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BURMA -- STATE CAPITALISM IN ASIA

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Burma, a diamond-shaped land of Southeast Asia, bordered on the west and north by India, to the north and northeast by China, by Thailand on the east and by the Bay of Bengal on the south, is a land of vast and rapid change.

In less than three-quarters of a century, it has passed from a self-sufficient village economy through the distorted economic pattern of a capitalist nation's colony to an independent nation, whose economy is nationalized, whose economy is run according to a government plan.

Its north-south central belt of plains, river valleys and foothills are planted to wheat and rice, the crops of a peasant organized into a government-sponsored cooperative, receiving a government-set price for his paddy, selling it to a government-owned rice mill for processing.

This peasant lives in a village whose wells, bridges and school have been built as a result of a government-sponsored village development program. If he buys sugar, it is likely that he buys it from a government sugar mill, and if he buys textiles, cement or paper he probably buys what has been produced in a government plant.

Burma's rivers, cutting lengthwise north to south, the Salween, Sittang, Chindwin and the Irrawaddy, have made the waterways the major source of Burma's inland travel. Today, the ships of the Irrawaddy Flotilla Company, government-owned, ply the waters, loading and unloading at government constructed river piers.

At the port city of Rangoon, also being developed under the government development plan, shiploads of teak go out to the world, teak sawed and brought to market from government owned forests by a government corporation. Goods coming in from abroad do so under license granted by the government, for the government controls all foreign trade.

In the cities, the workers work for wages set by the government, in industries being developed and managed by government boards.

In this country of 19 million persons, covering an area about the size of France, Belgium and Switzerland, there is no classical capitalist class. The government is the capitalist, and it plans all major aspects of national life.

Everyone in Burma is organized into this plan -- the worker, the peasant, the little businessman. Pyidawtha -- the new Burma -- has meant, above all, the intervention of the state into every aspect of economic life.

In the degree of nationalization, Burma resembles the USSR and Eastern Europe. In the method by which its nationalization came

about it resembles Yugoslavia and Communist China. Thus a study of this southeast Asian country may shed some light on events in these other countries and may help our party to a more accurate evaluation of the nature of their development and of the class character of their economies.

HISTORY OF BURMA

Class Structure Under British Rule

British invasion of Burma in 1824, 1852 and 1885 resulted in its conquest and incorporation, as a province of India, into the British Empire. Prior to the rule of Britain, Burma had been a self-sufficient, semi-feudal village economy, ruled by King Alaungpaya, who in 1775 had united the various Burmese tribes and established his capital at Rangoon.

British rule destroyed village life and atomized the communally-oriented population. Agriculture was disrupted and wrenched from self-sufficiency to export crops and to the processing of raw materials for export. The market relation of capitalism quickly replaced the use-value relation of a village economy.

National life was further destroyed when the British closed the Buddhist schools where, previously, every Burmese boy and girl was taught to read and write. The old pre-capitalist way of life was destroyed. But the Burmese were not given a stake in the new order of things. No Burmese capitalist class was allowed to develop. No Burmese was allowed to become an industrialist to share in the profits of the new exploitive system.

From the time of the Anglo-Burmese wars until Burma achieved independence, the typical pyramidal class structure of a colony existed. A handful of British at the top controlled the government, industry, trade, banking, big transportation, oil, and export --including rice and teak, which, under British rule, became Burma's main commodities. Under the British capitalist in the pyramid, came the landlords. Half the occupied land of rice producing lower Burma was owned by absentee landlords, most of them Indians, living comfortably in India on the fruits of Burmese peasant labor. What was left of this land, the part owned by Burmese, was under heavy mortgage to these same Indian Chettyars. In upper Burma, where absentee ownership was less acute, still 30% of the land was tilled by tenants.

Under the landlords, some 250,000 Chinese, together with the Indians, dominated internal trade and grew rich on money lending.

At the bottom of the pyramid was the native population, 85 per cent of whom were peasants -- the tenants and landless laborers, toiling on land owned by others and hopelessly in debt to the money lenders.

A surplus agricultural population was created under British capitalism, an agricultural proletariat, eking out its bare existence in the rural areas, excluded even from unskilled jobs in industry by the cheaper Indian labor imported by the British. The Burmese could

not be excluded altogether from economic life, however; some found room in the factories, and a small middle class developed.

Position of the Working Class Under British Rule

In countries whose capitalist development begins late in history, industrial development, instead of taking place piecemeal by the introduction of small plants of varying efficiency throughout the country, usually takes place by the introduction of large-scale modern plants, concentrated in a few cities, with the major part of the country serving as feeder to the industrial section or remaining under a feudal-like agricultural economy.

Thus, the working class which arises, though small in number, is concentrated, quick of organization, and coming up from its birth right into the midst of big capital, is prone to radicalism from the start. This situation, which existed in Russia in the pre-October days and in China in the 1920's, existed also in British Burma.

The small, concentrated working class was militant from the start. In the thirties, factory workers numbered a little better than 90,000. There were strikes in the oil fields, and a bus drivers' strike in the same period. In 1935, Burmese women shut down the Indian-owned Violin Hosiery Works, second largest textile plant in the country. Later, in 1948, the militancy of the Burmese working class was shown in the carrying out of a general strike. The movement was political, also, split in its leadership between socialists and communists.

