

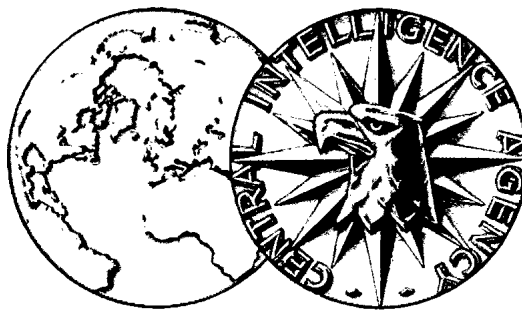
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# CURRENT SITUATION IN BURMA



ORE 35-48

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## CURRENT SITUATION IN BURMA

## SUMMARY

Burma's importance to the security interests of the US lies less in its geographical location than in its economic potential and its political position as a young nation newly freed from colonial controls. Burma's present government has a strong "anti-imperialist" bias, and its program for reconstruction of the country is based on extreme state socialism. At the end of a chaotic year of independence, the government is in serious straits, faced with dangerous economic dislocation as a result of the armed revolt of numerous factions. The government will probably be able to survive for a time, partly through the assistance of foreign loans and partly because the dissident factions are not united. No person, group, or combination of groups appears to be capable of regaining control over all of Burma. Before it is able to revive authority and restore peace, the government will have to obtain different leadership and broaden its representative base. As matters stand the government can probably maintain its position through force of arms. Otherwise any change can mean surrender of power through further assassinations or a *coup d'état*.

In short, Burma's future appears extremely gloomy. The Burmese Government is incapable of developing an orderly state by its own efforts. However, should a solution to Burma's unstable internal condition be found and a government friendly to the Western Powers emerge, the example of this successful transfer from colonialism to independence will have a considerable effect on the orientation of other Southeast Asian nations facing the same problems. If the transition is unsuccessful, however, not only will strife-ridden Burma be open to Soviet exploitation, but the rest of Southeast Asia will interpret this as evidence of a further decline in western ability to stem the advance of Communism in the Far East.

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Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. The information herein is as of 3 March 1949.

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## CURRENT SITUATION IN BURMA

## 1. IMPORTANCE TO THE US.

Burma, as one of the nations of Southeast Asia, is located in a critical geographical area of the Far East. Its political importance from a US point of view will increase as Communist influence in China continues to extend southward. Economically, Burma is important as a food surplus area in a region of food deficits. Burma is also important to the US, however, because its position in international alignments is still doubtful. Although the present Burmese Government professes a desire for friendly relations with all major powers, there is a popular antipathy towards "Anglo-American imperialism," and unstable conditions in Burma are conducive to the penetration and extension of Soviet influence.

If a Communist government gained firm control of South China, it would be able to render aid to indigenous Burmese Communists and seriously embarrass the Government of Burma. One result might be a Communist or Communist-dominated regime in Rangoon. Such a development, especially if a pro-Soviet Government gained control of French Indochina, would constitute a direct threat to the existing regimes in Siam and Malaya. Should these developments materialize, events in Burma would indirectly affect US access to the extensive human and natural resources and strategic military bases in Southeast Asia.

US-Burma trade in the past has never been of great consequence, but consumer goods are in strong demand in Burma, and trade could be stimulated when and if Burma were stabilized. As the world's leading exporter of rice, Burma normally makes a vital economic contribution to several areas in the Far East. Before World War II, Burma's annual export of rice exceeded three million tons, more than forty percent of the total moving in world trade. About one-third of the prewar average is presently being exported. Rice production, which had climbed steadily after the war's end, has been hampered seriously by the outbreak of widespread insurrection that occurred early in 1948. This is a matter of concern because Burma's rice surplus is required to relieve food shortages in China, Japan, Malaya, India, and Ceylon, which countries contribute directly or indirectly to the success of the European Recovery Program, and where the US has important economic and strategic interests of its own.

The unstable Burmese political situation is of more immediate importance to the US. The provisions of the new Burmese constitution and the pronouncements of various Burmese leaders place Burma politically far to the left and commit the country to a program of state socialism. Furthermore, while no Burman is known to have visited the USSR for indoctrination, Soviet propaganda and political philosophy have had a striking effect on Burmese thinking. Many influential Burmans, other than avowed Communists, advocate closer relations with the USSR and regard with suspicion the UK and US, which they consider "imperialistic and capitalistic." Finally avowed Burman Communists are in armed rebellion against the government in widely scattered areas.

