 February 1931, p. 1.

23 *Rangoon Gazette Weekly Budget*, 25 May 1931, p. 20.

24 *Report on the Land Revenue Administration of Burma*, 1931/32. Rangoon: Government Printing and Stationery, 1933, pp. 4–5, 7, 17.

25 *Report on the Land Revenue Administration of Burma*, 1932/33. Rangoon: Government Printing and Stationery, 1934, p. 5.

26 *Report on the Land Revenue Administration of Burma*, 1933/34. Rangoon: Government Printing and Stationery, 1935, pp. 5–6, 8–9.

27 *Report on the Land Revenue Administration of Burma*, 1934/35. Rangoon: Government Printing and Stationery, 1936, pp. 4, 6.

and 'to exercise careful discretion' before initiating legal proceedings in cases of non-payment.²⁸ There could be no reduction in the rates during that tax year, 1930/31, for the date on which collection of the capitation tax would begin had already passed. But at the earliest opportunity, for 1931/32, the government reduced rates by one-quarter.²⁹ For the three following years, the reduction was slightly less (one-fifth) and in 1935/36, with economic conditions clearly improved, the reduction was one-tenth.³⁰ But the capitation tax had long been strongly disliked not only by the Burmese taxpayer, of course, but also by many senior British officials, not least on the grounds that it was highly regressive.³¹ In 1937 the government announced that the tax was being gradually phased out, beginning with a two-fifths reduction in the rates for 1937/38.³² The capitation tax would be collected for the last time in 1940/41.

Some insight into the impact of these measures on the administration of the revenue in the rice delta is provided by the figures for demand, remissions, collections, and outstandings published annually by the government in its *Report on the Land Revenue Administration of Burma*. The figures for the land revenue in three major delta districts – Tharrawaddy, Hanthawaddy, and Pegu – in the late 1920s and early 1930s are given in Tables 4.1, 4.2, and 4.3. In all three districts there was a considerable reduction in the land revenue demand in the crisis years. In part, of course, this reflected the cuts in land revenue rates, applied across the rice delta from 1932/33. But, at times, it also reflected a decline in the area assessed for revenue. For example, in 1931/32 there was a decline in every district in the Pegu and Irrawaddy Divisions, for a variety of reasons, many, but certainly not all, arising from the economic crisis: failure of the late rains, the disturbed conditions of the rebellion, the abandonment of holdings because of low paddy prices or difficulties in securing cultivation loans, the intimidation of tenants as communal tensions rose.³³

28 Secretary to the Government of Burma, Revenue Department to Secretary to the Government of India, Home Department, 23 January 1931. NAI, Home Department, Political, 77/31, 1931, A.

29 *Report on the Land Revenue Administration of Burma*, 1931/32. Rangoon: Government Printing and Stationery, 1933, p. 9.

30 *Report on the Land Revenue Administration of Burma*, 1932/33. Rangoon: Government Printing and Stationery, 1934, p. 10; 1933/34, p. 10; 1934/35, p. 9; 1935/36, p. 8.

31 See, for example, *Report of the Committee Appointed to Examine the Land Revenue System of Burma*. Rangoon: Government Printing, 1922, volume 1, p. 127.

32 *Report on the Land Revenue Administration of Burma*, 1936/37. Rangoon: Government Printing and Stationery, 1938, p. 7; Ronald M. J. Harris (Burma Office), 'Intended abolition of the capitation and thathameda taxes: genesis of the question', 17 June 1937. IOLR, L/F/7/343.

33 *Report on the Land Revenue Administration of Burma*, 1931/32. Rangoon: Government Printing and Stationery, 1933, pp. 5–6.

Table 4.1 Land revenue in Tharrawaddy District, 1926/27–1934/35 (in rupees)

| | <i>Demand</i> | <i>Remissions</i> | <i>Collections</i> | <i>Outstandings</i> |
|---------|---------------|-------------------|--------------------|---------------------|
| 1926/27 | 1,658,994 | 36,978 [2.2] | 1,588,652 [95.8] | 33,364 [2.0] |
| 1927/28 | 1,597,176 | 33,890 [2.1] | 1,546,065 [96.8] | 17,221 [1.1] |
| 1928/29 | 1,619,180 | 41,199 [2.5] | 1,562,458 [96.5] | 15,523 [1.0] |
| 1929/30 | 1,668,530 | 3,193 [0.2] | 1,661,659 [99.6] | 3,678 [0.2] |
| 1930/31 | 1,660,671 | 7,863 [0.5] | 1,396,051 [84.0] | 256,757 [15.5] |
| 1931/32 | 1,514,022 | 156,356 [10.3] | 1,353,783 [89.4] | 3,883 [0.3] |
| 1932/33 | 1,384,917 | 159,795 [11.5] | 1,222,357 [88.3] | 2,765 [0.2] |
| 1933/34 | 1,383,993 | 4,452 [0.3] | 1,371,233 [99.1] | 8,308 [0.6] |
| 1934/35 | 1,402,160 | 10,866 [0.8] | 1,390,892 [99.2] | 402 [0.0] |

Source: *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery, annually.

Notes

a Land Revenue: excluding Irrigation Credits.

b Demand: original demand in assessment rolls.

c Year: ending 30 June. Thus 1926/27 = 1 July 1926 to 30 June 1927.

d Figures in brackets: as percentage of revenue demand.

Table 4.2 Land revenue in Hanthawaddy District, 1926/27–1934/35 (in rupees)

| | <i>Demand</i> | <i>Remissions</i> | <i>Collections</i> | <i>Outstandings</i> |
|---------|---------------|-------------------|--------------------|---------------------|
| 1926/27 | 3,091,749 | 81,569 [2.6] | 2,986,636 [96.6] | 23,544 [0.8] |
| 1927/28 | 3,092,695 | 85,766 [2.8] | 3,003,102 [97.1] | 3,827 [0.1] |
| 1928/29 | 3,087,764 | 159,637 [5.2] | 2,928,127 [94.8] | 0 |
| 1929/30 | 3,085,913 | 99,564 [3.2] | 2,986,306 [96.8] | 43 [0.0] |
| 1930/31 | 3,093,835 | 28,655 [0.9] | 2,957,610 [95.6] | 107,570 [3.5] |
| 1931/32 | 2,993,636 | 168,003 [5.6] | 2,721,410 [90.9] | 104,223 [3.5] |
| 1932/33 | 2,658,293 | 38,305 [1.4] | 2,490,403 [93.7] | 129,585 [4.9] |
| 1933/34 | 2,523,094 | 33,368 [1.3] | 2,422,636 [96.0] | 67,090 [2.7] |
| 1934/35 | 2,369,860 | 26,451 [1.1] | 2,332,088 [98.4] | 11,321 [0.5] |

Source and notes: as Table 4.1.

Table 4.3 Land revenue in Pegu District, 1926/27–1934/35 (in rupees)

| | <i>Demand</i> | <i>Remissions</i> | <i>Collections</i> | <i>Outstandings</i> |
|---------|---------------|-------------------|--------------------|---------------------|
| 1926/27 | 2,361,062 | 0 | 2,361,062 [100.0] | 0 |
| 1927/28 | 2,533,528 | 0 | 2,533,528 [100.0] | 0 |
| 1928/29 | 2,549,098 | 0 | 2,549,098 [100.0] | 0 |
| 1929/30 | 2,497,940 | 0 | 2,497,940 [100.0] | 0 |
| 1930/31 | 2,367,359 | 4,724 [0.2] | 2,002,771 [84.6] | 359,864 [15.2] |
| 1931/32 | 2,279,562 | 379,732 [16.6] | 1,455,909 [63.9] | 443,921 [19.5] |
| 1932/33 | 2,003,406 | 151,966 [7.6] | 1,436,929 [71.7] | 414,511 [20.7] |
| 1933/34 | 1,912,984 | 150,418 [7.9] | 1,456,642 [76.1] | 305,924 [16.0] |
| 1934/35 | 1,924,368 | 244,721 [12.7] | 1,593,050 [82.8] | 86,597 [4.5] |

Source and notes: as Table 4.1.

But in important respects there were also considerable differences between the three districts. Tharrawaddy in the late 1920s had a relatively stable land revenue demand and low rates of remissions and outstandings (and thus a high collections rate). That pattern disintegrated in the land revenue year 1930/31. The fall in the price of rice in the final months of 1930 was obviously too sudden, and perhaps too substantial, for the district's administration to take action in the time available and cut the revenue demand and increase remissions. Consequently, landowners who saw that paying the land revenue would now, with the collapse in their money income, seriously threaten their economic position, protected themselves by simply not paying. Outstandings in that year soared to 15.5 per cent of the revenue demand. But the Tharrawaddy administration then adjusted, reducing the land revenue demand and sharply increasing remissions in the following two years, 1931/32 and 1932/33, remissions leaping to 10.3 per cent and then 11.5 per cent of the demand. It is important to emphasize that, in terms of the immediate impact, it made little difference to the taxpayer whether remissions were increased, the revenue demand was cut, or outstandings rose. In all cases, they paid less. In Hanthawaddy, the administration of the land revenue during the depression crisis was notably stable. Outstandings remained modest, while the level of remissions, with the exception of a moderate leap in 1931/32, was in fact below that of the late 1920s. Relief for the Hanthawaddy landowners came with a substantial reduction in the land revenue demand, which was markedly greater than that in Tharrawaddy.

In contrast, the administration of the land revenue in Pegu District appears to have been in disarray. In the final years of the 1920s there had been no remissions and no outstandings. When the depression crisis struck, during the year 1930/31, landowners in Pegu, like those in Tharrawaddy, found no protection from the administration through a cut in the revenue demand or increase in remissions and, therefore, protected themselves by simply not paying. Once again, outstandings soared, here to 15.2 per cent of the revenue demand. The Pegu administration then adjusted, reducing the revenue demand and increasing remissions sharply in 1931/32 to 16.6 per cent of the demand. But in contrast to the position in Tharrawaddy, despite this substantial relief, outstandings (failure to pay) remained very high, no less than 20.7 per cent of the revenue demand in 1932/33.³⁴

In terms of the defence of the landowner's material condition – the main focus of the discussion here – the most important line of figures in each

34 With the evidence available, there is no obvious explanation for this outcome. It would be difficult to argue that cultivation conditions in Pegu were that different from those in Tharrawaddy and Hanthawaddy, or that the disruption to the administration of the land revenue arising from the rebellion was more severe in Pegu than in the other two districts. This suggests weaknesses in the Pegu administration itself, perhaps structural flaws or failure on the part of individuals.

of the three tables above is that for collections, for this is one measure of how far the tax collector had his hand in the landowner's pocket. In Tharrawaddy District, land revenue collection in 1932/33 was 73.6 per cent of the collection in 1929/30. In Hanthawaddy the figure was 83.4 per cent, and in Pegu, where both remissions and outstandings soared, it was just 57.5 per cent. Here was a considerable reduction in the tax collector's take. Through the years of the depression crisis, rate cuts, increased remissions, and high outstandings on the land revenue potentially left millions of rupees in the pockets of the delta's landowners.

Turning to the administration of the capitation tax, it is sufficient to provide figures for just two districts (Tharrawaddy and Insein) simply because there was less variation across the rice delta. In both districts, indeed in every district in Lower Burma, the most striking feature of that administration during the depression crisis was the sharp reduction in demand in 1931/32 (see Tables 4.4 and 4.5). The reduction was mainly due, of course, to the cut in the rates by one-quarter for that year. But it also reflected a fall in the numbers assessed for the tax. In the 1920s the number of persons assessed had risen by around 1.5 per cent each year, presumably in line with the increase in population.³⁵ But in 1931/32 the total fell sharply, by almost 100,000 on the previous year, or over six per cent. And although there was then a recovery, in at least two districts in the delta (Hanthawaddy and Pyapon), even by 1934/35 the number of persons assessed was still substantially below the 1929/30 figure.³⁶ This loss of taxpayers was apparently the result of unusually large movements of population in the rural delta in the early 1930s, a reflection, in turn, of the disturbed conditions in the delta at that time. Clashes between the Hsaya San rebels and government forces, the closing of local rice mills because of the trade depression, the eruption of communal violence, each sent people fleeing in search of work and safety elsewhere – and fleeing beyond the immediate grasp of the tax collector.³⁷

During 1930/31, the tax year in which the depression crisis struck the delta with full force, and in which the Hsaya San rebellion erupted, the administration in Tharrawaddy increased remissions on the capitation tax to 8.0 per cent of the demand. Even so, those liable for the tax sought to protect their position further by defaulting on a substantial scale, and outstandings, which had been negligible in the immediately preceding years, leapt to 9.8 per cent of the tax demand. The major relief came with

35 *Report on the Land Revenue Administration of Burma, 1933/34*. Rangoon: Government Printing and Stationery, 1935, p. 10.