Under British rule, half of Burma's industrial workers were employed by foreign owned firms, and foreign firms were the largest in the country. Rice milling was developed by the British to be Burma's major industry. Rice mills employed between 1/3 and one half of the industrial workers during British rule, and these mills were concentrated in four port cities. European owned mills were the largest -- as always averaging in 1936 more than 500 workers apiece.

Second in importance to rice was the saw mill industry, processing the famed Burma teak for export. In the thirties, teak milling employed some 12,000 workers, centered in two cities -- Rangoon (also a rice center) and Moulmein. The Burmah Oil Co., also British owned, was the largest single employer of labor. In 1935, some 19,000 workers worked in its oil fields and refinery and in the tin plate works. Incidentally, Burmah Oil Co., in 1938 paid a 21 per cent dividend to stockholders!

The rest of Burma's manufacturing -- the part owned by non-foreigners -- was confined largely to cottage industries, employing part-time workers and family labor, doing handloom weaving, cotton spinning and other handicrafts, and manufacturing handrolled cigars.

Thus it was that when the colonial revolution took place, Burmese workers had a double stake in it. As a Burmese, it was a fight against a foreign exploiter, and as a worker, a fight against the boss.

Growth of Nationalism

The depression of the 1930's led to a growth of interest among Burmese students in developments in the Soviet Union. It was reported that the Soviet Union had survived the depression better than other countries and that the Soviet Union had helped under-developed peoples in Central Asia. The translation of Marxist writings began, and left wing groups, including a Socialist and a Communist party, were formed.

Along with the interest in Marxism, the thirties saw a rising tide of nationalism...a movement led by the petty bourgeoisie -- priests, lawyers, journalists and students.

Nationalism had had its first expression in World War I. As early as the 1920's students at Rangoon University went on strike against the government, demanding educational opportunities for more people. But in the 30's, the movement really grew. With the drop in the price of rice, and the world-wide depression, peasants and workers rebelled, and it took the government a year to quell them. In 1936, students struck again, this time for greater freedom in the universities. And in 1938, they struck on a civil liberties issue; the strike was put down by the government.

The minor government posts permitted the Burmese by the British as a result of early demonstrations only whetted the Burmese appetite for more independence. The campaign for separation from India, first expression of Burma's new found self-confidence, was successful in 1937. Significantly, at the round table conference held in Britain which worked out the colony's new status, Burmese representatives were members of the upper classes; no workers and no members of the lower middle class were included. Burma became a separate colony.

The thirties saw also a growth in political parties. There was the Sinyetha Proletarian Party, wanting to create a class of small, independent landholders as Burma's dominant class. It called for four acres of land to each cultivator, to be paid for in small yearly amounts.

There were the Thakin and Ko-Min-Chin Parties which wanted independence. The Ko-Mins were royalists and pro-Japanese. The Thakins were moderate socialists, led by Nu, a devout Buddhist.

There was a Communist Party, with a number of factions, and several other parties representing nationality groups like the Karens. But all parties and all classes supported the move for national freedom.

World War II

Events moved fast. Japan invaded China, and then, five weeks after the Japanese attack on Pearl Harbor, Japan invaded British Burma. By the end of May, 1942, the Japanese had occupied practically all of Burma.

Sympathy for Japan and its "Asia for the Asians" slogan ran high in a Burma oppressed by the British. Many nationalist groups gave active support to the Japanese. The Burmese were rewarded, at first, by a greater degree of self-rule under Japan than they had had under the British. A Burmese government was set up, with the Japanese holding the portfolios of finance and defense. But the Japanese, too, were exploiters, and as the war progressed, the independence forces got together.

Socialists and communists, who in the 1930's had helped organize trade unions, organized peasant unions and their military arm, the Peasant Volunteer Organizations, composed largely of the landless peasantry. A socialist, Thakin Mya, headed the Peasants and Workers Union. The P. & W.U. and the P.V.O. formed a coalition, the Anti-Fascist People's Freedom League, headed by Aung San, a leader of the military Peasant Volunteer Organizations. Thaa Htun, a Communist, was League general secretary.* The League, led by students, nationalists of various stripes, religious leaders, socialists and communists, had its major base in the peasantry and in the peasant militias. The Burmese workers, led by socialists and communists, also played a role, but the base of the League was like the government which followed independence, largely in the peasantry.

It was during the war that the agrarian revolution took place. The peasants used the war to take the land from the Indian landlords. Such was the revolution that, with the return of peace and the re-assertion of the former landlords' legal title to the land, the landlords did not dare collect rents from "their," land, and ownership in fact in many parts of the country remained in the hands of the peasantry.

Not that the landlords gave up without a struggle! After the defeat of the Japanese and the return of the British, the Chettyons gathered up what land ownership records remained and presented their claim to the British. But the British were in a bad spot. On their return in mid-1945, they had issued a pamphlet which led the cultivators to believe that they would be left in occupation of the land they had taken and occupied rent free for four years.

To satisfy the Chettyans, the British governor in early 1946 issued an Act reaffirming the legal title of the Chettyans and stating that land taxes must be paid. Attempts to enforce the Act inflamed the countryside and seems to have met with little success. As J. Russell Andrus describes it, "a most explosive situation" existed. "Hundreds of thousands of villagers now have arms, and there is no evidence that many of them are responding to the appeal to surrender their arms." (J. R. Andrus, "Burma -- An Experiment in Self-Government," Foreign Policy Report, No. 19, Foreign Policy Association, New York December 15, 1945.)