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These Communists, whether or not in cooperation with the several other dissident groups in Burma, are capable of a prolonged struggle which will retard, if not prevent, the establishment of stable internal conditions.

If future stability and prosperity in Burma could be partly attributed to Western assistance, it might incline other nations of Southeast Asia to identify their interests with the Western Democracies. The country could assume an important, although limited, role in the restoration and expansion of world trade, international cooperation, and general political stability. An unstable Burma, however, would permit a further extension of Soviet influences in both the Pacific and Indian Ocean areas.

## 2. PROBABLE FUTURE DEVELOPMENTS.

The present Burmese Government, with or without modification, will probably survive for some time, but its chance of reasserting control over all of Burma is very remote. No person, group, or combination of groups appears to be capable of putting Burma's house in order. Before it is able to revive authority and restore peace throughout the country, the government will have to infuse new and more capable leadership into its administration, broaden its representative base, obtain foreign financial and military assistance, and come to an effective working agreement with the various ethnic minority groups. Its ability to accomplish any one, much less all, of these tasks is highly questionable.

The Government of Burma is dominated by young, ambitious, inexperienced and inept politicians of the more extreme nationalistic, leftist variety. None of them appears capable of assuming constructive leadership. Furthermore, their ideologies and private ambitions do not always coincide, since personal considerations are often placed above the general welfare of the country. It is almost inevitable that these politicians, rather than voluntarily give up the power and position they have so recently acquired, will resort increasingly to police state methods in order to remain in office. If so, the possibility of a change in government, by means of further assassinations or a *coup d'état*, should not be ruled out.

There is no doubt that Burma's economic situation will continue to deteriorate under existing conditions. While the government may receive some financial assistance from the UK and perhaps from India, it will encounter serious difficulties in preventing inflation and in maintaining the currency at its present rate of exchange. The fall of exports, imports, and production is likely to result in a standard of living at a subsistence level or below.

No general, amicable settlement of Burma's most pressing political problem, Karen-Burman animosity, is expected in the near future. If the government succeeds in its attempt to unite the Burmans in the face of the Karen threat, the Karens are likely to be overwhelmed by sheer weight of numbers in the lowland areas, and either be annihilated or driven into the hills in Eastern Burma. If Burmans remain divided politically, however, the Karens may be able to gain control of considerable areas of the lowlands and set up some sort of state of their own. It would be subject to constant pressure from Burmans both from within and without, and its existence would be precarious. The

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Karen issue may cause Burmans of various political faiths to unite, but such unity is likely to be only temporary. It is further possible that other ethnic minority groups, notably the Shans, Chins, and Kachins, will take advantage of Burman preoccupation to strengthen their own autonomy.

There are two other possible political developments in Burma. The first is that various Burman insurgent groups could establish a coalition, probably under Communist leadership, which might be capable of overthrowing the present government, particularly if assistance were forthcoming from Communist China. Operating against this is the fact that such a coalition would experience serious internal stresses of factionalism and, externally, would find ranged against it both those Burmans who now support the government and the various minorities as well. The second and more likely possibility is that the government might achieve a political settlement with its fellow-Burman rebels, particularly since differences, when they exist in Burmese politics, often assume far less significance than personalities, power and prestige. If the Burmans unite, such a development may offer the Communists an opportunity to reenter a coalition government on terms more favorable than have heretofore been offered them. In this event, the ethnic minorities would probably oppose the arrangement vigorously, with the result that ethnic factionalism would be greatly intensified.

In short, Burma's future appears extremely gloomy. The Burmese Government is incapable of developing an orderly state by its own efforts. Some type of foreign mediation, perhaps under Indian leadership, may be attempted to stop Karen-Burman fighting. Such a solution appears remote at this time because ideological differences are so great, emotional animosities so deep, and Burman resentment and fear of foreign intervention so pathological. Even though outside mediation of the racial problem succeeded, the difficulties created by other dissident elements would remain. Chaotic conditions will continue until some forceful and generally acceptable Burman leader, or group, capable of restoring stability to the entire country, appears upon the scene. The only alternative is western intervention which is improbable at the present. Until effective leadership emerges, the present disorders may be expected to continue, leaving Burma with little more than a *de jure* government.