36 *Report on the Land Revenue Administration of Burma, 1934/35*. Rangoon: Government Printing and Stationery, 1936, pp. 8–9.

37 *Report on the Land Revenue Administration of Burma, 1931/32*. Rangoon: Government Printing and Stationery, 1933, p. 9.

Table 4.4 Capitation tax in Tharrawaddy District, 1926/27–1934/35 (in rupees)

| | <i>Demand</i> | <i>Remissions</i> | <i>Collections</i> | <i>Outstandings</i> |
|---------|---------------|-------------------|--------------------|---------------------|
| 1926/27 | 432,992 | 25,917 [6.0] | 403,544 [93.2] | 3,531 [0.8] |
| 1927/28 | 428,759 | 25,911 [6.0] | 402,427 [93.9] | 421 [0.1] |
| 1928/29 | 436,604 | 17,473 [4.0] | 419,050 [96.0] | 81 [0.0] |
| 1929/30 | 446,500 | 13,780 [3.1] | 432,720 [96.9] | 0 |
| 1930/31 | 452,053 | 36,046 [8.0] | 371,655 [82.2] | 44,352 [9.8] |
| 1931/32 | 320,055 | 17,405 [5.4] | 302,192 [94.5] | 458 [0.1] |
| 1932/33 | 340,241 | 29,674 [8.7] | 310,567 [91.3] | 0 |
| 1933/34 | 342,690 | 22,133 [6.5] | 320,557 [93.5] | 0 |
| 1934/35 | 378,656 | 22,851 [6.0] | 355,805 [94.0] | 0 |

Source: *Report on the Land Revenue Administration of Burma*. Rangoon: Government Printing and Stationery, annually.

Notes

a Year: ending 30 June. Thus 1926/27 = 1 July 1926 to 30 June 1927.

b Figures in brackets: as percentage of tax demand.

Table 4.5 Capitation tax in Insein District, 1926/27–1934/35 (in rupees)

| | <i>Demand</i> | <i>Remissions</i> | <i>Collections</i> | <i>Outstandings</i> |
|---------|---------------|-------------------|--------------------|---------------------|
| 1926/27 | 267,310 | 20,240 [7.6] | 247,070 [92.4] | 0 |
| 1927/28 | 264,488 | 38,133 [14.4] | 226,355 [85.6] | 0 |
| 1928/29 | 267,238 | 25,991 [9.7] | 241,247 [90.3] | 0 |
| 1929/30 | 273,460 | 19,284 [7.0] | 254,176 [93.0] | 0 |
| 1930/31 | 269,192 | 48,097 [17.8] | 217,940 [81.0] | 3,155 [1.2] |
| 1931/32 | 189,519 | 11,842 [6.2] | 154,044 [81.3] | 23,633 [12.5] |
| 1932/33 | 197,680 | 19,068 [9.7] | 150,517 [76.1] | 28,095 [14.2] |
| 1933/34 | 202,676 | 21,441 [10.6] | 178,763 [88.2] | 2,472 [1.2] |
| 1934/35 | 213,788 | 22,846 [10.7] | 187,669 [87.8] | 3,273 [1.5] |

Source and notes: as Table 4.4.

the cuts in rates from 1931/32. These were sufficient, when combined with a modest level of remissions, first to keep outstandings extremely low and then to see them disappear entirely. The administration of the capitation tax in Insein District was less stable. The critical year 1930/31 was met with a major increase in remissions, to 17.8 per cent of the demand, and this kept outstandings extremely low. When, in the following year, the rates were cut, the level of remissions was also reduced, but perhaps too sharply, for outstandings leapt to 12.5 per cent of the demand, higher still in 1932/33. Lost taxpayers, reduced rates, increased remissions, and high outstandings meant, of course, reduced collections – a lighter reach into the taxpayer's pocket. In Tharrawaddy, capitation tax collection in 1932/33 was 71.8 per cent of the collection in 1929/30. In Insein the figure was just 59.2 per cent.

The delta agriculturist's third defence when the rice price collapsed lay in the subsistence economy. Either he had long depended on sources outside the market to meet a significant part of his material needs or, with the rice market in turmoil, he now returned to them. This argument may appear surprising since it has commonly been said that during the decades of expansion and boom from the late nineteenth century, the rural population of the delta abandoned diversified production and self-sufficiency to commit itself to the cultivation of rice for the market, purchasing all its needs – for clothing, household articles, food except rice, agricultural implements – with the proceeds of its rice sales. In reality, however, even an overwhelming commitment of land, labour, and capital to the cultivation of rice for the market could still leave the delta agriculturist meeting significant material needs from his own production or from the bounty of nature. Fish were taken from local streams and flooded fields, vegetables were cultivated and chickens and ducks raised on higher ground, simple building material was at hand in local bamboo stands. And even if the agriculturist exploited those sources only fitfully when the rice market was buoyant, he could turn to them more consistently when times were tough. Writing in the late 1940s, a former professor of economics at the University of Rangoon noted that '[h]ousing was not a particularly difficult problem in a land where the bamboo is plentiful and most men know how to make bamboo houses in short order'.³⁸ He was commenting on economic conditions during Japan's wartime occupation of Burma but the observation would apply equally in the circumstances of the depression years.

Sadly, a critical limitation makes it near impossible to take this argument further. Consumption outside the market attracted relatively little attention from district officials or others who have left a written record (the quotation above is a rare exception) and certainly no attempt was made by the colonial administration to measure it, if indeed measurement were possible. It is therefore impossible to determine the importance of consumption outside the market for the delta agriculturist or, crucially in this context, how much his dependence on the subsistence economy increased during the depression crisis – in other words, the effectiveness of this defence.

Finally, the delta agriculturist found protection in a sharp fall in the prices of articles of common consumption in the early 1930s. To explore this point fully and, in particular, to calculate the impact of these price falls on the agriculturist's real income, would require quite specific price data – that is, the prices actually paid by consumers and, specifically, consumers in the rural delta, for a range of articles of consumption through each year of the depression. But those specific data were not collected by the colonial administration or, at least, not collected systematically and published.

38 J. Russell Andrus, *Burmese Economic Life*. Stanford: Stanford University Press, 1948, p. 336.

Perhaps the most complete data on consumer prices from this period are for the prices of imported articles of consumption at the principal port of landing, Rangoon. Whatever the weaknesses of these data in the present context – obviously, they covered only imports and not local goods, the prices were Rangoon, presumably wholesale, prices, not rural retail prices – they may be taken as a broad indication of the scale of the fall in consumer prices. Table 4.6 presents some basic data. It suggests, for example, that the prices of imported cotton piece-goods, the most important article of consumption here, fell by almost half through the depression years.

The impact on real income of the falls in consumer prices is suggested – not measured – by the movements in the volume of consumer imports. Table 4.7 presents the figures for per capita imports of cotton piece-goods into the province from the mid-1920s to the mid-1930s, in three-year annual averages. The point to be drawn from this table is that while the cash income of the delta cultivator collapsed in the early 1930s – it fell by one-half or more, to judge by the fall in the total value of Burma's rice exports in those years – the volume of cotton piece-goods imports per head was remarkably buoyant. As the economic crisis first struck, it fell modestly – a drop of 9.4 per cent from the pre-crisis peak in 1927/28–29/30 to the bottom point in 1929/30–31/32 – but the recovery was immediate and firm. Indeed, the pre-crisis peak was exceeded, just, in 1932/33–34/35. In broad terms, the fall in the prices of imported cotton piece-goods matched the fall in cash incomes, and the volume of purchases held up.

Two important caveats must now be entered. The figures here are not for the delta agriculturist's purchases but for imports into the entire province. It is therefore possible, although perhaps unlikely, that the urban population of the province, for example, had consumed a markedly disproportionate share of the province's imported cotton piece-goods through the depression years, and purchases by the delta rice cultivator had, in fact, fallen sharply. Second, the buoyancy in per capita imports of cotton piece-goods in years in which the rice cultivator's cash income collapsed is not

Table 4.6 Prices of selected imported articles of consumption at Rangoon, 1929/30–1933/34 (1929/30 = 100)

| | <i>Cotton piece-goods: grey</i> | <i>Cotton piece-goods: white</i> | <i>Soap</i> | <i>Sugar: refined</i> |
|---------|---------------------------------|----------------------------------|-------------|-----------------------|
| 1929/30 | 100 | 100 | 100 | 100 |
| 1930/31 | 81 | 79 | 91 | 76 |
| 1931/32 | 69 | 58 | 72 | 73 |
| 1932/33 | 55 | 58 | 65 | 66 |
| 1933/34 | 52 | 57 | 63 | 64 |

Source: calculated from *Report on the Maritime Trade of Burma*, 1929/30, p. 5; 1933/34, p. 5. Calcutta: Government of India Central Publication Branch, 1930; Delhi: Manager of Publications, 1934, respectively.

Table 4.7 Annual per capita imports of cotton piece-goods, 1926/27–1936/37 (in yards and rupees)

| | <i>Length</i> | <i>Value</i> |
|---------------|---------------|--------------|
| 1926/27–28/29 | 11.22 | 4.04 |
| 1927/28–29/30 | 11.40 | 3.91 |
| 1928/29–30/31 | 10.52 | 3.40 |
| 1929/30–31/32 | 10.33 | 2.93 |
| 1930/31–32/33 | 10.56 | 2.52 |
| 1931/32–33/34 | 10.98 | 2.39 |
| 1932/33–34/35 | 11.47 | 2.45 |
| 1933/34–35/36 | 10.93 | 2.30 |
| 1934/35–36/37 | 10.82 | 2.29 |

Source and note: extracted from Ian Brown, 'Material conditions in rural Lower Burma during the economic crisis of the early 1930s: what the cotton textile import figures reveal', in Peter Boomgaard and Ian Brown (ed.), *Weathering the Storm: the Economies of Southeast Asia in the 1930s Depression*. Singapore: Institute of Southeast Asian Studies; Leiden: KITLV Press, 2000, p. 113, Table 5.3. The construction of that table – the calculation of three-year annual averages, the calculation of per capita imports in recognition of the increase in population – is explained on p. 112. The raw data were taken from *Report on the Maritime Trade of Burma*. Calcutta: Government of India Central Publication Branch; then Delhi: Manager of Publications; then Rangoon: Government Printing and Stationery, annually.

fully explained by the collapse in piece-goods prices. It also reflected the ability of the population – of the rural delta – to protect its real income through other strategies, for example resistance to tax demands. At the same time, the sustained and substantial fall in expenditure per head on imported cotton piece-goods (the right-hand column of Table 4.7) while volume per head held up, strongly suggests that, here at least, the fall in consumer prices was an important defence mechanism.³⁹

39 In the first years of the crisis, imports of cotton piece-goods from Japan soared, assisted no doubt by the sharp devaluation of the yen at the end of 1931. They rose from 55.7 million yards in 1930/31 to 68.0 million yards in 1931/32, when they accounted for 44.7 per cent of total cotton piece-goods imports into Burma (calculated from *Report on the Maritime Trade of Burma*, 1931/32. Calcutta: Government of India Central Publication Branch, 1932, pp. 7–8). But from August 1932 the Government of India imposed tough restrictions on imports of cotton piece-goods from Japan, first high duties and then high duties and quotas (for the details, see Basudev Chatterji, *Trade, Tariffs, and Empire: Lancashire and British Policy in India, 1919–1939*. Delhi: Oxford University Press, 1992, chapter 8). In 1934/35 imports from Japan were down to 41.6 million yards, 23.2 per cent of the total (calculated from *Report on the Maritime Trade of Burma*, 1935/36. Delhi: Manager of Publications, 1936, pp. 9–10). India 'proper' had now become the dominant source of imported cotton piece-goods for Burma, in 1934/35 responsible for 96.8 million yards, 53.9 per cent of the total. In other words, the protection of the delta agriculturist's material circumstances in the depression provided by the sharp falls in the prices of imported cotton piece-goods owed much to heavy imports from India and Japan.