So it was that when the British returned to Burma after the defeat of Japan, it was to a new Burma they returned.

* Other groups joined the coalition.

THE MODERN BURMESE STATE

Political Composition of Ruling Group

Negotiations with the British resulted in Burmese independence in 1948. Elections held in 1947 for a constituent assembly gave the dominant position to the Thakin Nu moderate socialist party. The Anti-Fascist People's Freedom League, with the Nu party in its lead, became the ruling group.

The CP, which had played a large role in the resistance movement, which had support in the PVO's and in the trade unions, was decisively beaten by Nu, and in the development of the modern Burmese state, has played no significant role. Its difficulties with the government began immediately after the end of the war. Differences over the road the government should take, its relation to Britain, its role in the 1946 strike movement, (strikes of political and economic nature, took place throughout the country -- in the factories, railroads, postal service, government offices and police) all added to the break. One writer reports that the CP had been instructed after the 1947 Calcutta conference of Communist Parties to make a bid for power in order that Burma should not fall into the Anglo-American sphere of influence.

At any rate, the moderate elements in the AFPEL took no chances. CP leaders were arrested; the CP was expelled from the coalition. The general strike of 1948, led by the CP, was broken by the government. Rival peasant unions were organized. Nu, trying frantically to maintain some unity in the left and to destroy the CP's influence, announced a "leftist unity program" and proceeded to nationalize the British Flotilla Co. (commercial water transport) and the British owned timber industry.

In 1948, the CP went into open revolt. It was joined by a group split from the PVO's. The Karens went into parallel revolt, demanding a separate state, and the country plunged into civil war. It was not until 1950 that the government began to regain control over the countryside. But control was regained and has been maintained, and Burma's development as a state-ized and planned economy has been the work of a non-CP, moderate socialist group, led by petty-bourgeois elements and drawing its support largely from the peasantry.

Right wing opposition to the government also was smashed early. The right wing represented the land owning class, which had ties with the Buddhist clergy and attracted to it those compradores who held office under the Japanese, the British or both. These extremists boycotted the 1947 elections for the constituent assembly and assassinated Aung San, leader of the AFPEL. The murder discredited the right wing, and one can safely assume also that its program found little support in the new nation. Thus the right wing, along with the CP, fell out of the major power struggle.

Constitution and Plan

The new government wrote a constitution largely borrowed from the Yugoslav, which declared that the state was to be run for the

people. Ultimate ownership of the land is vested in the Union of Burma, the constitution declares, and large land holdings are forbidden.

Article 44 of the Constitution provides that "the State shall direct its policy towards the operation of all public utility undertakings" and "the exploitation of all natural resources in the Union" shall be "by itself or local bodies or by people's co-operative organizations." The right to allow foreign capital to exploit Burma's resources is limited in the Constitution itself.

A policy of declaration of Burma's Economic Council in 1949, and adopted by Parliament, pre-empts for development by state monopoly the production of atomic energy and arms, railways, water transport, electricity, iron, steel, coal, paper and pulp, sugar, teak. In these industries, the policy declaration allows arrangements to be made for temporary development by private firms until the government can produce itself, with arrangements such as the length of time before nationalization is to occur to be worked out firm by firm. In practice, however, the government has been forced to do the producing itself, right from the start.

Article 23 of the Constitution provides that private property shall be limited or expropriated, including "individual branches of the national economy or single enterprises." Compensation is to be paid.

The government proved to be serious about its constitution. It proceeded to legalize, through the Land Nationalization Act of 1948, the already accomplished peasant revolution, and to extend that revolution. A preliminary redistribution was made in the Syrian District as soon as the government took office. Individual holdings were limited to a maximum of 50 acres, except for producers cooperatives. Although the government is committed to pay compensation, as late as 1955, virtually nothing has been paid on Chettya claims.

All rice mills were nationalized and the distribution and sale of rice placed in the hands of a government corporation. The government monopoly over rice processing and export is a major control, when one considers that rice is Burma's prime industry and that her development depends in large part on the revenues from rice sales.

As early as 1948, the government had expropriated the British Irrawaddy River Transport Co., Burma's major shipping company, and thus, under a government transport board, entered not only into shipping but also into the ship building and port building business. The Rangoon Telephone Co., previously privately owned, and the British owned teak forests, were nationalized also in 1948. By April of 1949, extraction of teak and its shipment to the mills was completely a government enterprise.

Immediately on attainment of independence, the government launched a two year plan of economic development. The introduction to the plan affirms that "the welfare of the common man constitutes the main motive of the state" and that "the profit motive and other

considerations which usually govern industries in a capitalist economy shall not be allowed to determine the development of basic industries in independent Burma."

After indicating the existing key industries to be nationalized, the cottage industries to be encouraged, and the new state-owned industries to be created, the planners allowed for private enterprise in consumer goods industries "insofar as such development is not incompatible with the government's policy of state socialism."

In agriculture, the plan set as its goal the collectivization and mechanization of farming. Pending the advent of mechanization, the distribution of land to the peasants was to continue. The two year plan was followed by an eight year plan. Including the proposed investment expansion, the government is to be responsible for 68 per cent of all investment (UN ECAFE Survey, 1954).