### 3. THE POLITICAL SITUATION.

Some 17 million citizens of the Republic of the Union of Burma became independent of the British Commonwealth on 4 January 1948 in an atmosphere of high optimism regarding the future. Burmese leaders and their followers alike believed that independence and state socialism would be the solution to most of their country's pressing political and economic problems. The Anti-Fascist People's Freedom League (AFPFL), the most influential political organization in Burma, commanded an overwhelming majority in the Provisional Parliament, and possessed widespread popular support as a result of its leading role in the struggle for independence. The only effective opposition organizations were the Burma Communist Party (BCP) and the Karen National Union (KNU); the latter representing Burma's largest ethnic minority group. The BCP held only seven of over two hundred seats in the Chamber of

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Deputies (the lower house), while the KNU had no representation in the government because it had boycotted the April 1947 elections. The assassination, however, on 19 July 1947 of the guiding genius and revered leader of the Burmese independence movement, Aung San, together with six other high Burmese officials, deprived Burma of its most promising leadership.

After a year of independence, no effective leadership has emerged. The three major problems which had faced the new government—maintenance of law and order, development of an effective administration, and hastening of economic recovery—remain unsolved. At present, a complete break-down of governmental authority is threatened by political factionalism expressed through armed revolt, chronic lawlessness, racial violence between Karens and Burmans, inexperience of high government officials, and political nepotism. Cabinet ministers live behind barbed wire and are never without bodyguards. The government, dominated by the Socialist Party which is the only important entity remaining in the AFPFL, maintains itself only through the support of its armed forces and by increasing use of police state methods. Even so, the police and army control only the larger centers of population in dissident areas, and have great difficulty maintaining communications. Some army and police units have deserted to the insurgents, and more may be expected to follow. This instability has been accompanied by a steady deterioration of the country's economy. Under these conditions, the government has lost considerable prestige and support.

Five distinct groups are in armed insurrection against the Burmese Government. Three of these groups, the "Red Flag"<sup>1</sup> and "White Flag"<sup>2</sup> Communists, and the "White Band" PVO<sup>3</sup>, are ethnically Burman organizations. Their struggle against the Government is a matter of conflicting ambition rather than any basic ideological difference. The other two groups are Karen<sup>4</sup> and Arakanese<sup>5</sup> ethnic minorities who, suspicious and apprehensive of living under Burman rule, want a large degree of autonomy or complete independence.

<sup>1</sup> The "Red Flag" Communists, an offshoot of the Burmese Communist Party (BCP), were outlawed in January 1947. Red Flag strength is probably not more than a few thousand, but adherents are extremely active, largely in the Arakan District and the oil-field regions of central Burma (see map). Although Thakin Soe, leader of the Red Flags, has been in government hands for several months, his arrest has not hampered the actions of his followers.

<sup>2</sup> The "White Flag" Communists (BCP) followed the "Red Flag" group underground in March 1948, when the government finally took firm measures to curtail their activities. The BCP's numerical strength is unknown, but is much greater than the Red Flag group, and it has a considerable following among Burmese peasants, students, and the press. BCP activities center in the Yamethin and Pegu Districts of central Burma, the Irrawaddy Delta, and the Irrawaddy and Sittang River valleys (see map).

<sup>3</sup> The "White Band" PVO, is the major faction of a wartime military group known as the People's Volunteer Organization (PVO), set up by the late Aung San. The PVO, together with the Socialists, in turn, were the major members of the coalition Anti-Fascist Peoples' Freedom League Party (AFPFL). When, in May 1948, the government proposed to accept Communist groups, upon condition that they disarm, in a new all-inclusive Leftist Union Party designed to replace the AFPFL, the "White Band" PVO recognized an opportunity to enhance its influence. "White Band" PVO leaders demanded that the government first negotiate with the Communists before asking them to stop their insurrection. The government refused. The "White Band" PVO then walked out leaving the Socialists in control of a seriously weakened government. "White Band" PVO strength is roughly estimated to be at least 200,000, and includes some most

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Although the Communists have only slight ideological grounds for disagreement with the government's socialistic policy, they have strenuously objected to certain provisions of the Anglo-Burmese Treaty, and have used the Treaty as the basis of their attacks upon the existing regime. They criticize the provisions of the Treaty which require payment for all UK interests which are nationalized, payment of outstanding debts owed to the UK, and acceptance of a UK military mission. The BCP opposes payment for expropriated land, particularly that which is foreign-owned. Internally, the Communists have advocated, with considerable persuasiveness, a policy of non-payment of rents and taxes. There is no proof of direct contact between the BCP and the USSR, but it appears that general directions are relayed to Burma via India, with the details of practical implementation left to local functionaries. As Communist penetration in China moves south, however, it is possible that the BCP may veer away from India toward China not only as to directives and advice, but also for material aid and assistance.