Measurement and nuance

But again – the crucial issue – how effective was this defence mechanism, indeed each of the survival strategies? To what extent did each – the increase in the volume of paddy sales; repudiation of the claims made by the landowner, moneylender, and the tax collector; the dependence on, or return to, the subsistence economy; the fall in consumer prices – protect the material circumstances of the delta agriculturist through the years of economic crisis? Although some of the earlier discussion, for example on tax remissions, outstandings, and collections, appeared to be moving towards an answer, the harsh fact is that, with the existing statistical data, no secure answer is possible. There are two main reasons. And from the second comes the argument that, certainly in its present crude form, the question posed at the opening of this paragraph is not particularly insightful. It is the wrong question.

To measure the impact of, for example, remissions on the land revenue or falls in the price of imported cotton piece-goods on the real income of the delta agriculturist requires some account of the agriculturist's overall financial position, for clearly the greater the share of land revenue payments or piece-goods purchases in the household's expenditure, the greater the impact of a given level of revenue remission or a given fall in price. There are frequent references to, for example, the wages of agricultural labourers, cultivation costs, loan charges, scattered through the relevant official reports of the early 1930s. But there were few systematic investigations of the agriculturist's finances during the depression crisis.⁴⁰

The report on the third revision of the land revenue settlement in Hanthawaddy District, conducted between November 1930 and October 1933, contains two sets of data that may be of value in this context.⁴¹ The first is a calculation of the 'cost of living of agriculturists' – apparently, the cash sum available for core expenditure on food, clothing, shelter – per household.⁴² The calculation drew on an examination of 1,106 households, the households of owner-cultivators and tenants. The report cheerfully warned that 'no great reliance should be placed on the amounts shown as

40 A government report published in late 1930 called for the collection of family budgets, 'recording every day's consumption for a week of each of a number of representative families' – which implies that such data were not being collected: *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, p. 37. There is no evidence that this proposal was taken up during the depression years.

41 The following draws on Ian Brown, 'Tax remission and tax burden in rural Lower Burma during the economic crisis of the early 1930s', *Modern Asian Studies*, 33, 2 (1999), pp. 383–403.

42 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33*. Rangoon: Government Printing and Stationery, 1934, pp. 11, 32, 64–65, 169.

available for cost of living', in part because they had been calculated from accounts of expenditure 'which the cultivator repeats largely from memory', before adding that it is 'doubtful if the results of this enquiry are commensurate with the time and labour spent on it'. But for what it is worth, the figure calculated for 'cost of living' was Rs 263 per household or, as the average household held four adults and two children, Rs 44 per head. The second set of data is a calculation of the cost of rice cultivation that includes 'everything possible of capital, materials and labour'. A figure is given for each of the district's 19 tracts, and they run from Rs 12-8 to Rs 16-8 per acre. The average area worked by an owner-cultivator in Hanthawaddy District, according to the settlement report, was 14.30 acres, that worked by a tenant, 31.06 acres. These two pairs of figures would imply that the cost of rice cultivation per household ranged between Rs 179 and Rs 512.

These calculations, while certainly crude, provide a perspective on, for example, the earlier figures for tax demand, remissions, collections, and outstanding. The capitation tax was levied at the rate, for a married man, of Rs 5-0 before the depression crisis,⁴³ and was reduced to Rs 3-12 in 1931/32. For the average household examined during the Hanthawaddy settlement (with four adults, and assuming two were male and married – women were exempt and bachelors paid half the married male rate), the annual capitation tax bill would therefore have been Rs 10-0 as the crisis struck, then reduced to Rs 7-8. When set against, for example, living costs of Rs 263 or cultivation costs in the range Rs 179 to Rs 512, the full charge was, therefore, extremely modest, and the reduction effectively irrelevant. Of course, the Hanthawaddy households were the households of owner-cultivators and tenants, and there were certainly many far poorer agriculturists in the district. Some would not have been liable for the tax – across the rice districts of Lower Burma, the proportion of the population assessed for the capitation tax in 1934/35 ranged from just 17 per cent to 23 per cent⁴⁴ – and in that sense would clearly not have benefited from the lighter tax regime of the depression years. But other poor agriculturists were liable, and here, obviously, the capitation tax would have been a far more severe burden. Just how severe might be judged from an estimate at the beginning of the 1930s that the cost of food and shelter for an agricultural labourer was, at most, Rs 5-0 a month.⁴⁵ That estimate implies that in the year in which the economic crisis struck, 1930/31, the married

43 *Report of the Capitation and Thathameda Taxes Enquiry Committee, 1926–27*. Rangoon: Government Printing and Stationery, 1927, p. 2.

44 *Report on the Land Revenue Administration of Burma, 1934/35*. Rangoon: Government Printing and Stationery, 1936, p. 9.

45 J. S. Furnivall, *An Introduction to the Political Economy of Burma*. Rangoon: Burma Book Club, 1931, p. 76.

agricultural labourer paid, in capitation tax, the equivalent of one month's food and shelter. It also implies, far more importantly, that the reductions in the rate from 1931/32 provided substantial relief for this class of agriculturist.

For landowners, the major tax was, of course, the land revenue. One measure of the burden it imposed, and of the relief brought by the administration's lighter tax regime in the depression, is suggested by a further set of figures in the Hanthawaddy settlement report. These show the average land revenue paid per matured acre as Rs 3.70 in 1930/31, falling to Rs 3.12 in 1932/33.⁴⁶ With the average area worked by an owner-cultivator in the district said to be 14.30 acres, that worked by a tenant, 31.06 acres, the land revenue bill for an owner-cultivator in 1930/31 would have been (again, the average) around Rs 53, that for a holding being worked by a tenant, Rs 115. Those figures might be set against, for example, the Hanthawaddy household's outlay on living costs, Rs 263. Or, from another angle, a land revenue cost of Rs 3.70 an acre compares with cultivation costs per acre (for capital, materials, and labour) of Rs 12-8 [12.50] to Rs 16-8 [16.50]. From both perspectives, the land revenue is seen clearly as a major charge on the landowner's cash resources.

That point established, it must then be said that the lighter administration of the land revenue in the early 1930s brought only modest relief to the landowner. The fall in the average land revenue payment to Rs 3.12 in 1932/33 was a reduction in cash demand of just 15.7 per cent on the figure for 1930/31. In the same period, the price of rice – whose movements might be taken as a rough indication of movements in the rice cultivator's cash income – fell by some 30 per cent.⁴⁷ In other words, even with the administration's lighter regime, the real claim of the land revenue on the landowner, already considerable, rose. Of course, without that lighter regime, it would have risen still further. But to return to the central point in this discussion: in the absence of much fuller data on the cash income and cash expenditures of the delta agriculturist and, in particular, on the importance of tax payments – and textile purchases, loan repayments, rent charges – in the household finances of the agriculturist, it is not possible to push these crude calculations and speculations further. It is certainly not possible to put a precise figure on the extent to which the lighter administration of the land revenue, for example, protected the agriculturist's real income in the depression.

The second difficulty is created by the fact that it makes no sense to refer to the material circumstances of 'the delta agriculturist'. Assessment of the impact on real income of, for example, a lighter land revenue administration,

46 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930-33*. Rangoon: Government Printing and Stationery, 1934, p. 139.

47 Calculated from the data on the rupee value per ton of paddy and rice exports, Table 2.1.

must specify the delta district, the point in the economic crisis, and, of critical importance, the class of agriculturist – landless labourer, tenant, owner-cultivator, landowner. Thus, a modest reduction in land revenue demand would obviously provide no direct benefit to the labourer but perhaps offer significant relief to the major landowner, and be critical to the economic survival of the marginal owner-cultivator. But the statistical data – on the household's cash income and cash expenditures – simply do not exist to capture the contrasting material circumstances of the different classes of delta agriculturist, each further differentiated by place and time.

There is some descriptive or impressionistic evidence. A particularly rich source is a report, *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*, published by the Government of Burma towards the end of 1930.⁴⁸ The report was written by Stanley Grantham, Director of Statistics and Labour Commissioner, and appears to be a response by the Burma administration to requests from the Finance Department in New Delhi to all provinces, prompted by the economic crisis, for information on local conditions.⁴⁹ Of all the contemporary official reports relating to the material circumstances of the Burma delta agriculturist in the depression, Grantham's report was by far the most sophisticated and penetrating. And central to Grantham's approach was a sensitivity to the different and changing economic experience of each of the main classes of agriculturist – labourer, tenant, owner-occupier, landlord.

Grantham completed his report in the last days of October 1930. Therefore, the report caught the initial weeks of the terrifying collapse in the rice price that marked the final months of that year, although it also took in the slippage in price that had taken place in the months and years before the collapse. Because rice was overwhelmingly important in the economy of Burma, certainly in the economy of the delta, the fall in the rice price fed directly into a fall in the general price level.⁵⁰ A general fall in prices,

48 *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930. Copies of this report are held in the National Archives Department in Yangon (4/18 (21), E-1930, 17934) and in the National Archives of India in New Delhi (Finance Department, Finance Branch, 17/67, 1932). It would appear that there is no copy in the India Office Library and Records.

49 Finance Department, Finance Branch to all Provincial Financial Secretaries, 11 April 1931, NAI, Finance Department, Finance Branch, 17/67, 1932.

50 This is the point to note that, according to Grantham, there were 'no broad-based index-numbers of prices in Burma available' for this period: *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, p. 2. In fact Grantham – Director of Statistics – devoted much of the opening third of his report to attempts to construct an index of rural consumer prices and an index of the purchasing power of 'cultivators'. The constructions are sophisticated, indeed almost certainly the most refined working possible of the raw data that exists. But in the context of the present study, they have one serious limitation: for an obvious reason, the index number series ends with 1929/30.

Grantham 'observed on the second page of his report, 'has its effect upon the economic condition of the country largely through . . . the transfer of purchasing-power from debtors and employers to creditors and employees on fixed money wages'. And much of the subsequent analysis involved his application of that observation to each class of delta agriculturist.

The circumstances of the delta labourer as the general price level fell were particularly interesting. Grantham noted that although the wages of the labourer, engaged for ploughing, transplanting, or harvesting, were generally expressed in baskets of paddy, the labourer took the greater part of his payment in cash and in advance.⁵¹ He received roughly the market value of his paddy wages at harvest (presumably an estimate of what the market value would be at the coming harvest) less a discount for payment up front. There is a suggestion here that, particularly in periods of sudden collapse in the rice price (from September 1930), that estimate would have been too high, perhaps considerably too high, to the labourer's advantage. The labourer and his family had further sources of cash income. His wife earned a little from casual labour, while after the harvest the labourer himself picked up some additional cash from carting or cutting fuel. But Grantham's critical observation here was that:

[s]o far as wages are paid in paddy there has been no change in the rates. Cash wages have also remained at their customary level in most places, though in a few the wages of transplanters have been reduced from one rupee to fourteen or even thirteen annas.⁵²

But even where cash wages and advances were squeezed, the fall was likely, for the reason indicated above, to lag behind the fall in the general price level, particularly when prices were falling sharply. Consequently, Grantham claimed, '[t]he fall of prices in general has . . . been generally advantageous to rural labourers', indeed, '[a]gricultural labourers . . . have prospered'.⁵³ This assessment applied not only to the years in which prices had been slipping but also to the immediate months in which they had collapsed.⁵⁴ But, looking forward from October 1930, Grantham saw that

51 *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, p. 17.

52 *Ibid.*, p. 17.

53 *Ibid.*, pp. 17, 23.