The Eight Year Plan

The plan envisages a coordinated development of three major industrial regions. Included in the construction program are a bamboo pulp and paper factory, several lime and limestone plants, a saltern, a calcium-carbide plant, a zinc smelting and refining plant, sulphuric acid plant, fertilizer plant, cement, steel products plant, pharmaceutical plant, woodworking and furniture plants, a glass products plant, additional rice mills, a fruit processing plant, a silk reeling mill and four cotton spinning mills.

The meaning of such construction can be gauged to some extent by considering that there is at present only one cotton spinning mill in the country (it is government owned) and that the Burma Cement Co., nationalized in 1954, is the only cement enterprise. (See, Pyidawtha, the New Burma, Economic and Social Board, Govt. of the Union of Burman, Rangoon, 1954, for details of the plan.) These new plants are to be run in the main by government boards (Letter from Burmese consul, March 1956).

State intervention in Burma has long passed the paper stage. The plan is in operation. The government steel rolling mill was to be completed in 1955-56. The jute factory was scheduled to be in production by May of 1956. The government cottonseed farm was in full production in 1953-54 as was the government cotton spinning and weaving factory (1951) and the government dairy farm.

The furniture factory was producing by 1955. Railway train sleepers and supplies for the Electricity Supply Board and Telecommunications Department were being produced. The government tea factory at Mandalay began production in 1955, and two sugar mills completed in 1956 made Burma self-sufficient in this commodity.

In mining and petroleum, where large amounts of capital are required, development is taking place through joint state-private

companies and through joint ventures with private firms such as the Burma Corporation and the Burmah Oil Co. At present, the oil products industry is controlled by the Joint Oil Venture, in which the government has a one-third interest, with the option of obtaining full ownership. Negotiations are now in progress for joint participation in the Mawchi Mines (tin and tungsten) and in the Anglo-Burma Tin Mines. ("Burma Weekly Bulletin," Oct. 6, 13, 20, 27, 1955; UN ECAFE, Economic Bulletin for Asia and the Far East, 1954-55, Vol. 6, #3, Nov. 1955; The Economic Position of Burma, Institute of International Finance, New York, Dec. 5, 1955; UN ECAFE year-end 1955 Survey.)

The government has a comprehensive plan for the development of agriculture as well. A state bank has been set up to make loans to agriculturalists. No one is eligible for such a loan nor eligible to receive land from the government unless one member of his family belongs to a state-approved cooperative which will market his produce. Such an arrangement not only assures control of the crop but control of the agriculturalist as well!

The government sets the price of paddy and handles its marketing. In addition, land reclaimed from the forest is to be cultivated in cooperative or collective farms. Under the capital development program in the villages, government grants supplement the voluntary cash and labor supplied by villagers for the construction of bridges, wells, roads and schools. A UN ECAFE report in 1954 reports 9,000 such projects completed.

Government Boards

The plan and its plants are administered through 16 government boards and corporations. At the top is the Economic and Social Board, a top policy making organ. Below that is the Ministry of National Planning, responsible for the over-all plan. Within it are the Economic Planning Commission, the Social Planning Commission and the Land and Agricultural Planning Commission.

The Boards below the commissions are the Agricultural and Rural Development Corporation, the Industrial Development Corporation, and the Mineral Resources Development Corporation to administer each sector of the economy. Other boards administer housing, power, railroads, specific industries and the factories within them. They are responsible for building and operating new plants and for making sure that adequate community facilities are provided to keep pace with the development of enterprises.

In the village, the plans are administered by Village Pyidawtha committees, elected locally. Land distribution is carried out through land committees of seven members elected by the people in the district.

The two year plan which preceded the eight year plan provided a management spot for small businessmen on the Cottage Industries Committee, set up to coordinate production in small shops. Provision was made on the committee for representatives of the

Council of Burma Industries, the Chamber of Commerce and Industry and for government officials. An examination of the two year plan does not reveal that a spot was saved for labor representatives!

Can the Plan Succeed?

It should be clear by now that Burma's degree of planning and nationalization is no partial thing. It is not the propping up by the state of a failing private capitalism. It is, instead, the complete usurpation by the state of the place of private capitalism.

Can the plan succeed? Can the intervention of the state assure a stability which would give the Burmese planned economy a historic perspective? My answer is no.

In the final analysis, the stability of a social system depends on its ability to satisfy the needs and expectations of the classes that live within it. For capitalism today, this means the satisfying of the working class. If Burmese state capitalism can provide the Burmese worker and the Burmese peasant with a standard of living which meets their expectations, Burmese capitalism will live. Failing that, it falls.

The plan envisages an investment of \$1.6 billion dollars during the eight year period. (Note: 1954-55 total production in Burma equalled one billion dollars.) With such an investment, gross national product will reach a level 2/3 over that of 1952-53, the year the plan began, and the standard of living will increase by 50 per cent. In terms of prewar, the increases will be 31 per cent and 8.7 per cent, respectively.

But percentage increases tell only part of the story, for the Burmese worker looks not only to how much better off he is today than he was before World War I, but he compares his living standard with that of workers in advanced countries -- workers he would like to emulate.

