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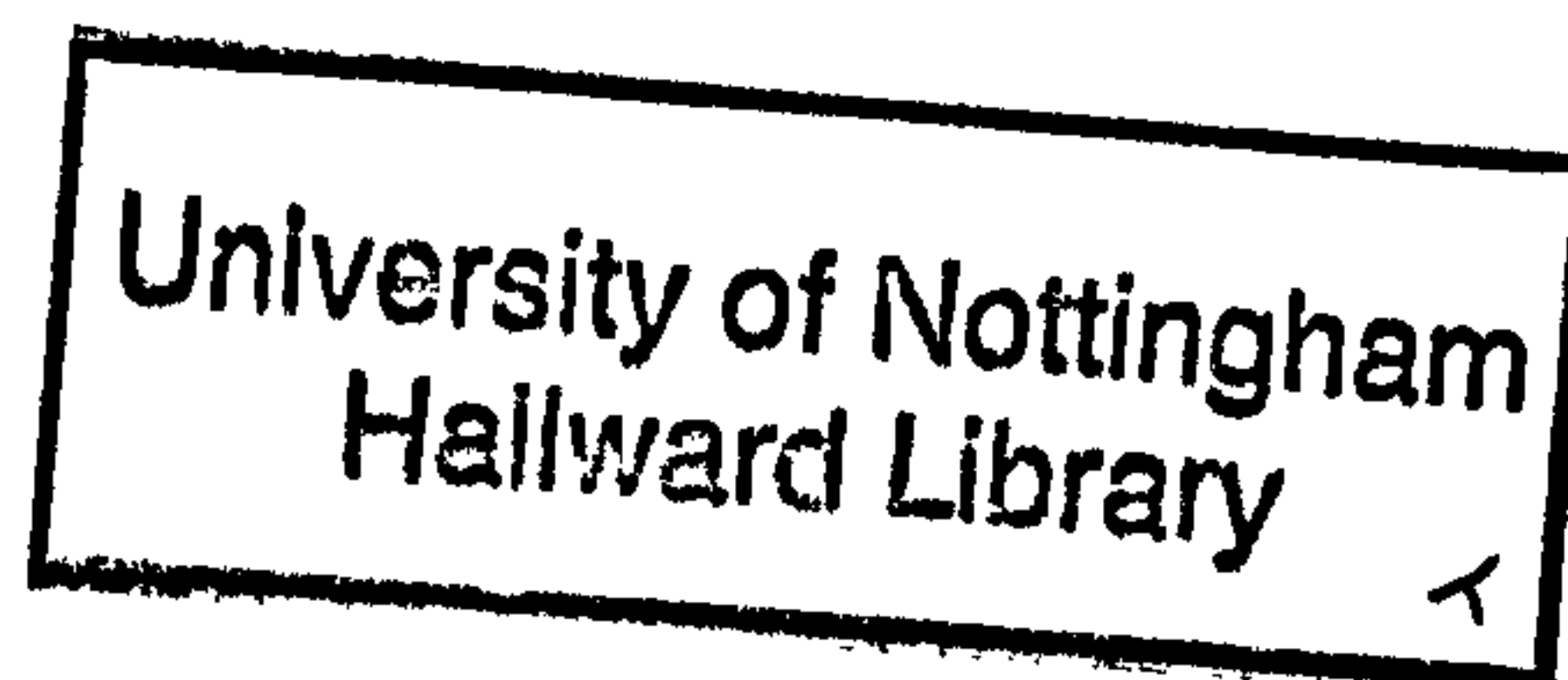
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**POST-COLONIAL TRANSITION, AID  
AND THE COLD WAR IN SOUTH-EAST ASIA:  
BRITAIN, THE UNITED STATES AND BURMA, 1948–1962**

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**Thesis submitted to the University of Nottingham  
for the degree of Doctor of Philosophy**

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## Abstract

This thesis charts British and American policy-making towards Burma between the country's independence from the United Kingdom in 1948 and the military coup that ended civilian government in 1962. In particular, it examines the role aid played in Burma's relations with the West and China and the Soviet Union: what it was offered, by whom, when and why, and how its leaders responded. Aid from the West began immediately after independence, when the British furnished the Burmese government with military aid against the communist insurgency that broke out in March 1948. Financial assistance was offered, but refused, in 1950. American help began under Harry Truman's administration, also in 1950, and continued under Dwight D. Eisenhower. Further proposals were developed by John F. Kennedy's administration, although these plans were thwarted by the military coup in 1962.