54 That said, Grantham did note that in some places 'there has been considerable privation'. The weeks from early September to mid-October were always difficult for the delta's labourers, he argued, because this was the slack period between transplanting and harvesting. But this year, for some – where wages had in fact been markedly reduced and labour recruitment cut – conditions had been unusually difficult. 'Thus a considerable number of labourers have not profited by the fall of prices but have had a critical time.' *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, p. 18. This is a significant caveat, although these observations do not overturn Grantham's central theme – that agricultural labourers (most of them) had prospered.

the advantage that the delta labourer had secured from the more rapid fall in general prices ahead of the fall in cash wages and advances would now evaporate. It was plain to see that in the remaining months of 1930 and well into 1931, the price of rice would fall sharply, and that prospect – reflected in forward sales – would produce, in fact was already producing, comparably sharp cuts in cash wages and advances.⁵⁵

Meanwhile, the general price level was continuing to fall, indeed, Grantham argued, was falling more sharply than it had in the preceding cultivation year. Even so, in the coming months it would lag behind – rather than outpace – the now dramatic fall in cash wages. The delta labourer's real income would from this point – into 1931 – contract. Grantham's forecast was accurate. The report on the third revision of the land revenue settlement in Hanthawaddy District, conducted between November 1930 and October 1933, noted reductions in the cash wages for ploughing, transplanting, reaping, and threshing of 25 to 30 per cent.⁵⁶ Wages expressed in baskets of paddy had not fallen since the onset of the crisis but, of course, the collapse in the rice price had cut the cash value of those wages by more than half. '[T]his class of people [labourers whose wages were in paddy] has suffered most and are [*sic*] at present living from hand to mouth.'⁵⁷

Turning to the tenant-cultivator, Grantham's broad assessment in October 1930 was that he was not – yet, at least – in any particular difficulty.⁵⁸ As the tenant paid his rent and the charges for the hire of work-animals in deliveries of paddy from the threshing-floor, in those respects he had been unaffected by the slippage and then collapse in the rice price. Moreover, where the tenant took on labour, commonly that charge too was fixed in terms of deliveries of paddy and thus, again, was unaffected by the fall in the price of rice. If the labourer was, in fact, paid in cash or received a cash advance (the usual practice), the cost to the tenant-employer, Grantham claimed, was roughly the same as if payment had been in paddy.⁵⁹ At the same time, tenants had benefited from the fall in consumer prices, indeed more substantial tenants had secured a further advantage by buying certain

55 *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, pp. 25–26.

56 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33*. Rangoon: Government Printing and Stationery, 1934, pp. 24–25.

57 *Ibid.*, p. 25. The report noted (pp. 24, 26) that since the onset of the crisis, labourers who, by custom, had been paid in paddy at harvest now demanded half their wages in cash while the crop was maturing. That arrangement would provide some protection to the real value of wages as the price of rice continued to fall.

58 *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, pp. 18–20.

59 This is a surprising claim. As was argued above, when the rice price was falling sharply, the real value of fixed paddy-wages being paid in cash or as cash advances was certain to rise. The burden of that increased real value was borne by the employer, as Grantham himself later noted, '[c]ultivators [in this case, tenants] have had to bear the increased real cost of wages for their labourers' (p. 23).

articles (cooking oil, preserved fish, tobacco) in bulk at depressed wholesale prices. The one immediate threat to the tenants' position, argued Grantham, was the recent sharp contraction in agricultural credit. But even the poorer tenants had 'been able without intolerable hardship to carry on', largely because of the advantage of the fall in the general price level, while more substantial tenants were 'not yet suffering serious injury'. But when he came to look ahead, Grantham saw considerable difficulties for the tenant-cultivator if, as seemed certain, the rice price continued its collapse into the coming year. Grantham's dark forecast was again borne out by the later report on the revision of the land revenue settlement in Hanthawaddy District. The tenant's 'plight is worse than it was ever before because the system he had hitherto adopted of annual borrowings and repayments has completely broken down with the fall in [rice] prices'.⁶⁰ There was now 'serious injury'.

The owner-occupier, in contrast, was already in serious difficulty when Grantham completed his report at the end of October 1930. His cash income had been cut – and was now being cut sharply – by the slippage and then collapse in the price of rice, while major claims on that income, notably in the servicing and repayment of loans, were fixed cash charges. This class of delta agriculturist, suggested Grantham, had shown little interest in building up reserves when times were good but had taken advantage of the years of high rice prices 'to gild pagodas, make presents to monks or buy silk shirts, gramophones and other superfluities'.⁶¹ Now they had nothing to draw on and, as interest charges accumulated, they were forced to surrender their holdings to the Chettiar. And with the rice price almost certain to continue its catastrophic fall, increasing still further the real burden of debt, the prospect for the owner-occupier was even grimmer.

The final class of delta agriculturist was the landlord, those who owned land but did not cultivate it. As Grantham pointed out, the class 'landlord' embraced a wide range of circumstances.⁶² It included the wealthy owners of large estates who also engaged in moneylending and rice-trading on a substantial scale; more modest owners who, while holding a considerable piece of land, had few other assets and who therefore struggled to keep afloat; and the widows and children of owner-occupiers, left with a plot barely large enough to support the family. The major threat to the delta landlord, of whatever circumstance, towards the end of 1930 was, of course, the rise in the real burden of debt as the rice price collapsed. And as the collapse seemed certain to continue, that threat – a threat to their ownership

60 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33*. Rangoon: Government Printing and Stationery, 1934, p. 38.

61 *Note on Economic Conditions in Burma: October 1930: With Special Reference to Agriculturists*. Rangoon: Government Printing and Stationery, 1930, p. 20.

62 *Ibid.*, pp. 20–21, 23–24.

of the land – would now increase immeasurably. But Grantham identified two further threats arising from the recent (September and October) collapse in the price of rice. The wealthy landowners who were also involved in the rice trade, buying when prices were low in January–April and selling when prices rose in May–October, had just seen roughly 30 per cent wiped off the cash value of their rice stocks. Many such landlord/traders, Grantham suggested, were now ruined. Second, the sharp fall in the rice price had now reduced the cash value of the rent income on small plots (those held by widows) below the level required to meet the family's cash needs. Many such plots, Grantham suggested, were now being sold. But in October 1930 Grantham also noted one defence measure being taken by landlords. It had been reported from Pegu District that owners who previously had let their land to tenants were now cultivating it themselves, with the assistance of hired labour. This would increase their income, sufficient, he indicated, to 'make up for the fall in [the rice] price'. Whether the increase so secured would continue to be sufficient in the months ahead, as the rice price plunged further, was another matter.

The preceding pages have followed Stanley Grantham's analysis of the impact of the fall in the rice price and in the general price level on the four broad classes of delta agriculturist. The striking features as he completed his report in late 1930 were that landless labourers appeared to be enjoying an increase in real income, while tenants were not yet facing serious problems. But owner-cultivators and some landlords, including the substantial landlord/trader, were in considerable difficulty and losing their land. And while the prospects for all were grim, the most vulnerable, again, were those agriculturists carrying substantial debt – the owner-cultivator and the landlord. But the fall in prices, whether the fall in the general price level that increased real incomes, or the fall in the rice price that increased the real burden of debt, was just one of several major influences on the material circumstances of the different classes of delta agriculturist through the depression years. The other influences, familiar from an earlier discussion, included the increase in the volume of rice sales, a return to non-market production, and, notably, the resistance to and lightening of the tax regime. Crucially, each had its own distinctive impact on the delta's agriculturists. Thus, as noted earlier, the land revenue regime, and in particular the rate reductions, remissions, and postponements, was of direct concern only to those who owned land, and had no immediate impact on the material circumstances of the tenant or the labourer. In contrast, the capitation tax, and again, the rate reductions, remissions, and postponements, were of no serious interest to the wealthy landowner, but for the landless labourer it had considerable importance. Or again, an increase in the volume of rice sales and a return to non-market production were likely to bring greater relative benefit to the owner-cultivator than to other agriculturists.

All this suggests that the movement in the material circumstances of the Burma delta agriculturist through the years of the depression crisis – four

broad classes of agriculturist, each with a distinctive economic trajectory, shaped by a particular structure of influences – was vastly complex. The sources for the study of the Burma delta during the crisis are simply too thin to capture that complexity in full. Moreover, to do so would be conceptually extremely difficult. It is possible only to draw out an occasional fragment – as here, the ‘prosperity’ of the delta labourer and the foreclosure crisis facing the owner-cultivator in the final months of 1930 – when the sources shine light on it.

Conclusion

It is because the impact of the depression crisis was so fragmented that the basic questions, how severely did the crisis damage the material interests of Burma’s rice cultivator, or, as above, how effective were the survival strategies deployed by the rice cultivator to mitigate the impact of the catastrophic fall in the price of rice, are not only impossible to answer but, crucially, the wrong questions. Central to understanding what took place in Burma’s vast rice delta during the depression crisis of the early 1930s is that complex fragmentation, or at least as much of it as comes into view. Strained attempts at broad generalizations miss the point.⁶³ This focus on the particular experiences of distinct classes of agriculturist at specific times is also central to understanding the economic foundations of the major challenge to the colonial order that erupted in the delta in the final days of 1930, the Hsaya San rebellion. And this is the concern of the following chapter.

63 This gives me an opportunity to dismiss my earlier self. My first publication in this field in the mid-1980s – a preliminary re-examination of rural distress in South East Asia during the world depression, outlined in the Prologue – advanced two main arguments.

First, the sharp deflation of the early 1930s brought varying degrees of economic distress between the major export-oriented rural districts of Southeast Asia; thus deterioration in economic welfare was almost certainly less severe in the Chao Phraya delta [Siam] than in the deltas of the Irrawaddy and the Mekong [Cochin China], and less severe in the plantation and mining states of Malaya than in the tobacco districts of East Sumatra. Second . . . even in those export-oriented districts most severely affected by the economic crisis the decline in peasant economic welfare was markedly more modest than has hitherto been widely accepted.

(Ian Brown, ‘Rural distress in Southeast Asia during the world depression of the early 1930s: a preliminary reexamination’, *Journal of Asian Studies*, 45, 5 (1986), p. 1022)

The broad generalizations attempted there – the comparisons between Burma and Siam or between the Malay States and East Sumatra; the reference to ‘peasant’ economic welfare – offer little or no insight into the highly complex experience of rural South East Asia during the economic crisis.

5 The economic foundations of rebellion

On the night of 22 December 1930, rebel forces attacked villages in the south-west of Tharrawaddy District, seizing guns and, in two villages, killing the headman.¹ The following day the rising spread to Insein District to the south. Again villages were raided, headmen killed, and guns seized. But there was also an attack on a railway station, in which the station-master was beaten and the telegraph destroyed, and one Indian and two Chinese traders were killed. These opening days also saw an attack on a military police post, assaults on police stations, the killing of several isolated British officials, and, on the night of 30 December, an attempt to dynamite a railway bridge. The colonial administration was caught by surprise by the rising, which may explain part of the rebels' success in these early clashes. But on 31 December 1930, a battalion of the Burma Rifles, consisting of Kachins, Chins, and Karens, attacked the rebel headquarters deep in Tharrawaddy. The rebels fled and the headquarters – a

1 This first section draws mainly on Parimal Ghosh, *Brave Men of the Hills: Resistance and Rebellion in Burma, 1825–1932*. London: C. Hurst, 2000, pp. 145–79; James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, pp. 149–56; Michael Adas, *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*. Cambridge: Cambridge University Press, 1987, pp. 34–40, 99–102, 127–28, 147–48, 151–53. But it is important to note too Maitrii V. Aung-Thwin, 'British Counter-Insurgency Narratives and the Construction of a Twentieth Century Burmese Rebel', PhD dissertation, University of Michigan, 2001, which explores in detail how the colonial reports relating to the rebellion, the foundation narrative for Ghosh, Scott, Adas, and indeed all students of the Burma rebellion, was constructed (see also Maitrii Aung-Thwin, 'Genealogy of a rebellion narrative: law, ethnology and culture in colonial Burma', *Journal of Southeast Asian Studies*, 34, 3 (2003), pp. 393–419). Aung-Thwin argues that in crucial areas – for example, the view that Hsaya San was the leader and instigator of the rebellion and that the *wunthanu* movement provided the rebellion's organization, the interpretation of local symbols and practices, the view that the rising had long been planned – the colonial narrative is unsafe. Aung-Thwin's work is critical for an understanding of the political character of the Burma rebellion. But it says almost nothing about the rebellion's economic foundations, or rather, how that part of the colonial narrative was constructed. And the concern here is with the economic foundations.

bamboo and thatch construction – was torched. Seventeen rebels were killed in the fighting. Thus began the most serious armed challenge to British rule in Burma since the late nineteenth century, indeed one of the most important rural risings of the colonial period in South East Asia. In the coming months the rebellion would engulf large parts of the delta, and at one point would reach into the Shan States in the northeast. It would take some 18 months and the deployment of two imported divisions to break the final resistance. According to an official count, the number killed was 1,688, including 1,332 rebels. One thousand three hundred and eighty-nine rebels were brought before the courts, convicted, and sentenced to prison: a further 126 went to the gallows.²

The alleged instigator of the rebellion was one Hsaya San. Born in 1882, in Shwebo, north of Mandalay in the heart of Burma's Dry Zone, Hsaya San had had many and varied occupations before he turned to protest and then rebellion in the 1920s – fortune teller, *se saya* [Burmese medical practitioner], *pongyi* [monk], organizer of (illegal) lotteries. He inhabited with ease the belief world of rural Burma, felt instinctively its salvationist longings and millenarian prophecies. This was evident in his incitement to rebellion. Hsaya San presented himself as the *Setkya-min*, a powerful and benevolent ruler who, according to Burman tradition, would appear at the end of Buddhism's age of decline – interpreted to mean the period of British rule – to restore the *Dhamma*, the moral order. He was also seen as the *Minlaung*, the just Burman king who would return to drive out the British, re-establish the monarchy, and restore the pre-colonial order, free from oppression and conflict. A coronation took place at a pagoda in Insein District in late October 1930 – a second coronation was held in the Shan States in July 1931 – after which, according to Hsaya San's alleged diary, the rays of the Buddha shone on the pagoda and twin suns appeared in the sky.