While meaningful comparative figures are hard to come by and authors differ somewhat in these figures, some idea of the difference between the Burmese level and that of the U.S. level may be gained from the following. Hagen (and his is the most optimistic account I have read) estimates that in 1955 the Burmese average per capita yearly gross income was \$65; a year in which the gross per capita income in the U.S. was \$2,350. Computing from Hagen's figure, the average Burmese will earn in 1960, at the end of the eight year plan, the magnificent sum of about \$70 a year.

The 1955 income of the Burmese (310 Kyats) would buy three to four times as much as \$65 would buy in the U.S. This means a living level of about one-tenth that of the average American today, and the ability to buy the equivalent of \$20 more in 1956. Clearly, there is a big gap between expectation and reality! (Hagen, Everett E., Economic Development of Burma, NPA, Washington,

D. C., July 1956).

People in backward areas wish to imitate the higher standards of advanced countries. They insist on increased consumption now, refuse to save voluntarily and thus tend to eat up the funds which might otherwise be invested in plant and equipment.

Thus, the impact of living standards in other countries upon the stability of a government and upon its very ability to carry out a development plan can be disastrous. On the one hand, it must keep down consumption, force up savings, in order to overcome the capital shortage and to industrialize. On the other hand, it must meet immediately the demands of its peasantry and working class for significantly improved living standards.

That this "demonstration effect," as it is called, is no small factor is recognized by major economists. (See Nurkse, Ragnar, Problems of Capital Formation in Underdeveloped Countries, Oxford, Basil and Blackwell, 1953.) The UN ECAFE Bulletin No. 3, Vol. 6, already cited describes the problem this way.

"...the desire for substantial immediate increase In standard of living sometimes showing the 'demonstration effect' of consumption standards in technically more advanced countries can be an important factor in reducing resources available for development. Increases in national income have, in fact, often failed to lead to corresponding increases in the rate of capital formation, and increased exports have often been matched by increased imports of less essential consumption goods." (p. 27.)

So the government of Burma, like all other such governments, is faced with the impossible task of simultaneously investing for industrial expansion and meeting demands for living standards beyond the capacity of Burmese economy to provide. Difficulties have already set in. The achievement of plan goals in Burma actually is highly problematical. The country is dependent on the world market and world market prices for its rice in order to obtain development funds. Any depression, any decreased demand for Burma's export items, and the plan goals must be revised downward.

Already Burma has been forced to resort to barter deals with East European countries in exchange for rice unsellable at acceptable prices on the free market. At home, there is growing and continual agitation by the peasant for an increase in the price paid to him for paddy. But the government, caught with the need for rapid industrialization, has refused to change the price of paddy -- a price in effect since 1948. It continues to get for exported, government-owned rice, twice the price it pays the cultivator, but it must have this profit for industrialization.

Agitation for increased wages continues. The government has said no. At the same time, it has announced increased excise

taxes on consumer goods -- a step which will further cut the living standards of the workers.

In the last election, opposition parties gained about 30 per cent of the seats in the lower house of Parliament. An opposition group, known as the National United Front, and said by Hagen (op. cit) to be "above-ground Communist supporters" increased its representation from 12 in the previous election to 42 or 50 out of the total seats of 250.

But even assuming the most favorable situation, that Burma fulfills its plan goals, it is clear that an 8.7 per cent increase over prewar in the standard of living cannot give the government a long term in history...not in a period where a new country, just beginning its industrial development, a period which requires rapid primary accumulation, not when such a country must deal, not with the unorganized, exploitable worker of early English capitalism, but with an organized peasantry, and an organized proletariat. These groups are capable of fighting against their exploitation. Class war is a feature of Burmese capitalism right from the start.

The Burmese Worker in the Modern Burmese State

What is the position of the Burmese working class in this strange new country which lacks a traditional capitalist class, a country in which the state has nationalized and planned economic life?

Today, the industrial proletariat proper numbers about 1 per cent of the labor force (190,000 -- double its 1936 figure). Ten per cent more of the working force work in cottage industry, nine per cent in trade and ten per cent in transport, service, government, etc. This working force produces 44 per cent of the total value of the country's output.

Several incidents show the relation of the ruling group to the working class; first, the ability of the government to break the 1948 general strike. Secondly, in 1950, when the trade union representatives in the governing coalition objected to certain government policies, the AFPFL simply expelled the Trade Union Congress president and vice-president and disaffiliated the Congress until it replaced its top leaders. The Congress complied. In 1947, the right to strike disappeared, and compulsory arbitration was established with the setting up of the Court of Industrial Arbitration.

Needless to say, labor has no voice in the running of industry. That task belongs to the government boards. The government is not anti-labor of course. As Trager puts it, "Government officials realize that there is need for a strong trade union movement to supplement the efforts of the Ministry in improving labor conditions and for a responsible Δ trade union movement to insure meeting the development goals set by the government." (Towards a Welfare State in Burma, Institute of Pacific Relations, New York, 1954.)

Labor legislation has been enacted. The Factory Act limits normal working hours for adults to 8 hours a day, 44 hours a week. The Trade Disputes Act limits the right of an employer to lay off workers during arbitration of a dispute and unions are offered legal protection under the Trade Union Act, -- provided these unions register with the government and "meet certain requirements as to their internal organization and administration." (Trager, *ibid.*)

These unions, part of the Trade Union Congress, Burma, which, with the Independent Unions (railroad workers), account for all but about 2,000 of the 75 to 80,000 organized workers, is termed by Trager a "government-sponsored trade union movement."