In giving aid to Burma, British and American planners shared the same basic underlying aim – keeping the government in power and maintaining its independence from the communist bloc. Both believed that the provision of aid gave them some measure of influence over the government in Rangoon – that, in other words, their aid had some degree of coercive potential, somehow independent of the intentions or interests of the recipient state. However, rather than passive and appropriately grateful recipients of external aid, and the policy prescriptions that tended to come with it, the Burmese are revealed as surprisingly active and autonomous agents, prepared to manipulate their aid relationships to suit their own ends, rather than the objectives of their superpower partners in Washington and Moscow.

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## **Glossary**

<b>ABPO</b>	<b>All Burma Peasants Organisation</b>
<b>ABTUC</b>	<b>All Burma Trade Union Congress</b>
<b>AFO</b>	<b>Anti-Fascist Organisation</b>
<b>AFPFL</b>	<b>Anti-Fascist People's Freedom League</b>
<b>AIOC</b>	<b>Anglo-Iranian Oil Company</b>
<b>BIA</b>	<b>Burma Independence Army</b>
<b>BNA</b>	<b>Burma National Army</b>
<b>BOC</b>	<b>Burma Oil Company</b>
<b>BSM</b>	<b>British Services Mission</b>
<b>BSP</b>	<b>Burma Socialist Party</b>
<b>BWPP</b>	<b>Burma Workers and Peasants Party</b>
<b>CAT</b>	<b>Civil Air Transport</b>
<b>CIA</b>	<b>Central Intelligence Agency</b>
<b>CPB</b>	<b>Communist Party of Burma</b>
<b>EPC</b>	<b>Economic Policy Committee</b>
<b>IBRD</b>	<b>International Bank for Reconstruction and Development</b>
<b>ICA</b>	<b>International Cooperation Administration</b>
<b>KMT</b>	<b>Kuomintang</b>
<b>KNU</b>	<b>Karen National Union</b>
<b>NIE</b>	<b>National Intelligence Estimate</b>
<b>NSC</b>	<b>National Security Council</b>
<b>NUF</b>	<b>National United Front</b>
<b>OPC</b>	<b>Office of Policy Coordination</b>



PPS	Policy Planning Staff
PUSC	Permanent Under-Secretary's Committee
PVO	People's Volunteer Organisation
SAMB	State Agricultural Marketing Board
SOE	Special Operations Executive
TUC(B)	Trades Union Congress (Burma)
USAID	US Agency for International Development
YMBA	Young Men's Buddhist Association

## **Introduction**

A particular set of conflicts and crises have tended to dominate American and British histories of post-war Asia: the revolution in China in the 1940s, the conflicts in Korea and Malaya in the 1950s and, especially, the American war in Vietnam in the 1960s and 1970s. Together, these events constitute the 'grand narrative' of Asia's recent international history, their significance derived largely from their relationship with the grandest narrative of all – the history of the global conflict between the West and communism. The concern is with centres of military, economic or ideological power, chief among them the United States and the Soviet Union, and their respective allies. This interpretation tends to privilege Europe as the Cold War's geopolitical centre, and assigns to much of the rest of the world a subsidiary status as 'the periphery'. Like a pebble tossed into a lake, the confrontation that began on the Elbe is construed as spreading outwards across the world in a series of concentric ripples, disturbing in turn Asia, Central America, the Caribbean and Africa – even, ultimately, reaching into space. In this way, a conflict over the economic and political organisation of advanced industrial societies is seen as progressively impinging upon a backward world deemed to lack the capacity to resist this encroachment or influence its course; in countries as diverse as Guatemala, the Congo and Cambodia, we imagine 'the core' penetrating 'the periphery', and through that encounter precipitating crisis by changing or disrupting its societies, economies or political structures to serve the Cold War objectives of Washington and Moscow.