In an effort to unite all left-wing Burman political factions Prime Minister Thakin Nu on 25 May 1948 presented his now famous "Leftist Unity Program." This plan, which was largely inspired by a leading Burmese Communist, Tetpongyi Thein Pe, is in keeping with contemporary Burman political thinking. The plan proposes a single Leftist Unity Party in which the PVO and the Socialists would drop their identity, and in which the Communists would be included if they laid down their arms. Of the 14 points, the most important propose: (a) to establish political and economic relations with the USSR and its satellites, (b) to nationalize all "monopoly capitalist" undertakings, (c) to reject any foreign aid which would compromise political and economic independence, (d) to reorganize the army into a "Peoples Democratic Army," (e) to establish "peoples governments" in the villages, (f) to abolish private ownership

disreputable elements. This insurrection resulted in the desertion of numerous sympathizers in the army, including one entire battalion.

<sup>4</sup> There are an estimated 3,000,000 Karens in Burma, the great majority of whom are located in the hills of Eastern Burma, in the Irrawaddy Delta and in the Tenasserim Division of Southern Burma (see map). The Karens differ ethnically from the Burmans, being of Tai-Chinese descent rather than of Tibeto-Burman stock. Before the British conquest of Burma, the Karens were treated as an inferior race by the more numerous and ruling Burmans. Racial friction was not eliminated during the British era, although communal violence was effectively held in check. The Karens accepted the British as protectors, and missionaries (mostly Americans) had considerable success in converting Karens to Christianity. This Karen affinity for foreigners became another source of antagonism and, during the Japanese occupation, several thousand Karens were massacred by Burmans, particularly in the Irrawaddy Delta where the two people are highly intermixed. When Burma became independent, mutual fear and distrust remained undisputed and, as a result, the Karen National Union (KNU) developed as the instrument through which most articulate Karens express their desire for freedom from Burman domination. Karen leadership is almost exclusively Christian and opposed to the radicalism that marks present Burman political thought. Furthermore, the Karens are anxious for closer cooperation with the US and UK.

<sup>5</sup> The 250-300,000 Arakanese, ethnically closely related to the Burmans, live mainly on the northwest coast of Burma which is effectively separated from Burma proper by the Arakan Hills (see map). Separatist tendencies have long been strong among the Arakanese and sporadic clashes between Arakanese and government forces have taken place ever since Burma became independent. However, this trouble is fairly well confined and is not expected to create a situation that would be comparable to Karen-Burman strife.

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of land and distribute holdings among the farmers, and (g) to establish a united front against "capitalists" in order to raise wages, reduce rents, and industrialize Burma. Thakin Nu hastened to add, however, that it is to Burma's best interest that friendly relations be maintained with all nations. While a program such as the Leftist Unity Plan is acceptable to most Burman politicians and some of it is already in the process of being implemented, the matter of control and the distribution of the spoils still remains an insurmountable obstacle to a general political settlement.

The government attempted to deal with the People's Volunteer Organization (PVO) rebellion by sending out "Peace Missions" to negotiate a rapprochement. These missions appear to have made limited headway in convincing the PVO that it was necessary for all Burmans to unite. Recently, many PVO's temporarily came above ground to join forces with the government against the Karens, and may do so again.

Before Burma became independent, Burmese leaders feared that one of their greatest problems would be in dealing with the various ethnic minority groups, many of which had been separately administered under British rule. The most important of these groups are some 3 million Karens, whose relations with Burmans have never been good. In September 1948, the Karens took control of most of the Karenni States in Eastern Burma, and a part of the Tenasserim Division in Southern Burma, including the important port of Moulmein. They are also reported as being in control of some areas of the rich Irrawaddy Delta. Since the early part of January 1949 serious fighting has been increasing between Karens and Burmans, especially in the Irrawaddy Delta area, the suburbs of Rangoon and around Mandalay. This communal fighting has been ferocious and destructive. The Burmese Government views these clashes as a revolt, but the trouble was precipitated by irresponsible elements on both sides. The internal difficulties are now assuming a strong racial complexion. The Burmese press and high government officials have constantly whipped up anti-Karen feeling by raising the bogey of foreign intervention. The Karens are described as being aided and incited by "Anglo-American imperialists."