But Hsaya San was also involved in nationalist politics. In 1924 he joined the General Council of Burmese Associations [GCBA], siding with the radical So Thein faction when the GCBA split the following year. Here he achieved some prominence, attending annual conferences, addressing numerous *wunthanu athin* – village organizations dedicated to defending villagers' interests in their conflicts with the state and its officials, and affiliated with the GCBA – and, in 1928, being appointed to head an inquiry into police excesses. Hsaya San's contacts through the *wunthanu athin* were crucially important. For a year and more he travelled through rural Burma – in the months before the rebellion erupted, he visited seven of the 11 districts in which risings would occur – calling for resistance to the capitation tax, urging the creation of a rebel army, drawing up from

2 R. A. Butler to George Hall, 29 May 1934, IOLR, L/P&J/6/2020.

the *wunthanu athin* his core subordinates, and, as the time drew close, making detailed plans. The rebellion was not spontaneous, if indeed any rising on this scale could ever be spontaneous. It had long been plotted.

The destruction of the rebel headquarters in Tharrawaddy by the Burma Rifles on 31 December 1930, from which Hsaya San and many of his core subordinates fled, appears to have barely dented the rebellion's momentum. In the first week of January 1931 there was a rising in Yamethin District on the southern fringe of the Dry Zone. This was a weak affair, easily suppressed. But it was immediately followed by a major eruption in Pyapon, a coastal district in the far south of the delta. Then through the first half of 1931 there were major outbreaks in Henzada, Bassein, Thayetmyo, and Prome, and continuing disorder in Tharrawaddy and Insein. At the beginning of July there was a rising in the Shan States, in which Hsaya San himself appears to have been involved. A striking feature of the risings was that, in action against government forces, the rebels commonly sought protection in amulets, oaths, and tattoos that promised invulnerability against modern weapons. Indeed, the authorities would interpret a sudden, sharp increase in tattooing in a particular locality as a sign of impending trouble. The certainty of invulnerability meant that the rebels were commonly brazen and fearless before British guns. It also meant that they were slaughtered.

Rebel activity reached its peak in the middle months of 1931. The last major rising took place in Pegu District in late September 1931, while attempts to reignite the rebellion – in Insein, Bassein, and finally in Tharrawaddy in January 1932 – were rapidly suppressed. Organized insurrection, attacks on military posts and railway installations, gave way to dacoity, banditry perhaps driven in part by anti-colonial sentiment but more often simply by a wish to plunder. The government's forces took well into 1932 finally to restore order. Hsaya San was now dead. He had been captured in the Shan States, at Hsipaw, north-east of Mandalay, on 2 August 1931. He was quickly brought to trial, found guilty, and, in November, hanged.

That the Hsaya San Rebellion erupted barely three months after the depression crisis first hit the Burma delta with full force – temporal proximity alone – would suggest a strong link between the two. This is certainly not to argue that the causes of the rebellion lay exclusively in the impact of the economic crisis – single-cause explanations are rarely effective – but, rather, that the rebellion had firm economic foundations. Yet, as the following pages will make clear, once beyond broad generalization, it is surprisingly difficult to determine the precise connection between the economic crisis and the rebellion, or the relationship between the rebellion's economic foundations and its other structures – although the final section of this chapter will seek to establish both. But first, a number of observations that will guide the construction of the argument.

Although it may be tempting and, in terms of the source material, easier to focus on Hsaya San and the core leadership – Hsaya San's projection

of himself as the *Setkya-min*, the detailed planning for rebellion – the critical issue must surely be the response of the delta agriculturist to that projection and plotting. Why did hundreds, thousands of the delta's inhabitants respond to the incitement to rebel, and respond with such force? The importance of that question is underlined by two further observations. First, rural Burma in the early twentieth century was rich in prophets and pretenders. Putative *Setkya-min* had come to the attention of the colonial authorities in 1906, 1910, 1912, and again in the mid-1920s, and undoubtedly there were others whose activities were simply too small to attract official reference. In that case, the issue is – why did Hsaya San draw followers while other prophetic rebels did not, or, rather, draw followers on such an unprecedented scale and of such ferocity? Logically the answer will lie either with Hsaya San himself and the leadership or with the circumstances of the delta's inhabitants. Either Hsaya San was an exceptionally compelling political entrepreneur, projecting his prophetic vision with complete conviction and building strikingly effective networks across the rural delta, or the circumstances of the delta's inhabitants deteriorated in such a distinctive way as to draw forth, exceptionally, a huge response to the incitement to rebel. This leads to the second supporting observation. Rural rebellions are rare. In Burma itself, often seen as a rebellious, troublesome province, in the century or more of British rule up to the Japanese occupation, the only other rising comparable in scale and intensity to the Hsaya San Rebellion was that which followed the conclusion of the third Anglo-Burmese War and the final destruction of Burma's independence in 1885. Across South East Asia, the depression years of the 1930s saw no significant rural eruptions in, for example, the whole of the Netherlands East Indies or the Malay States. Rural rebellions are rare because, put simplistically, the risks are high – rebels are killed, maimed, captured, imprisoned, hanged – while the prospect of victory is slim.³ In other words, something very exceptional was at work in the Burma delta in the final weeks of 1930, again either with respect to Hsaya San and the leadership or in the circumstances of the delta's inhabitants. There was exceptionality both in the context of the history of the Burma delta – earlier rebels, earlier crises – but also in comparison with the closely similar central Siam and Cochin China delta. From the mid-nineteenth century, each territory had been transformed into a major producer of rice for the international market, with the rural population committed almost exclusively to

3 This is the argument, albeit simplistically stated, that explains the eruption of rural rebellion in terms of the individual's decision, through careful assessment of the risks and benefits specific to him, whether or not to participate in violent collective action. For a full statement of the argument, see Samuel L. Popkin, *The Rational Peasant: The Political Economy of Rural Society in Vietnam*. Berkeley: University of California Press, 1979, chapter 6.

the cultivation of that crop: and in 1930 each was hit by the same dramatic collapse in the price of rice as the depression crisis struck. But there was no significant rural unrest in central Siam in the early 1930s, and although there was considerable disorder in rural Cochin China – demonstrations, mass petitions, attacks on granaries, rice barges, and administrative offices – it had merely a ‘sporadic, localist character’.⁴ Whatever exceptional circumstance was at work in Burma to ignite the Hsaya San Rebellion was absent from Siam, and absent too, or at least weaker, in Cochin China.

There is one further preliminary observation. In exploring the economic foundations of the Hsaya San Rebellion, it is important to distinguish between those weaknesses in the agriculturist’s material circumstances which, although perhaps a major rebel grievance, had long been present and could not therefore have triggered the rising, and the crises in his material standing which erupted roughly as the rebellion broke out. The principal interest here is in the latter, in the trigger.

James Scott

In the literature on the Hsaya San Rebellion, it is James C. Scott’s, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, published in 1976, that draws the most direct link between the depression crisis and the rebellion. ‘In terms of its local appeal and the motives of rank-and-file participants’, Scott argued, ‘the Lower Burma Rebellion of 1930–32 . . . comes as close to being a tax rebellion, albeit with millennial overtones, as any uprising in Southeast Asia’.⁵ And the tax at the centre of the Burma rebellion was the capitation tax.

The common denominator, the rallying cry, that brought the Burmese peasantry to the banner of Saya San was the resistance to the capitation tax in a crisis . . . it was the capitation tax – the immediate problem faced by all cultivators – which provided the detonator for the uprising.⁶

There were two main reasons why the capitation tax had, according to Scott, that pivotal role. First, it was a unifying issue without rival. ‘Wherever they lived, whether they were smallholders, tenants, or laborers, the capitation tax was the single material claim that weighed on all of them at a given, regular time.’⁷ Second, it was the most rigid tax, a fixed rate

4 James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, pp. 120–27.

5 *Ibid.*, p. 155.

6 *Ibid.*, p. 151.

7 *Ibid.*, p. 155.

imposed irrespective of an individual's material standing and, crucial in this context, irrespective of economic conditions – movements in the rice price, the crop out-turn – at the time it was collected. Here was the link between the depression crisis and the rebellion. As the rice price collapsed over the final months of 1930, the real value of the capitation tax – in terms of baskets of paddy, for example – rose sharply: and payment of that sharply increased burden was due at the beginning of January. It is an essential element of Scott's argument that during the depression, the colonial administration was in no position to be lenient with the taxpayer. The economic crisis clearly threatened the administration's revenues – perhaps notably the income from excise taxes and customs duties – and thus put at risk a substantial part of government expenditure. Officials would have to be dismissed and projects abandoned.⁸ Consequently, the administration had little choice but to seek to enforce its tax demands in full – with respect not only to the capitation tax but all taxes – despite the fact that the real burden of taxation was rising sharply with the collapse in prices, and that taxpayers were already in serious financial difficulties. Moreover, in Scott's view, the colonial state certainly possessed the institutional and coercive means to enforce its demands, even against a distressed rural population. In brief, the onset of the depression crisis in the Burma delta in the final months of 1930 'transformed an onerous burden into a clear and present danger to the peasantry's already tenuous subsistence arrangements': or again, 'the crisis threatened to precipitate a large portion of Lower Burma's peasantry over social and economic thresholds from which a recovery was unlikely'.⁹

Important in sustaining the argument that the capitation tax – or, more precisely, the threat that its imminent collection posed to the material security of the rural population of the delta – was the rebellion's detonator, the rallying cry that brought the Burmese peasantry to the banner of Hsaya San, was Scott's observation that the tax was highly prominent in the plotting and prophesies of Hsaya San and his leadership. Thus the initial purpose of the *galon* associations, which would form the tenuous organizational structure for the rebellion, was to resist by force the collection of the capitation tax.¹⁰ Addressing a gathering in rural Tharrawaddy in early December 1930, Hsaya San urged his listeners not to pay the capitation tax but to rise in revolt. And then, Hsaya San's vision of the social order that would follow the expulsion of the British was marked above all by an absence of taxation: 'When we recover Burma I will declare myself King and exempt you from payment of taxes.' Finally, Scott reports an intriguing conjunction of the capitation tax and the outbreak of the rebellion.

8 *Ibid.*, p. 120.

9 *Ibid.*, pp. 150, 155.

10 *Ibid.*, pp. 152–55.

Towards the end of 1930, cultivators in Tharrawaddy District petitioned the government for a reduction in, or postponement of, the capitation tax. On 21 December the petition was rejected by the Acting Governor, and the following day, with collection of the tax fast approaching, the rebellion erupted – in Tharrawaddy.

Scott's argument and his reading of the evidence were challenged by Michael Adas in *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*, which was first published in 1979. Far from ruthlessly enforcing its tax demands during the depression crisis – pushing many cultivators below subsistence level and thereby provoking violent protest – the British authorities, argued Adas, were notably flexible.¹¹ Indeed, flexibility – responsiveness to the circumstances of the individual cultivator – was built into the province's revenue administration. Thus, with respect to the land revenue, Adas noted, revenue officials in Burma, instead of using fixed assessments, in each case calculated:

a percentage of the *net* output of the cultivator's lands that was adjusted for variations in soil types, water conditions, crops produced, etc. . . . After years in the field many district officers became quite sensitive to variations in local conditions and adjusted revenue demands accordingly.¹²

But beyond that in-built flexibility, argued Adas, all through the years of the depression the British administration granted 'hundreds of thousands of rupees in land revenue remissions', a flat contradiction of James Scott's 'contention that the government extracted the full assessed demand regardless of the condition of the peasantry'.