This model looks very like the way metropolitan historians used to portray encounters between Europeans and soon-to-be colonial societies: the ship arrives off the African

coast, the marines, merchants and missionaries wade ashore and Ashanti or Ibo society is forever changed.<sup>1</sup> We now understand that the colonial process was far more complex and nuanced than this. The colonial encounter involved exchange, as well as imposition; colonial regimes relied on cooperation and participation, as well as coercion and exploitation, and colonialism changed metropolitan societies as well as colonial ones.<sup>2</sup> Imagining colonial peoples merely as helpless victims not only strips them of their dignity; by taking away from them their capacity to act it also fails to capture the full range of interactions between coloniser and colonised.

Over the past few years, historians have begun to see similar patterns in the relationship between the centre and the periphery in the Cold War.<sup>3</sup> Far from passive bystanders or unwitting pawns, robbed of agency by the exigencies of superpower confrontation, political leaders in capitals far removed from Washington and Moscow were in fact active and surprisingly independent authors of their own futures.<sup>4</sup> Just as local elites sought to manage and exploit their encounters with colonial regimes, so

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<sup>1</sup> The parallels between the European colonial experience and the Cold War experiences of the United States and the Soviet Union are discussed in Odd Arne Westad, *The Global Cold War* (Cambridge: Cambridge University Press, 2005), p. 5.

<sup>2</sup> For an early discussion of the mechanisms and functions of colonial collaboration among elites in Asia and Africa, see Ronald Robinson, 'Non-European Foundations of European Imperialism: Sketch for a Theory of Collaboration', in Roger Owen and Robert Sutcliffe (eds), *Studies in the Theory of Imperialism* (London: Longman, 1972). Imperialism, Robinson argues, 'was as much a function of its victims' collaboration or non-collaboration – of their indigenous politics, as it was of European expansion' (p. 118).

<sup>3</sup> See, for instance, Tony Smith, 'New Bottles for New Wine: A Pericentric Framework for the Study of the Cold War', *Diplomatic History*, vol. 24, no. 4, Autumn 2000, pp. 567–91.

<sup>4</sup> *Ibid.*, p. 570. Joyce and Gabriel Kolko made a similar point over 30 years ago: 'To approach the history of the postwar world as if Soviet–American rivalry encompasses its major theme – a notion implicit in the term "Cold War" – is to leave most of the critical dimensions of our epoch off to the side of any picture in a bewildering, disconnected profusion'. *The Limits of Power: The World and United States Foreign Policy* (New York: Harper and Row, 1972), p. 7.

too leaders in the newly independent states of what was becoming known as the Third World tried to exploit the international conditions engendered by the Cold War, and to do so in ways that suited their own political, economic or strategic needs, not necessarily the needs or desires of the conflict's main players.<sup>5</sup> In particular, rather than ally themselves with either power centre, the great majority of the Third World's new, independent states chose neutralism and non-alignment. This they justified as a defensive response to international tension and domestic political demands. Equally, though, this strategy, and the contingent and flexible way in which it was often applied, can be seen as a positive form of engagement with the Cold War, creating what John Lewis Gaddis has called a 'zone of autonomy' – a way of managing and negotiating relations with the large powers without explicitly associating with any.<sup>6</sup>

This thesis explores this idea of 'zones of autonomy' through a focus on British and American relations with one periphery state, Burma, between the country's independence from the UK in 1948 and the military coup that ended civilian government in 1962. In particular, it examines the role aid played in Burma's relations with the West and China and the Soviet Union: what it was offered, by whom, when and why, how its leaders responded, and what that response might suggest about structures of power in the early Cold War. Burma might at first sight seem an odd

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<sup>5</sup> The term 'Third World' (*Tiers monde*) appears to have been coined by a French economist, Alfred Sauvy, in 1952. By evoking the Third Estate (*Tiers état*) of the French Revolution, Sauvy sought to convey the idea that nations in Asia, Africa and Latin America possessed a similarly revolutionary potential. Odd Arne Westad, 'The New International History of the Cold War: Three (Possible) Paradigms', *Diplomatic History*, vol. 24, no. 4, Autumn 2000, p. 561. The term has since come, problematically, to mean third-class. However, replacements such as 'the under-developed world' and 'the developing world' seem scarcely less patronising, so for want of a better alternative Third World is used here to describe countries outside of the West and the Soviet bloc.