The other indigenous minorities, Shans, Chins, and Kachins, appear to be reasonably satisfied with their semi-autonomous status under the Constitution. Recently there have been indications that some tribal chiefs are becoming alarmed by existing conditions in the predominantly Burman parts of the country and are attempting to minimize Burman influence in tribal areas. As a whole, these peoples are more conservative and less politically sophisticated than most Burman political elements. In the event of full-scale Karen-Burman trouble these tribes are likely to sympathize with, if not actively support, the Karens. At present, the Mons, another minority group, are cooperating with Karens in the Tenasserim district.

Ironically, it is upon these minorities, Karens included, that the present government depends, possibly to a decisive degree, to maintain itself in power. Most of the dependable personnel of the army and police, including some high-ranking officers, are drawn from the minority peoples. The withdrawal of their support, or active rebellion, would further undermine the government's already seriously weakened position. To placate the restless non-Burman minorities, the government appointed a

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Commission for Regional Autonomy, composed of Burman officials together with Karen, Arakanese, and Mon leaders. The Commission was charged with studying minority claims and aspirations and making recommendations to the government. It has obviously failed to serve any useful purpose.

Despite some reports of cooperation between the two Communist groups and the PVO, it is believed that they agree only in their opposition to the government. Cooperation between these groups, however, may increase as the Burman-Karen fighting intensifies. There has been no effective concerted effort on the part of the various Burman insurgents to overthrow the government, and no proof of cooperation between the Burman insurgents and the Karens. While the insurgents are relatively free to roam over large areas of Burma, they have been either unable or unwilling to meet government forces in positional engagements. The result is disorder bordering upon chaos, wherein the Burmese Government is the *de facto* authority only in limited areas.

#### 4. THE ECONOMIC SITUATION.

Burma's economy depends primarily upon the production and export of rice. The 12 million acres planted to rice before the war produced over 7 million tons of paddy annually, from which well over 3 million tons of cleaned rice were exported. During Japanese occupation, acreage was cut approximately in half, and exports practically ceased. Production has increased since the war's end, in response to present high prices, reopened markets, and government encouragement. The 1947-48 rice planting was estimated at 9,200,000 acres with an export target set at 1,500,000-1,600,000 tons. The government had optimistically hoped to achieve prewar export levels by 1951-52.

Under normal conditions, the chances are that the government's plans would be reasonably successful. Widespread political disorder, however, has seriously disrupted these plans. Government military forces cannot provide adequate protection from raids, to each village and its surrounding rice fields. Further, the movement of rice to mills and ports is slowed and often prevented by the dislocation of land and water transportation. Rice exports for 1947-48 totalled only 1,230,000 tons. The 1948-49 crop was good and has been harvested, but insurgent activities have seriously interfered with its movement to market. Exports will miss the original target of 2,100,000 tons by a wide margin and it is highly unlikely that the revised target of 1,350,000 tons will be met. Indeed, the Burmese Government will be fortunate to export as much as 1,000,000 tons.

Other important segments of the Burmese economy feel the effect of internal unrest. Teak production, an important source of revenue for Burma, as the leading prewar exporter, is practically at a standstill. What little teak is logged often is kept from the sawmills by insurgent activities. Mining operations are negligible as compared to former levels. Little petroleum has been produced since the end of the war. In respect to the last three, dissident activities have been a contributing factor only, the principal causes being heavy war damage, difficulty of securing replacements and spares. An even greater handicap lies in the fact that these enterprises are almost entirely

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British-owned. There is natural British reluctance to expedite rehabilitation until the Burmese Government clearly defines its nationalization policy. In the case of the Irrawaddy Flotilla Company, the British owners are dissatisfied with government offers of compensation following nationalization. The Burmah Oil Company (BOC), which held a near-monopoly of petroleum production and sales before the war, has suspended most of its oilfield reconstruction and threatens to close down entirely unless the government gives the company certain guarantees, particularly that of tenure. Similarly, the government, in conformity with its nationalization policy, is refusing to renew expiring mining leases, thus discouraging reconstruction investments.