The remaining 2,000 workers are members of the All-Burma Trade Union Congress, a group which split from the TUC, Burma, under CP leadership in 1946, and which was outlawed in 1948. The group remains under political control of the Burmese Workers and Peasants Party, which Trager describes as "crypto-Communist." (Another author says "avowedly Communist, but works according to constitutional methods." "Burma Today," World Today, 11:309, July 1955.)

The attitude of the government toward the working class is strikingly revealed in the Report of the Ad Hoc Oil Fields Inquiry Committee in 1951 (p. 53-54) as cited by Trager (*ibid.*).

"What, however, is chiefly needed at present," says the report, "is strong emphasis on the one factor that both sides have in common. Both employers and employees have a common interest in the increase in production. Hitherto, labour interests in Burma have been chiefly concerned to insist that labour shall receive its fair share of the rewards of industry. There was some justification for this under a foreign government which might be suspected of undue sympathy with foreign employers, and labour agitation could be justified not merely on economic grounds but on political grounds as an instrument for weakening the government. Now the roles are reversed. Labour interests can reckon on the sympathy of the Union Government, and capitalist interests are in a weaker position than previously, because they need a strong Government that can protect them not only against excessive demands on the part of labor but against the danger of a resort to violence...Now they [the unions] have an opportunity to play a more constructive part in industry by urging the importance of greater production as the key to better living, and if they adopt this attitude they should

meet with cooperation instead of antagonism from the employers. It may seem Utopian to expect such a change of heart in labour organizations; it is easier to advise labourers to stop work and shout for more than to work harder and earn more. But...the Government could do much to urge labour leaders to insist on the immediate need for greater production." "And that," Trager concludes, "is what the government has resolved to do."

The methods by which labour leaders are helped to see "the need for greater production" include the familiar ones. They are given promotions to government boards where "they are required to put national welfare first." (Trager, *ibid.*, p. 43.)

Collective bargaining is allowed in private industry in Burma, but in the government-run shops, government is boss. Maximum and minimum standards, hours, and holidays are set by the government, and no single nationalized industry or Board has power to alter these. To further insure the domestication of the working class, the government frowns on working class political action through the unions. Such activity was all right under the British. But times have changed. Government and labour union cooperation "is designed to create in independent Burma what practically never existed before, namely, genuine collective bargaining...unions for improvement of workers' lives and workers' productivity emphasis added, instead of unions to be used as political weapons in the struggle for independence." (Trager, *ibid.*)

Wages of Burmese workers are low. The Burma Labour Gazette in August 1953 reports that 97.5 per cent of all workers in 40 industries, employing almost 40,000 permanent workers, averaged K 114 monthly. Women got K 99. The minimum wage of the lowest grade urban unskilled worker in a government enterprise was K 82, just enough for a family of three to survive. (In Rangoon in 1952 the median-sized family was 4.5 persons.) It is interesting to note in passing that while the government seems able to carry out the constitutional provisions for nationalization of industry, it is unable to carry out that constitutional provision which requires equal pay for similar work for women! In this latter respect, it apes its cousin, the individual capitalist of the advanced industrial countries!

It is clear that this government, which during the fight for national independence, could with justification be said to be based in small part, at least, on the Burmese working class, no longer represents that class, but rules over it.

The same relation exists between the government and the peasants which it led in revolution. Its hasty desire to disband the peasant militia on attaining power was a symptom of the change which took place with the AFPFL's assumption of state power. The price of paddy, source of the peasant's income, is set, not

by peasant vote or voice, but by a government intent on rapid industrialization in the only way it knows how -- by holding down through fiat or force -- the living standards of its people. Control of the cultivator is maintained through the price of rice, through requirements to belong to government-sponsored marketing cooperatives, and through government ownership of the rice-processing and selling apparatus.

How Explain this Development

What then is the nature of the Burmese state? How can these developments be explained? How does it happen that a petty-bourgeois, non-Marxist party comes to power as the leader of a national revolution of workers and peasants and proceeds to expropriate, nationalize and plan?

Why didn't the petty bourgeoisie play a compradore role like that wing of the bourgeoisie in China represented by Chiang Kai-shek? How explain the fact that a Social-Democratic party should play a role so close to that of the Chinese Communist party and the Yugoslav Communist party in basing itself on the peasantry and leading a colonial revolution to a planned and state-directed conclusion?

Compradorism

A compradore role for Burmese capitalist elements was precluded for a number of reasons. First, the role of the British themselves. Early refusal of the British to make room for the growth of a capitalist class meant that if the petty-bourgeoisie, the small businessman and intellectual, were ever to assume class rule, it would have to be through the ouster of the British, not through partnership.

Thus, a national revolution was the only road to the class power for the petty-bourgeoisie. Additionally, a national revolution, being in one aspect, at least, a pan-class expression, muting the antagonisms of classes, is a road appropriate to achievement of the class rule of the bourgeoisie. Thus leadership of a national revolution served the class interests of the Burmese petty-bourgeoisie.