There are two weaknesses in these challenges to Scott. First, the Adas description of in-built flexibility in the province's revenue administration and substantial remissions through the depression years is with respect to the land revenue. Scott had focused on the capitation tax. Second, the assertion that the depression years saw the British administration grant 'hundreds of thousands of rupees' in remissions is too imprecise to be convincing. The very rough figure (is this an annual figure?) has little meaning when not set against the total revenue demand. Far more important in the context of a possible link between the impending collection of the capitation tax and the outbreak of the rebellion, the Adas assertion – to include the capitation tax, for the sake of argument – is vague on timing. At what precise point did the British administration begin to grant

11 Michael Adas, *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*. Cambridge: Cambridge University Press, 1987, pp. 201–02, fn. 94.

12 Emphasis in the original.

substantial remissions? I have examined this question elsewhere.¹³ Briefly, there was no cut in the rates of capitation tax until the revenue year 1931/32. And although in the previous year – the year in which the depression crisis hit the delta and in which the Hsaya San Rebellion first erupted – the local administration in every district in Lower Burma had increased remissions substantially, in most cases this action had been taken only from early in 1931. In other words, the British administration had cut the rates of capitation tax and increased remissions *after* the rebellion had first broken out. While it may well have been flexible taking the depression years as a whole, in the final weeks before the rebellion – with the rice price collapsing and thus threatening a sharp rise in the real burden of the capitation tax – it had been strict and unyielding. In this crucial respect, James Scott was on strong ground.

Even so, there are serious flaws in Scott's position. First, the capitation tax was not quite the unifying issue claimed by Scott. It was certainly not paid by all – '[w]herever they lived, whether they were smallholders, tenants, or laborers': it was imposed only in Lower Burma;¹⁴ it was levied only on males;¹⁵ and certain groups were exempt – government officials, teachers, and monks. Moreover, 'poverty' or 'no means of subsistence' was a ground for exemption. As a result, the proportion of the population liable for the tax was, in truth, quite modest. In Pegu and Irrawaddy Divisions in 1930/31, roughly 20 per cent of the inhabitants were assessed for the capitation tax, just one in five.¹⁶ Neither is it fully certain that the tax was collected 'at a given, regular time'. In the mid-1920s, collection took place between August and October. But this was the part of the year – immediately before the harvest – when the delta cultivator was desperately short of cash, and an inquiry into the condition of agricultural tenants and labourers published in 1924 proposed that in future collection take place in the months January to March, the date for beginning collection being varied by district and, moreover, adjusted each year to reflect when

13 Ian Brown, 'Tax remission and tax burden in rural Lower Burma during the economic crisis of the early 1930s', *Modern Asian Studies*, 33, 2 (1999), pp. 383–403. This passage draws on p. 398.

14 *Report of the Committee Appointed to Examine the Land Revenue System of Burma*. Rangoon: Government Printing, 1922, volume 1, p. 27. Its counterpart in Upper Burma was the *thathameda*, 'formerly a tax on property' but which became 'a tax on income derived, whether by cultivators or non-cultivators, from non-agricultural sources': J. S. Furnivall, *An Introduction to the Political Economy of Burma*. Rangoon: Burma Book Club, 1931, p. 202.

15 *Report of the Capitation and Thathameda Taxes Enquiry Committee, 1926–27*. Rangoon: Government Printing and Stationery, 1927, p. 2. But as married men paid twice the rate of bachelors, it could be argued that, in effect, the capitation tax was levied on married women.

16 Calculated from *Report on the Land Revenue Administration of Burma, 1930/31*. Rangoon: Government Printing and Stationery, 1932, pp. 36–37.

the harvest would be taken and, therefore, when the cultivator would have cash in his pocket.¹⁷ By the onset of the depression, collection of the capitation tax had indeed been moved to January: and given the recommendation in the 1924 report and scattered evidence elsewhere, it is almost certain that, in some way, collection was staggered, as it had been in the mid-1920s. The roughly 1.5 million individuals in Lower Burma assessed for the capitation tax in 1930/31 did not – in a unifying experience – each face the tax collector on the same single day. In the final weeks of 1930, the rural population of the delta saw the approaching 1 January as the day from which – not on which – the tax would have to be paid. The explosive potential of that deadline was thus substantially less than Scott asserts.¹⁸

Second, Scott's characterization of the capitation tax as an 'onerous burden', transformed by the collapse of the rice price in the final months of 1930 'into a clear and present danger to the peasantry's already tenuous subsistence arrangements', is a considerable exaggeration. The poorest individuals in the rural delta – the near-destitute labourers – would almost certainly have found the tax a major burden. But for those of even modest means – the tenant, the marginal owner-cultivator – payment involved no particular strain, even when the real value of the tax was sharply increased by the collapse in prices. The rate in force in 1930/31 (Rs 2-8 for a single male) was little more than the cost of a couple of pairs of imported canvas shoes.¹⁹ But even the impact on the poor may have been exaggerated. As noted above, 'poverty' or 'no means of subsistence' was a ground for exemption from the capitation tax; it was suggested in the preceding chapter that in the final months of 1930 the delta labourer had in fact 'prospered'; and to the extent that the delta's poor were in difficulty in those months, there is no reason to think that the threat came exclusively, or even principally, from the capitation tax. In brief, it is difficult to sustain the view that in late 1930 the capitation tax threatened to push vast numbers of delta agriculturists below basic subsistence.

For all these reasons – the tax was imposed on just one in five of the population of Lower Burma; its collection was staggered; it was a merely modest charge for perhaps most of those who paid it, even when its real value rose sharply in the final months of 1930 – it is argued here that the capitation tax was simply too insubstantial a factor to propel great numbers

17 T. Couper, *Report of Inquiry into the Condition of Agricultural Tenants and Labourers*. Rangoon: Government Printing and Stationery, 1924, pp. 53–55, 60.

18 The rebellion began 'on December 22, 1930, nine days before the collection of the capitation tax': James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, p. 155.

19 Calculated from *Annual Statement of the Sea-borne Trade and Navigation of Burma with Foreign Countries and Indian Ports*, 1931/32. Calcutta: Government of India Central Publication Branch, 1933, p. 73.

of delta agriculturists into a violent assault on the colonial state. It was too weak a detonator to account for the explosion that erupted in the delta in late December 1930. Perhaps the importance of the capitation tax in this context was not economic but political, in that ‘the Burmans had traditionally regarded the payment of the head tax as an acknowledgement of the legitimacy of the government that collected it’²⁰ – and, of course, they had long refused to acknowledge the legitimacy of the British. But if the capitation tax was a political, not an economic issue, it could not have been the detonator for the Hsaya San Rebellion – the link between the depression crisis and the rising – for presumably the Burmans’ refusal to acknowledge the legitimacy of the colonial government had been as fierce in, say, 1920 as it apparently was in 1930. There is a final point here. The argument that the capitation tax had no dramatic economic impact, even as the rice price collapsed in late 1930, is not necessarily incompatible with the observation that, rousing the delta population as the depression crisis struck, the rebel leadership focused on the tax and promised a renewed world that would be free of all taxes. Michael Adas notes that the abolition of taxes was commonly associated with millennial risings²¹ – perhaps a variant of the argument that payment of the capitation tax was an acknowledgement of the legitimacy of the existing order. Moreover, as noted towards the beginning of this chapter, in exploring the relationship between the economic crisis and the rebellion, it is important to focus less on the leadership’s plotting and projections than on the response of the delta agriculturist to the vision being projected. Why did the followers follow is a more intriguing question than why did the leaders lead. In the final months of 1930, Hsaya San focused on the capitation tax. But this need not mean that it was an impending crisis with the capitation tax that explains why the rural population followed Hsaya San in his violent – fatal – assault on the British. Indeed, it does not mean that.

Michael Adas, Patricia Herbert, Parimal Ghosh

The study of the Burma rebellion by Michael Adas, first published in 1979, focused on Hsaya San as a millenarian prophet. Adas explored Hsaya San’s projection of himself as the *Setkya-min* and a *Minlaung*, his coronations, and the use of amulets, oaths, charms, and tattoos to secure invulnerability in battle.²² It is Hsaya San that is the detonator of the rebellion or, more precisely, the overwhelming conviction with which Hsaya San projected

20 Michael Adas, *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*. Cambridge: Cambridge University Press, 1987, p. 74.

21 *Ibid.*, p. 202, fn. 94.

22 *Ibid.*, pp. 101–02, 147–48, 152–54.

‘his claims to fulfill the millenarian expectations that long had permeated Burman society’.²³ The rebellion broke out when it did, in essence, because Hsaya San appeared when he did. And it had such explosive force because Hsaya San’s millenarian vision was so compelling.

In this view of the rebellion, the economic circumstances of the delta agriculturist are a passive element. Adas outlined the severe agrarian problems that had scarred the Burma delta for many decades – chronic indebtedness and foreclosure, land alienation, high tenancy rates and harsh tenancy conditions – and he noted that in the tribunals conducted after the rising, the rebels stressed those failures as ‘the economic causes of their discontent’.²⁴ But, as indicated earlier, these sources of grievance had been present in the delta for decades, growing in intensity and scale, without erupting into rebellion. This would suggest that the rebellion could not have been detonated by the delta’s agrarian problems, or even by the deterioration in economic circumstances as the depression struck towards the end of 1930. In other words, for Michael Adas – and in contrast to James Scott – the outbreak of the rebellion is not explained in terms of the impact of the depression crisis. The rebellion is not sited in the depression.

The brief but invaluable study of the rebellion by Patricia Herbert, published in 1982, also focused on Hsaya San, perhaps even more so. But where Adas saw a millenarian prophet, Herbert positioned Hsaya San in Burma’s nationalist politics in the 1920s, and in particular in the rural nationalist associations – *wunthanu athin* – that proliferated during that decade. For Patricia Herbert, the rebellion broke out when it did and with such explosive force because during the 1920s the rural population had grown in political awareness and confidence through the work of the *wunthanu athin*, and because near the end of that decade, Hsaya San, using his now prominent position in the rural nationalist network, had turned towards, and begun plotting, a violent assault on British rule. In her own words, ‘[t]he push into rebellion [came] from the internal dynamics of the *wun-tha-nú* movement’.²⁵ This was the detonator. In this view of the rebellion, too, the economic circumstances of the delta agriculturist are, again, a passive element.

It is . . . not so much the economic factors that explain the rebellion but rather the way in which these and other consequences of British rule were confronted by Burmans in the years before the rebellion. The rebellion must be seen in the context of the development of twentieth

23 *Ibid.*, p. 101.

24 *Ibid.*, pp. 72–75, 202, fn. 94.

25 Patricia Herbert, *The Hsaya San Rebellion (1930–1932) Reappraised*. Clayton, Victoria: Monash University, Centre of Southeast Asian Studies, Working Paper, 27, 1982, p. 7.

century Burmese nationalism . . . [and specifically] the grass roots momentum and the early politicization of the Burmese peasantry.²⁶

Once again, the depression crisis provides no part of the immediate context – the moment – in which the rebellion erupted.

In Parimal Ghosh, published in 2000, the focus is again on Hsaya San. Ghosh sees him as both millenarian prophet and modern politician – ‘elements from both . . . the traditional-Buddhist and the modern-secular . . . were present in his framework’.²⁷ But, given this focus, once again the economic circumstances of the delta agriculturist become merely a passive element in understanding the rebellion. Interestingly, Ghosh surveys the severe agrarian problems that had long been prominent in the delta – indebtedness, foreclosure, harsh tenancy conditions – in the chapter that precedes the chapter devoted to the rebellion itself. The deteriorating economic circumstances of the agriculturist are seen simply as the precursor to rebellion. Once again, the eruption itself is not located in the crisis of the depression.

However, the final section of this chapter will seek to establish that connection. It will argue that the Burma rebellion was, indeed, detonated by the depression crisis in the delta.

Owner-cultivators, foreclosure, and rebellion

The argument here rests upon identifying the socio-economic standing of those who joined the rebellion. Sadly, the colonial record is thin in this respect. More seriously, the little information that does exist relates almost solely to the rebellion’s leaders. This information has been summarized by Michael Adas.