The government, faced with increased military expenditures and decreased revenues, finds its financial position seriously weakened. The failure to achieve the target for the export of rice alone will amount to a loss of between \$40,-55,000,000. Other export and internal revenues, especially land taxes revenue, are far below normal, and the state is losing money on the operation of public utilities, particularly railroads and inland water transportation. Burma's 1947-48 budget, which was to have been balanced, showed a deficit of almost \$20 million. It is believed that the final deficit in 1948-49 will amount to some \$70 million, if not more. Although the government has taken steps to forestall immediate economic collapse by doubling the export duty on rice, increasing tariffs, and levying new taxes on business, such measures are only stopgaps. It is also attempting to raise the local price of rice, and has reduced the cost-of-living allowances of government workers in the face of rising prices. This latter action resulted in a serious strike by government clerks.

Widespread unrest is the major contributing factor to an unbalanced budget and unfavorable balance of payments which in turn are creating inflationary conditions that will tend to cause further unrest and instability. Indeed, the economic difficulties created by the current disorders are a greater threat to the government than the dissidents' purely military operations. Although the Burmese economy may avoid collapse even though present trends continue, it is in danger of deteriorating to the subsistence level, as it did during the Japanese occupation.

The government's economic policy reflects the extreme leftist tendencies now in vogue among Burmese politicians. The government has attempted to bring about drastic reforms and the removal of foreign economic interests through sweeping governmental control of the economy. Imports and exports are rigidly controlled; land and property legislation amounts to confiscation; and, as has been noted, a program of nationalization has already been partly implemented. An ambitious Two-Year Plan has been drawn up, designed to restore Burma's economy to its prewar level. Its objective is "to lay the foundations of a planned economy" and "to transform Burma into a country where the welfare of the common man constitutes the main motive of the State's activity." Even under favorable conditions of peace and tranquillity, the plan is optimistic, and its authors admit that "some details" are lacking. In addition to the obvious impediment of unsettled conditions, the Two-Year Plan fails to consider Burma's increased population and resultant increased consumption, the difficulties in procurement of materials, and the extremely serious shortage of qualified managerial and technical personnel.

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## 5. THE MILITARY SITUATION.

To meet the numerous challenges to its authority, the Burmese Government had originally a total military and civil police force of some 40,000, an army of 23,000 men, and a miniscule air force and navy. Karen and PVO defections, however, and the immobilization of some Karen units as a result of Karen-Burman strife has reduced these regular army and police figures. The army and military police are organized along British lines and are supplied with British equipment. The Anglo-Burmese Treaty provides for British military advisers who, however, have not had much success in developing the Burmese army into an efficient and effective force. There are no tactical units higher than a battalion, and no heavy weapons. Most army troops are scattered about the country in small garrisons, and the police are even more thinly distributed. The government has, during the last six months, undertaken to raise five new army battalions, through revival of the prewar Burma Auxiliary Force, recruited from all races in Burma. Enlistment has been slow, owing to popular apathy and the absence of strong government support.

In addition, and by contrast, the government has vigorously recruited at least 22,000 auxiliary police drawn from every part of Burma, but composed of followers of the Socialist Party. The government has more recently pressed hastily armed civilians into service. These forces were raised despite strong objections from both the Burmese Army Commander in Chief and the head of the British Military Mission, who feared that the levies would become a private army of the Socialist Party, designed to suppress all political opposition. Recruitment, command, and training of these levies are under the direction of Socialist functionaries, a fact that seems to justify these fears, even though at least some of the Auxiliary Union Military Police (AUMP) are under the command of the armed forces Commander in Chief. The larger number are under Home Office (Civil) control. Recent disappearances of government funds are believed to be connected with support of the auxiliary police force. The total military strength of army, police, and auxiliaries is believed to be sufficient to maintain the government in power, at least for the present, but inadequate to restore a reasonable degree of law and order in the foreseeable future.

A little less than one half of the Burmese Army is composed of Karens, Chins, and Kachins. These troops, primarily interested in military careers, are the most effective personnel in the military forces. They have been and will be the backbone of practically all government offensive operations except where their own people are involved. Purely Burman units, in contrast, are subject to political influences in varying degrees and possess little martial spirit. They have been used chiefly for garrison duty in relatively quiescent areas.