<sup>6</sup> John Lewis Gaddis, 'A Naïve Approach to Studying the Cold War', in Odd Arne Westad (ed.), *Reviewing the Cold War* (London: Frank Cass, 2000), p. 32.

choice of subject; the country has after all been virtually ignored by historians of British and American policy-making in Cold War Asia. Narrative histories exist from the 1950s and 1960s, and the revival of pro-democracy opposition in the 1980s focused outside attention on Burma once again, stimulating further work.<sup>7</sup> Significant documentary work has also been done on Burmese decolonisation.<sup>8</sup> However, the primary British and American records covering the country's early years of independence remain largely unknown.<sup>9</sup>

This lack of attention from historians reflects the level of contemporary interest Burma attracted from policy-makers in London and Washington: the country was not, nor could it ever be, a central concern for British and American planners confronting conflicts in China, Korea, Indochina and Malaya; conflicts in which their countries and armed forces were directly engaged. This junior position did not, however, mean that Burma was without significance; in fact, the country was the object of a surprisingly large amount of political and diplomatic energy. In part, this stemmed from its strategic value, derived from its geographical position on the borders of India and China, and its status as one of the world's major sources of rice, the staple food of millions of Asians. For the British specifically, Burma's welfare after independence

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<sup>7</sup> See for instance John Cady, *A History of Modern Burma* (Ithaca, NY: Cornell University Press, 1958); Frank Trager, *Burma: From Kingdom to Republic: A Historical and Political Analysis* (London: Pall Mall Press, 1966); Dorothy Woodman, *The Making of Burma* (London: Cresset Press, 1962); and Hugh Tinker, *The Union of Burma: A Study of the First Years of Independence* (Oxford: OUP, 1957). More recent work includes Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (London: Zed Books, 1991); and Bertil Lintner, *Outrage: Burma's Struggle for Democracy* (Hong Kong: Review Publishing, 1989).

<sup>8</sup> See Hugh Tinker's two-volume *Burma: The Struggle for Independence 1944–1948* (London: HMSO, 1983 and 1984).

<sup>9</sup> A partial exception is Nicholas Tarling, *Britain, South-East Asia and the Onset of the Cold War, 1945–50* (Cambridge: Cambridge University Press, 1998).

was important, both to justify their decision to decolonise when and how they did, and as an earnest of the UK's intentions in South-East Asia. Fruitful relations with independent Burma, officials hoped, would dramatise the possibilities for cooperation and mutuality inherent in the new Asia of free states. The fact that the Burmese government faced a serious communist insurgency also argued for political attention in London and Washington. More fundamentally, American planners in particular came to believe that newly independent countries like Burma were assuming significance, not so much on their own merits, but as objects of strategic competition with China and the Soviet Union. Given the inherently aggressive and expansionist nature of international communism, officials argued, Burma, with its long, unprotected border with China, its weak government and its repudiation of American collective security guarantees, had to be of Soviet and Chinese interest, and hence had to be of American interest too. In policy-making terms, Burma's *actual* relevance to the concerns of the United States was less important than its *perceived* relevance to the (usually assumed) concerns of the Soviet Union and China.

That Burma was a target of aggressive communist intent seemed self-evident. When they were not actively fomenting rebellion in Burma, officials believed, Soviet and Chinese agents were seeking to subvert the country's political parties or secure control of its finances and economy through extensive trade deals and aid. These perceived threats presented policy-makers in London and Washington with the problem that lies at the heart of this thesis: how could relations with independent, neutralist Burma be managed in such a way that the country cleaved to the West, rather than to the Soviet Union? How could Burma be induced to recognise the threats it faced, and take action to meet them? What scope was there for British and

American diplomacy to influence policy-making in Rangoon? Both the British and American governments looked to aid for an answer to these questions. Through financial, technical, economic and military assistance and political and diplomatic support, the vulnerabilities that rendered Burma susceptible to communist encroachment could be addressed, and Burma's loyalty to the West secured. Accordingly, the British, albeit at times against their better judgement, furnished the Burmese with military assistance and arranged financial aid in the late 1940s. Harry Truman's administration provided economic and technical assistance in the first half of the 1950s, and this continued under Dwight D. Eisenhower's government later in the decade. Further proposals, supported by a sophisticated academic critique of political and economic change in the post-colonial world, were developed by John F. Kennedy's administration, although these plans were forestalled by the military coup in 1962.