Of some fifty-seven leaders of major risings whose backgrounds can be identified from postrebellion [*sic*] reports and trial proceedings, twenty-five (44 percent) were Buddhist monks. . . . Second to the *pongyis* [monks] in the number of leaders provided were heads or members of village *wunthanu athin* organizations. They supplied twenty-four (42 percent) of the secondary leaders accounted for. . . . Other rebel leaders included former bandits, exgovernment [*sic*] officials, and two rice brokers.²⁸

26 *Ibid.*, p. 7.

27 Parimal Ghosh, *Brave Men of the Hills: Resistance and Rebellion in Burma, 1825–1932*. London: C. Hurst, 2000, p. 176. In broad terms, Hsaya San employed both the traditional images and language of protest and modern forms of organization.

28 Michael Adas, *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*. Cambridge: Cambridge University Press, 1987, p. 133.

Monks and prominent figures in the local *wunthanu athin* dominated the leadership of the rebellion because, argued Adas, during the 1920s the *sangha* and the rural nationalist movement had increasingly challenged the colonial order. They led the rebellion as they had led earlier protest and agitation.

But who were the rank and file? What was the socio-economic standing of the hundreds, even thousands, who in late 1930 responded to the incitement to rebel and, at huge risk, threw themselves against the forces of the colonial government? On this crucial issue, the colonial record is almost silent, and for a simple reason. It was the firm view of the colonial administration that the rebellion was not caused by the depression crisis, although ‘the economic distress of 1931 undoubtedly fanned the flames’.

[T]here is not a scintilla of evidence in support of the thesis . . . 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, that it was chiefly due to oppression on the part of tax collectors.²⁹

Rather, the colonial authorities asserted, it was a political rising, a planned insurrection, long in the making, in which the rebel leaders had exploited the superstitious and gullible nature of the rural masses.³⁰ Of course, if the rural rank and file had joined the rebellion because they were credulous, not because they were in economic distress, it followed that there was no reason for the authorities to explore their socio-economic circumstances at the time the rebellion erupted.

There is one passage in the colonial record that provides some insight into the circumstances of the rebels. It comes in the *Report of the Land and Agriculture Committee*, published in 1938.

In regard to the rebellion in the Dedaye Township of the Pyapôn District, it was found that many of the villagers who took part were in the grip of the money-lenders. Much of the land in the neighbourhood had been lost to the Chettyars within a short period preceding

29 This is the view in the final report on the rebellion, published in 1934: *The Origin and Causes of the Burma Rebellion (1930–32)*. Rangoon: Government Printing and Stationery, 1934, pp. 43–44. It should be noted, however, that earlier reports ‘had suggested that the world depression and the fall in the price of rice paddy had partially accounted for the origins of the revolt’: Maitrii V. Aung-Thwin, ‘British Counter-Insurgency Narratives and the Construction of a Twentieth Century Burmese Rebel’, PhD dissertation, University of Michigan, 2001, pp. 64–65.

30 Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, p. 152; Adas, *Prophets of Rebellion: Millenarian Protest Movements against the European Colonial Order*. Cambridge: Cambridge University Press, 1987, p. 39.

the rebellion. The leader of the Dedaye rebellion and one of his principal lieutenants had recently lost land to the Chettyars. It was thought in the circumstances that an important cause of the rebellion at Dedaye was the extensive loss of land by the villagers of that area.³¹

That this observation was made several years after the rebellion had ended perhaps gives it greater weight, for freed from the administration's immediate obsession with treacherous monks, conspiracy, and gullible peasants, this reads as a more sober judgement.

That many of the rank-and-file rebels (and local leaders) in part of Pyapon District at least had lost land to the Chettiars just before the rebellion erupted ties in with the fact that in the final months of 1930, as the depression first struck with full force, a wave of default and foreclosure had swept across the Burma delta. That crisis – the darkest hour – has been closely explored in Chapters 2 and 3. Between the first week of September and the first week of December 1930, the price of Big Mills Specials fell almost 40 per cent; Chettiar lending contracted sharply; debtors defaulted; in the year 1930/31, the Chettiars foreclosed on some 220,000 acres of agricultural land in the Pegu and Irrawaddy Divisions. But the aspect of the crisis that needs to be re-emphasized here is that the price collapse, credit failures, and wave of foreclosures was a shattering blow not only to the immediate material circumstances of those who lost land but also to the expectations and aspirations of all the delta's agriculturists, whether they owned land or not, whether they lost land at this point or not.

The blow to immediate material circumstances is obvious. Forced to surrender his land, the failed owner suddenly dropped into the ranks of tenant-cultivators or even landless labourers, driven to seek out a plot to rent or labouring work in what was now a far harsher environment. The blow to expectations and aspirations was more complex and, in terms of the eruption of the Hsaya San Rebellion, quite possibly more important. The credit and foreclosure crisis of late 1930 finally brought to an end the long boom that, from the last quarter of the nineteenth century, had seen the creation of Burma's vast rice-export economy. As was shown in Chapter 1, in large part that boom had been driven by the material aspirations of the Burmese agriculturist, and by his expectation that, with hard graft and good fortune, he too would rise from labourer to the owner of the plot he cultivated to major landlord. Of course, the rise of the rice economy had not been without its reverses. In particular, again as shown in Chapter 1, the closing of the land frontier had created a number of major agrarian problems – not least high tenancy rates and harsh tenancy terms – that came to the fore in the 1920s. But even through that difficult decade,

31 *Report of the Land and Agriculture Committee. Part II. – Land Alienation.* Rangoon: Government Printing and Stationery, 1938, pp. 52–53.

the delta's agriculturists maintained a basic optimism, the expectation of material advance. This was evident in the undiminished eagerness of cultivators in the 1920s to borrow heavily to expand their holdings, mortgaging an existing plot.

The terrifying collapse in the rice price in the final months of 1930 destroyed all optimism and expectation, the destruction made complete by the crushing burden of debt now carried by many or most owners of land in the delta, the legacy of over-enthusiastic borrowing in the 1920s. For the labourer, tenant, and modest owner-cultivator, the expectation of acquiring land or acquiring more land – of moving up – which was still alive, if diminishing, in the 1920s, was now extinguished as vast swathes of the delta passed into the hands of the Chettiar. Indeed, the expectation for the modest owner was that he would move down. If he had not lost his land as the crisis first struck in the final months of 1930, he was surely convinced – the rice price was collapsing, he carried crushing debts, Chettiar credit had been sharply cut – that he soon would. In other words, the terrifying collapse in the rice price in late 1930 and the credit and foreclosure crisis that it triggered, threw the expectations and aspirations – the economic and social world – of the delta agriculturist, none more so than the modest owner-cultivator, into turmoil. It swept away all points of reference.

This was the detonator of the Burma Rebellion. It was extremely powerful. The criteria that James Scott applied, unsuccessfully I think, to the capitation tax can be applied successfully here. The collapse in the rice price, the credit crisis, the wave of foreclosures in the final months of 1930, were truly unifying issues. They struck those who immediately lost their land, of course, but also threatened and disorientated all who held agricultural land, particularly the modest, marginal owner-cultivator, or who aspired to own the land they cultivated. The crisis hit all with the same terrifying suddenness. And unlike the impact of the imminent collection of the capitation tax on all but the poorest in the delta, the impact of foreclosure was devastating. Those who lost their land immediately, in the final months of 1930, crashed down into the ranks of tenants and labourers. Those who held on, for the time being, had had expectations and aspirations – the delta agriculturist's long-familiar reference points – shattered.³²

32 This argument would be strengthened if the reporting from the districts on local economic conditions had made reference to a 'sudden, sharp rise in foreclosures' specifically in the final months of 1930. But sadly, the district-level reports – held in the National Archives Department in Yangon, see, for example [Pyapon] 'Season and Crop Report for the Year 30–31', 1/15 (D), ARI, 1931/32, 5765 – are very mechanistic, restricting local officials to brief, vague comments on set topics: 'Due to the sudden drop in the price of paddy, agricultural indebtedness has grown heavier. . . . Relations between landlords and tenants were generally not quite satisfactory [first draft, 'unsatisfactory']'. The only figures for foreclosure are the annual figures – cited earlier.

The argument here – following the Pyapon evidence – is that the rank and file who rose in rebellion towards the end of December 1930 were, in large measure, cultivators who had lost their land in the first wave of depression foreclosures since the previous September. This is not to see the connection between foreclosure and rebellion as just a crude economic link, although clearly the loss of land would almost certainly have meant a substantial worsening of the cultivator's immediate material circumstances, made more acute by the fact that many of the survival strategies that would defend the cultivator's condition in the longer term – for example, tax remission – had still to kick in. Rather, foreclosure implied the sudden loss of a socio-economic position that had taken years of harsh labour and heavy debt to achieve, as well as the shattering of aspirations. This is the link to the eruption of the rebellion. Cut adrift, shattered, disorientated, the delta cultivator responded to the incitement to rebel.

Whether that call was couched in the traditional language of protest of rural Burma or made use of the practices and structures of modern political organization – or both – is immaterial here. It matters only that the call was compelling, for in the absence of coherent political leadership, of whatever character, the delta agriculturist's material distress and socio-economic disorientation would have found expression in no more than scattered, sporadic disorder. But equally, had there been no default and foreclosure crisis in the delta, almost certainly the incitement to rebellion, no matter how compelling, would have been left unanswered. The depression crisis in the delta was not a passive backdrop to the Hsaya San Rebellion. It was a critical element in the eruption.

A brief reference to circumstances in the other major rice-export regions of mainland South East Asia, central Siam and the Cochin China delta, at the beginning of the 1930s supports the argument that the foreclosure crisis in the Burma delta in the final months of 1930 detonated the rebellion – that had there been no depression, there would have been no rebellion. As noted earlier, there was no significant rural unrest in Siam in the early 1930s, and although there was considerable disorder in rural Cochin China – demonstrations, mass petitions, attacks on granaries, rice barges, and administrative offices – it had merely a 'sporadic, localist character'. The explanation for these contrasting experiences in three regions with much in common, including exposure to the same dramatic collapse in the price of rice as the depression crisis struck, is undoubtedly highly complex. The fact that Siam was under Siamese rule and therefore, obviously, did not possess an anti-colonial movement that could provide impetus and focus to rural protest, is clearly part of the explanation. But it is interesting to see a pattern in the different configurations of agrarian debt, default, and foreclosure between the Burma delta, central Siam, and the Cochin China delta. The expansion of rice cultivation for export in Siam from the mid-nineteenth century had relied largely on indigenous sources of capital: there had been no significant injection of, for example,

Chettiar funds.³³ One consequence was that Siam's rice economy had grown less rapidly than that of Burma. But it also implied that on the eve of the 1930s depression, the rice cultivator in central Siam was less likely to be burdened with debt, and certainly was not in the grip of alien money-lenders. Consequently, when the rice price collapsed, sharply increasing the real burden of debt denominated in money terms, there was no default and foreclosure crisis on anything approaching the scale of the crisis then hitting the Burma delta.³⁴ In Cochin China, the expansion of rice cultivation for export from roughly the last quarter of the nineteenth century, as in Burma, had drawn on a substantial injection of external (Chinese and Chettiar) capital. On the eve of the 1930s depression, therefore, landowners in Cochin China were more likely to be heavily burdened with debt, and thus, when the rice price collapsed, again as in Burma, there was a considerable default and foreclosure crisis. In the province of Rach-gia in the western delta, 6.9 per cent of the total area of cultivated rice land changed hands in 1930 alone, although the figure for the whole of the western part of the delta, Mien Tay, was just 4.4 per cent.³⁵ Why, then, in contrast to Burma, did the rural unrest in Cochin China have merely a 'sporadic, localist character'? There are two possibilities, both of which reinforce the conclusions of the Burma discussion. The first is that the political leadership in Cochin China was insufficiently compelling – in contrast to Burma – to provide focus and impetus to rural protest.³⁶ Second, and of much greater interest here, the rice economy of Cochin China was characterized by large estates worked by tenants or labour gangs, with small owner-cultivators holding only a fraction of the total cultivated rice land.³⁷ This might suggest that prominent among those caught in the default and

33 This argument draws on David B. Johnston, 'Rice cultivation in Thailand: the development of an export economy by indigenous capital and labor', *Modern Asian Studies*, 15, 1 (1981), pp. 107–26.