The extent of politics in the armed forces is indicated by the assignment of top posts. Lt. Gen. Smith Dun, a Karen, until recently Supreme Commander of the military forces, was a fairly competent administrator who cooperated closely with the British Military Mission. Maj. Gen. Bo Ne Win, who replaced him is a Burman with little military experience, is deeply involved in Socialist Party politics, and has studiously ignored the British.

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Military operations, except those engagements against Karen forces, presently consist of an endless series of skirmishes between government forces, and guerrillas, never involving more than a few hundred people. Some of the engagements between government forces and the Karens have been on a much larger scale, and occasionally have resulted in heavy casualties. The government always claims victories, but the fighting goes on. The main immediate objectives of the insurgents are the capture of arms, money, food, and supplies, rather than the seizure and administration of territory. The government's minimum objectives are the holding of Rangoon and other important towns, and maintenance of communications. Operating from these urban strongholds, the government expects to bring the dissidents progressively under control.

The outbreak of Karen-Burman fighting caused many Karens to desert, and others have followed since the departure of Smith Dun. Under existing circumstances, no Karen in the government armed forces can be regarded as completely reliable. There is also a strong possibility that the Chins and Kachins will not show much enthusiasm in fighting Karens. The government will therefore have to rely more and more upon strictly Burman manpower much of which is half-trained or untrained, undisciplined, subject to political influences, and united only in opposition to the Karens. The government may be able to maintain itself with such a force so long as there are sufficient numbers of Karens to fight and so long as it can capitalize on the fear of "capitalist expansion." It has approached both the US and UK, asking for large quantities of arms and other military equipment needed to bring its campaign to a successful conclusion. The UK promised to fill a part of the requirement, and has supplied 10,000 rifles but has recently delayed shipments of 12,000 more in view of conditions. The government is also attempting to secure arms on the open market. No matter what it attempts, its military position, and thereby its very existence, will be shaky.

#### 6. FOREIGN AFFAIRS.

Burma's internal disorders and a shortage of qualified diplomatic personnel have restricted its foreign relations. Embassies are maintained in the US, UK, China, India, and Pakistan; and Burma is a member of the UN. The implementation of agreements to exchange ambassadors with Siam and the USSR have been delayed.

Relations with the US and UK have been relatively cordial, although normal diplomatic transactions are rendered difficult because of Burmese inexperience and the identification of the US and UK, in the minds of many Burmese leaders, as "capitalist, imperialist" nations. US negotiations for a Consular Convention, air agreements, and the purchase of real estate have been painfully slow, while British efforts to secure fair compensation for nationalized properties have been far from satisfactory. On the other hand, Burma has depended, and will continue to depend, on the UK for military and economic assistance, and so must attempt to maintain friendly relations. Burma is now attempting to raise the price of rice (much of which is contracted for by the UK for India, Ceylon, and Malaya) and also to obtain another loan from the UK. The British have refused to pay as much as is demanded for the rice and may not extend the loan because the British Embassy suspects that it would be used for military purposes rather than for the financing of rice exports.

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Burma and India are, to a considerable degree, interdependent since India needs rice and Burma needs manufactured goods, particularly textiles. Burma is also interested in an Indian loan, but in view of the existing situation in Burma, India will probably move slowly in granting one. There are, however, certain matters which could easily strain friendly relations. Among these the most important are the manner in which the Burmese Government has handled Indian immigration, attainment of Burmese citizenship by domiciled Indians, and disposition of the huge Indian assets in Burma, especially land. The Burmese have rejected all Indian protests, and the problems are now dormant albeit vexatious and unsolved. Since both countries are primarily concerned with their respective internal affairs at the moment, no significant developments are expected in the near future.

Relations with China have been quiet. Although there has been recurrent talk about efforts to settle the long-standing problem of the undefined portion of the Sino-Burmese border, nothing has been done. This matter may assume much greater proportions if Yunnan falls under the domination of a strong Chinese Communist Government, as it could serve as a means to exert pressure upon the Burmese.

Burma's strong sympathy for the independence movements of colonial peoples in Southeast Asia prompted Prime Minister Thakin Nu to urge Prime Minister Nehru to call the recent Asian Conference in Delhi in protest to the Dutch "police action" in Indonesia. In this respect, Burma, along with India, Pakistan and Ceylon has denied the use of its port and airfield facilities to the Dutch. Providing that a government exists which can claim to represent all of Burma, the nation may be expected to join in, and to support any future undertakings of a similar nature and be a party to any regional grouping of Asian countries resulting therefrom.

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