A second reason for the lack of a compradore role was the intervention of the workers and peasants in the struggle. The national revolution, which the petty-bourgeoisie saw as the road to its own class rule, needed an army. That army could be recruited only from the workers and peasants. And for the worker and peasant, the national revolution seemed to be the road to defeat of their class enemy, for who were their exploiters? In both cases, a foreigner. The exploiter of the peasant was an Indian. The exploiter of the worker, A Britisher.

Thus the worker and the peasant could be used to further the class rule of the petty bourgeoisie if that class rule were disguised under the slogans of a national revolution. Burmese nationalism became allied with the social revolution because the property owner was, with negligible exception, a foreigner.

Once the worker and peasant entered the scene in direct fashion, as they did, there could be no turning back. The recognition by the AFPFL of the right of the Indian landlord to compensation for the land taken by the peasant met with an indifferent shrug on the part of the peasant...and the landlord could collect no rent.

The slogan raised by the CP with its following in the unions for immediate expropriation of the British resulted in quick expropriation (against the original go-slow aim) by the frightened AFPFL of part of the British holdings. Compradorism was out. It suited the aims of no class in Burma.

Extension of the Plan -- Need for Capital

How explain the nationalization, the plan and the continued extension of the state into economic life? Primarily, such a development must be explained in terms of the needs of capitalism today. Capitalism comes late to these colonial countries. It must seek in a very short space of time to achieve the industrialization which Western capitalism could take several centuries to accomplish. In order to compete on the world market, in order to satisfy the demands of workers and peasants at home, it must achieve a level of production like that of advanced countries.

To do this requires vast amounts of capital. It requires the wholesale introduction of factories -- coordinated industrial complexes. Factories must be built, and along with them, at the same time, there must be built roads, bridges, power plants and there must be development of the raw materials to feed these factories. Workers and technicians must be trained, for a modern industrial machine requires the highest of technic and science.

Where is the individual capitalist who can lay hands on such resources? There is none. Western capitalism is not interested either, for with the slowing down of 20th century capitalism its industrial machine cannot use the raw materials of these former colonies as rapidly as a century ago. Industrial competitors it has no use for either. Further, there is no market for manufactured consumer goods which a Western capitalist might be induced to produce in these countries, for the people are poor and cannot buy. And in addition to the economic reasons, there are the political ones... countries with a recent history of being exploited look with jaundiced eye at the plants built by former exploiters! What sane owner of capital would take such risks? Even promises of the Burmese government in 1955 not to nationalize new enterprises for at least 10 years, and to grant credit and remittance of profits facilities has brought few takers!

The ability of the state to tax is used as a source of capital accumulation. People are forced, through taxes (or compulsory grain deliveries, which are the same thing) to forego consumption and to contribute compulsorily to accumulation. Capital is created by the worker in the factory. And it is here that the state uses its power most directly. It is the power of the state that keeps the worker in the factory, producing at the fastest possible rate for the lowest

possible wage -- in a way a thousand times more effective than any individual capitalist could do.

It is this control which has made possible in Burma an increase in gross capital formation from its prewar (1938-39) figure of 12.8 per cent of GDP to 18.0 per cent in 1952-53 to 27 per cent in 1954-55, a percentage rarely exceeded anywhere in the world at any time. (Hagen, *ibid.*; ESCAPE -- 1955 Report, February Figures corroborated by Economic Survey of Asia and the Far East, 1955, published February 1956).

The eight year plan envisages an average annual rate of capital formation of about 17 per cent, a truly phenomenal level when one considers the low living standard of the people! As one author has put it, this high level of investment has been made possible in large part by the success of the government in "stabilizing private income and consumption." (Institute of International Finance, *op. cit.*)

This need for rapid accumulation, this need to squeeze the worker dry for it -- this is the reason for wages set by law, for the abolition of the right to strike, for the introduction of compulsory arbitration. Additionally, the worker and peasant enters the capitalist scene already organized, and more capable of resisting exploitation. Only the state -- not the private capitalist -- can hold them down. Capital today requires the state for the maintenance of its rule.

Thus the extension of the state into every aspect of economic life in Burma fits the economic and political needs of capitalism today and provides the basic reason for the existence of the planned economy.

Other Reasons for State Capitalism

The introduction of state capitalism is facilitated also by a number of other factors which, although secondary, should not be ignored. First of all is the role of tradition. In colonial countries, capitalism has arrived suddenly. It has been superimposed wholesale on a feudal-type communally oriented population, used to thinking in terms of consumption, use-values, rather than in terms of saving, accumulating, investing -- in short, a population not capitalistically oriented. The Puritan philosophy of parsimony which so well suited the early period of the growth of Western capitalism is lacking by and large in these countries. The development of a class of entrepreneurs busy with primary accumulation is not facilitated by the social atmosphere, and the state, with its host of bureaucrats and boards, is more easily accepted by all groups than it would be in other countries.

Secondly, where, as in Burma, the ruling colonial power holds back the development of a capitalist class, aggressive petty-bourgeois elements find outlet for their talents in other fields. They become lawyers, religious leaders, teachers, politicians and petty officials -- all types more at home as government bureaucrats than as individual entrepreneurs. When the task of industrial develop-

ment is at hand, it finds a host of bureaucrats ready to do the job -- through the state.

So it is that not only do the needs for capital accumulation and the need to hold down an organized working class require the form of capitalism called state-capitalism, but the traditions and history of the colonial country favor its development.