34 For a brief comparison of the loss of land through mortgage foreclosure in Lower Burma and selected provinces of central Siam in the 1930s, see Ian Brown, 'Rural distress in Southeast Asia during the world depression of the early 1930s: a preliminary reexamination', *Journal of Asian Studies*, 45, 5 (1986), p. 1012, fn. 23.

35 Calculated from Pierre Brocheux, *The Mekong Delta: Ecology, Economy, and Revolution, 1860–1960*. Madison: Center for Southeast Asian Studies, University of Wisconsin–Madison, 1995, p. 163.

36 'The absence of coordinated political leadership is perhaps what gave the unrest in Cochin China a sporadic, localist character and helps explain why it was so easily crushed': Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, p. 126.

37 In Bac-lieu, on the southern coast of the western delta, on the eve of the depression, large landowners (holding more than 50 hectares) possessed 65.5 per cent of the rice land. Small landowners (with less than 5 hectares) possessed just 3.3 per cent. Brocheux, *The Mekong Delta: Ecology, Economy, and Revolution, 1860–1960*. Madison: Center for Southeast Asian Studies, University of Wisconsin–Madison, 1995, pp. 43–44.

foreclosure crisis in Cochin China was the substantial landowner. But it also indicates that the crisis could not have tipped vast numbers of marginal owner-cultivators into the ranks of tenants or labourers, since to judge by the proportion of the rice land that class cultivated, there were no vast numbers to tip.³⁸ The marginal owner-cultivator was a significantly greater presence in the Burma delta, and it was his dispossession – or threatened dispossession – as the depression first struck with full force in the final months of 1930 that ensured that, there, the call to rebel was answered.

38 Of course, owner-cultivators were among the casualties. Indeed, Scott suggests that at this time ‘many marginal smallholders fell into the tenant or laborer class’: Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*. New Haven: Yale University Press, 1976, pp. 122–23. The point here is simply that in Cochin China the number of marginal owner-cultivators dispossessed by the crisis could not have been vast.

Epilogue

Memory and perspective

One crucial voice has been absent from the narrative thus far, that of the rice cultivator. The dominant voice here, of course, has been that of the senior British official, caught in the published government reports and official papers that have provided the foundation for this study. There have also been less prominent voices – the Chettiar, the Rangoon banker, the mill-owner and rice merchant, the major landowner, heard in bank records and newspaper columns. But only rarely did these figures seek to report the perspective of the modest cultivator. And the rice cultivator has not spoken for himself, certainly not in these forums – the official papers, the correspondence columns of the *Rangoon Gazette Weekly Budget* – and perhaps not elsewhere either.

It was with this thought in mind that in late 2001, I asked a team of Burmese researchers working in the delta if they would interview elderly inhabitants of the rice districts, and record their memories of, or perspective on, the depression crisis of the early 1930s. Between December 2001 and March 2002, the team interviewed 12 individuals in Prome, Tharrawaddy, and Pegu districts. The oldest was 90, the youngest was 62, and each had been a cultivator. It would be unwise to place much weight on lone, precise comments. The majority of those interviewed were in their late seventies to early eighties, and therefore could not necessarily be expected to have retained a firm grasp of the details of an event that had taken place when they were barely ten years old. But broad observations, particularly when repeated, independently, by a number of the interviewees, must be taken seriously. Some of these observations could easily have been anticipated, for example, that much land was lost by cultivators to the Indian moneylender when the owner defaulted. Other observations offered new insights, for example, that cultivators often found it difficult to secure payment from the Chinese rice trader who was handling their crop.

Two themes emerged from the interviews that are of particular interest. A number of those interviewed spoke in terms that suggest that when the depression struck, in effect the cultivator withdrew into himself, certainly in an economic sense but perhaps also socially and even psychologically. He took cover. One interviewee noted that ‘if the price of paddy was not

high, we lived in an economical way’, another adding that ‘we did not go to the cinema hall or the bazaar – we lived in contentment’. Asked whether the colonial government had helped to solve the problems created by the collapse in paddy prices, a third replied – ‘we solved among ourselves’. These comments confirm the view that an important survival strategy for the delta rice cultivator in the depression was material and mental retreat from market dependence. Second, many of those interviewed commented that material conditions in their district were much worse during the wartime Japanese occupation than in the depression.¹ And the critical distinction between the two periods, they indicated, was that while paddy continued to be freely traded during the depression – at much reduced prices – during the wartime occupation it was near impossible, physically, for the cultivator to sell his crop. There was little or no trade, and paddy was left piled high ‘like a mountain’. One of those interviewed told of paddy being used as landfill for swamp and marshland. Two recounted how, during the Japanese occupation, they had loaded bullock carts with paddy and headed north to Taungdwingyi to find buyers for their crop, a journey that took 13 or 14 nights at least.² The recalled image of the delta rice cultivator taking cover during the depression, and the perspective provided by the more severe wartime crisis, provide the foundation for some final observations.

The resilience of the Burma delta

When focusing, as in the main chapters, on the details of the depression crisis in the Burma rice delta – the collapse in prices, the loss of land to non-agriculturists, tax collections and remissions, the surges in export volumes – it is easy to lose sight of the sheer ferocity of the blow that hit the delta in the final months of 1930. In the mere six months between August 1930 and February 1931, the price of Big Mills Specials at Rangoon fell over 40 per cent.³ It is also easy to lose sight of the scale of the delta

- 1 Interestingly, in a paper on the Bicol region of the Philippines during the 1930s depression, Norman Owen notes that in local histories recorded in the early 1950s, the hardship endured in the depression was overshadowed in popular memory by the suffering experienced during the wartime Japanese occupation and American liberation: Norman G. Owen, ‘Subsistence in the slump: agricultural adjustment in the provincial Philippines’, in Ian Brown (ed.), *The Economies of Africa and Asia in the Inter-War Depression*. London: Routledge, 1989, p. 105.
- 2 There are numerous extended references to the wartime dislocation of Burma’s rice industry – the sharp contraction in the cultivated area, the collapse of credit and trade networks, destruction of much of the transport infrastructure – in Paul H. Kratoska (ed.), *Food Supplies and the Japanese Occupation in South-East Asia*. London: Macmillan, 1998.
- 3 Calculated from Supplement to the *Indian Trade Journal*, 23 October 1930, 16 April 1931.

economy's long-term structural weaknesses. One weakness was the extraordinary commitment to the production of, and trade in, a single crop. The rural economy of the delta was shaped and sustained by paddy alone. Its population – and not only the agricultural labourers, tenants, and landowners but traders, moneylenders, shopkeepers, carters, itinerant pedlars, craftsmen and mechanics, even the local officials and functionaries – hung on the volume and price of the paddy crop. A second weakness, clearly, was the high level of agrarian debt, as landowners had long continued to borrow heavily to extend their holdings.

In light of that devastating collision – in the space of a few months, a major rural economy is hit by a near halving in the price of the single crop on which it entirely rests – the most striking feature of the Burma rice delta during the depression crisis was its resilience. Of course, there was much hardship. Most dramatically, many cultivators lost their land to non-agriculturists, and plunged down into the ranks of tenant or landless labourer. But the economic order did not fracture. Despite the collapse in rice prices, the sharp contraction in rural credit, the dispossession of the Burmese cultivator, the cultivation of and trade in paddy was sustained – indeed, the volume of rice exports rose. In the industrial economies, the powerful images of the Great Depression are of idle factories, silent wharves, long lines of unemployed, soup kitchens, vacant faces drained of hope – overwhelmingly images of inactivity. But in Burma, the din of economic activity continued unabated. Each planting season through the depression years, the full expanse of the delta was put under paddy, rice mills worked to capacity, the wharves were fully occupied.

Perhaps the line of reasoning in the preceding paragraph needs to be reversed. Rather than arguing that because the economic order in the delta did not fracture, the cultivation of and trade in paddy was sustained, it should be argued that paddy cultivation and trade was sustained, *and therefore* the delta economic order did not fracture. The depression crisis that hit the Burma delta was a crisis not of volume but of price. In each trading season through the depression, the full Burma crop found a buyer (although each year there was a modest carry-over). The market was cleared. Whatever Burma produced, it sold.⁴ These were relatively unusual circumstances, in that during the inter-war decades, many if not most of the world's primary commodity economies were tied to markets in which there was serious over-production – possibly defined as a market that would not clear at the prevailing price, indeed at any price above cost. In South East Asia itself, rubber producers in the Malay States and Sumatra, as well as

4 This point was picked up in the *Interim Report of the Committee Appointed to Enquire into the Rice and Paddy Trade*. Rangoon: Government Printing and Stationery, 1931, p. 16. The committee drew from it the conclusion that 'the country as a whole is organically sound even if individuals may be driven into bankruptcy'.

sugar cultivators on Java, were clearly in that position. For them, adjustment in the depression crisis involved a marked restriction in production – indeed, in the case of Java sugar, a savage contraction – and the reallocation of resources into other economic activities or into idleness.⁵ That process could be notably painful. In the Burma delta, in contrast, there was no restriction in or contraction of production – in fact, a modest expansion – and therefore no painful reallocation of resources. The delta's vast expanse of land and its hundreds of thousands of cultivators remained fully engaged through the depression. For the Burma rice cultivator, adjustment in the depression crisis was adjustment to a much reduced price level. In some cases that adjustment was indeed painful, for example where a sharp increase in the real cost of debt could be resolved only by default and the loss of land. But elsewhere, adjustment – a reduction in cultivation costs, reduced borrowing, reduced consumption from the market – could be achieved without fracturing the economic order.

But the extraordinary resilience of the Burma delta during the depression crisis also owed much to the ingenuity of the rice cultivator. As has been repeatedly emphasized throughout this study, the Burma cultivator was not a passive victim of the depression but was sharply alert to the dramatically changing circumstances of the crisis. On occasions his response involved physical violence or the threat of violence – intimidation of the tax collector, an aggressive refusal to pay the rent in full, or, of course, outright rebellion, here seen as the response of the marginal owner-cultivator to a devastatingly sudden loss of land and socio-economic security in the final months of 1930. But far more frequently the cultivator's response was to make marginal adjustments in his economic behaviour – delaying the purchase of clothing or household articles, making greater use of family labour, diverting a fraction more of the crop to the market – saving just a little here, making just a little more there. One notably fine example of the delta cultivator's resourcefulness was caught by the report on the settlement revision of Hanthawaddy District undertaken at the beginning of the 1930s. In normal times, tenant-cultivators had commonly borrowed from their landlords at the beginning of the agricultural year to cover working expenses, repaying the loan at harvest. But with the collapse in paddy prices, tenants were no longer able to clear their borrowings, and therefore landlords were reluctant to make further

5 Between 1931 and 1935, the area under sugar on Java was cut by a staggering 86 per cent. At least part of the land and labour released was reallocated to the cultivation of rice. Ian Brown, *Economic Change in South-East Asia, c.1830–1980*. Kuala Lumpur: Oxford University Press, 1997, pp. 220, 223. In Malaya, rubber plantations laid off thousands of Indian labourers – in the four years from 1930, nearly 250,000 were repatriated to India on government-financed schemes alone: Kernial Singh Sandhu, *Indians in Malaya: Some Aspects of their Immigration and Settlement (1786–1957)*. Cambridge: Cambridge University Press, 1969, p. 106.

advances. This was a devastating threat to the tenant's position, for without access to funds, he could neither work the land nor support himself and his family through to the harvest. He was finished.

With restricted advances from his landlord, the tenant struggled on . . . on whatever credit he could raise elsewhere. Those who were refused advances by their landlords subsisted by small loans on the mortgage of jewellery and cattle or by purchasing their household requirements in the matter of food and clothing from the Chinese store-keeper who gave them credit.⁶

But the settlement report then caught other marginal adjustments:

earnest attempts to reduce . . . expenditure to the lowest possible limits . . . employing more home labour than formerly and . . . reducing [the] wages bill to the minimum . . . defraud [the] landlord of his rent or [the] money-lender of his interest.⁷

With such adjustments, the component processes in the cultivation of paddy remained intact, material needs continued to be met, if only at a basic level, and Burma's rice cultivator rode out the storm.

6 *Report on the Third Revision Settlement of the Hanthawaddy District of Lower Burma. Season 1930–33.* Rangoon: Government Printing and Stationery, 1934, p. 38.

7 *Ibid.*, p. 38.

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