The Nature of the Burmese State

I have termed the Burmese state "state-capitalism." Yet its present form as well as its path to power is similar to that of countries termed by the majority to be workers states. Has it not planned and nationalized like the countries of Eastern Europe? Did it not base itself primarily on the peasantry, allow the agrarian revolution and throw out the foreign exploiter like the Chinese Communist Party? Does it not call itself "socialist" and mouth Marxist slogans? Is it then perhaps a workers' state?

The party has long understood that the petty bourgeois leaders of workers, should they achieve state power, would use that power to maintain capitalism, not to create workers' states. The party retreated from its understanding that petty bourgeois leadership is incapable of creating workers' states because of the party's failure to understand that extensive nationalization and planning can be features of capitalism. Thus, while a pro-capitalist role is assigned to the petty bourgeois social-democracy, the unreformed "counter-revolution, petty bourgeois Communist Parties" (majority's designation) are credited with the ability to create workers' states. Burma shows that what the CP can do, the social-democrats can do also.

Shall we now look to the Social Democracy for revolutionary behavior and admit, that not only can unreformed, counter-revolutionary, petty-bourgeois communist parties make workers' states, but that the equally petty-bourgeois, counter-revolutionary social-democracy also can accomplish the task once thought to be attainable only through a conscious, Marxist party leading the working class?

Such a conclusion -- with its consequent further denigration of the role of the Fourth International -- is the conclusion which must be drawn so long as the criteria used by the majority for the determination of workers' states remain the criteria of the party.

Yet what is there in the Burmese experience which would allow Marxists to call it a workers' state? Does not the petty-bourgeoisie which came to power in Burma on the backs of the workers and peasants -- does not this petty-bourgeoisie perform in production the capitalist function of forcing accumulation out of the worker? Does it not rule over the worker -- rather than for him?

The position of the Burmese worker is little different today from his position under the British. He has exchanged the rule of the private, foreign capitalist for the rule of the domestic state-capitalist. Before he fought an individual boss. Now he fights the state.

In this, his position is the same as that of the Chinese worker, as that of the Yugoslav, as that of the Hungarian and Polish worker. His relation to the means of production is the relation of a worker under capitalism to the means of production. He comes into the market with nothing to sell but his labor power. He owns nothing. He controls nothing, for once industry is nationalized, whoever controls the state, controls the economy.

The relation of the worker to the means of production in Burma is that of the worker to the means of production under capitalism. The relation of the Burmese state to the means of production is the relation of the capitalist class to production. It makes the decisions. It determines the product, the method of production, the rate of worker exploitation. The state bureaucrats draw their privileges, their salaries, and their superior status in society precisely from their relation to production, which is a different relation to production from that of the worker. The bureaucrats' relation to the worker is essentially the relation of the capitalist boss to the worker under classical forms of capitalism. (It is interesting to note the replacement of the volunteer militia by a regular army whose pay equals 2 to 3 times that of the general population. While the Burmese population equals 11% that of the U.S., its army equals 25% -- and this today when the civil war is largely under control!)

The Burmese experience shows that the state capitalism described by Engels in Anti-During may actually be reached not through the merging of the capitalists' monopolies but through the rising of an allied group, the rising of the petty-bourgeoisie into state power and its transformation through its function in production, through its relation to production, into a capitalist class.

As part of this development, the party apparatus itself undergoes transformation -- as we have seen in other countries. A ruling party under conditions of state-capitalism, controls all major aspects of economic and social life. It thus attracts to it careerist elements, who in no sense represent the working class and who will fight tooth and nail against that working class and with equal vigor for the maintenance of nationalized property, its source of rule.

"Burma Today" (op. cit.) describes this situation as follows:

"Probably the bulk of the party bosses in the districts are interested only in a life of power, prestige, idleness and comfort... AFPFL domination of the life of the nation has led many ambitious or self-seeking persons to join the party merely for their own gain."

Interestingly also, the AFPFL right-wing opposition is a group favoring private property!

Nationalization, planning and the absence of a classical capitalist class are not today sufficient criteria for determining the existence of a workers' state.

What was lacking in Burma, as in China, Yugoslavia and the rest was precisely what is needed to bring to birth a workers' state --

a revolutionary, Marxist party. In Burma, as in other backward areas, the economic and social conditions would have made possible the coming into being of a workers' state -- as outlined by Trotsky in the Permanent Revolution.

Had a revolutionary Marxist party headed the Burmese working class, the unaccomplished agrarian revolution, the unaccomplished national revolution would have meant that the workers could have led the revolution and carried it on to the creation of a workers' state. Lacking that revolutionary leadership, the leadership of the revolution made by the workers and peasants fell into the hands of the petty-bourgeoisie. And the fruits of that revolution have gone to it also. It is the petty-bourgeoisie-turned-capitalist-class, not the working class, which has, for a brief historical moment, established itself as ruler, under conditions of state-capitalism.

The task of creating a workers' state cannot be accomplished by petty-bourgeois leadership, even when that leadership bases itself on working and peasant masses, even when it has read Lenin -- even when it nationalizes property. The task of creating a workers' state is the task neither of the CP nor of the social-democracy. It is a task which can be accomplished only by the workers, led by the parties of revolutionary Marxism. It is the task of the revolutionary Marxist parties not only in the advanced countries, but in the backward areas as well.

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