All of these aid initiatives were in one way or another founded on the basic – and usually tacit – assumption that Burma both needed Western help, and would obligingly accept it. This assumption rested in turn on a neo-colonial belief in the value and power of Western technology, and Western, particularly American, ways of ordering the world. Western techniques across the whole domain of human life – social and political organisation, warfare, health provision, agriculture, sanitation – were thought to be inherently superior, both to the indigenous methods in use in the Third World, and to the alternatives offered by Soviet communism. Thus, while aid planning in Burma was driven fundamentally by the desire to meet a perceived communist strategic challenge, the export of first British, and later American, expertise and capital was also designed to counter communism's ideological appeal.

In the nineteenth century, colonial governments had justified their possession of Africa and Asia in terms of a civilising mission to rescue their benighted subjects from savagery and paganism. A hundred years later, Burma and other nations of the emerging Third World were subject to very similar impulses to control and direct their affairs, only this time they were couched in terms of a developmental mission that sought to 'save' these societies from the twin evils of communism and poverty.<sup>10</sup>

This thesis argues that the central problem facing American and British policy-making in Burma during this period was that it required the acquiescence of the Burmese, both in the actual policies officials developed, and in the assumptions of Western superiority that underlay them. This cooperation was, however, either withheld or only grudgingly and partially given, and British and American officials consistently underestimated the scope for autonomous action that existed in Rangoon. This autonomy was most obviously expressed in Burma's avid neutralism, and its rejection of American alliance-building in South-East Asia. It was also evident in the refusal of Burmese politicians to acknowledge American, and to a lesser extent British, assessments of the nature and scale of the communist threat, and their readiness to accept large amounts of Soviet and Chinese economic aid, as well as help from the West. In other words, Burmese politicians, unlike their American counterparts in particular, did not approach their world through the prism of Cold War confrontation.

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<sup>10</sup> See, for instance, Arturo Escobar, 'Power and Visibility: Development and the Invention and Management of the Third World', *Cultural Anthropology*, vol. 3, no. 4, November 1998, pp. 428–43. Escobar (p. 432) quotes J. K. Galbraith on the emerging discipline of development economics in the 1950s: 'no economic subject more quickly captured the attention of so many as the rescue of the people of the poor countries from their poverty'. On development studies as a field of historical enquiry, see Nick Cullather, 'Development? It's History', *Diplomatic History*, vol. 24, no. 4, Autumn 2000, pp. 641–53.



Instead, they approached it with a very definite sense of their own political and economic interests, and a clear understanding of how to maximise those interests by manipulating the Cold War preoccupations of larger states.

Two broad conclusions emerge from this. The first is that, for all the West's economic and military preponderance, the United States – and still less Britain – did not have a decisive influence over the policies and actions of an apparently weak and peripheral state such as Burma; indeed, Burma's very weakness, when translated into a perceived vulnerability to communist control, in fact enhanced Rangoon's leverage in its aid dealings with London and, later, Washington. In Burma's case at least, the American superpower was perhaps not so 'super' after all.<sup>11</sup> The second, broader, conclusion concerns the limitations of the Cold War as an interpretive framework for understanding processes of change in Burma and elsewhere in the Third World. It is certainly true, as Odd Arne Westad has argued, that Burma's leaders, like their counterparts in other Third World countries, were powerfully influenced by the pressures placed upon them by Washington and Moscow, and frequently acted in conscious response to them.<sup>12</sup> America's ill-fated entanglement with remnants of the Nationalist Chinese army on Burma's north-eastern borders in the 1950s, for instance, serves as a graphic example of the damaging consequences of superpower intervention in a peripheral state, both for the intervening government and for its unwilling and unwitting host. Equally, however, local factors were often just as important in shaping events. Burmese politicians were deeply affected by their experiences under colonial rule, and the country's politics and policies were shaped as much by personality and factionalism as by the more highfalutin' questions of

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<sup>11</sup> Gaddis, 'A Naïve Approach to Studying the Cold War'.

<sup>12</sup> Westad, *The Global Cold War*, p. 3.

political and economic organisation at stake in the Cold War. Put another way, the bundle of ideological, strategic, even moral conflicts denoted by the term 'Cold War' did not mean the same thing in Rangoon as it did in Washington or London (or for that matter, probably, in Moscow or Beijing). From this lack of shared understanding flowed many of the conflicts and disagreements that shaped Burma's relations with Britain and the United States throughout this period.

This thesis is concerned with the development and implementation of British and American policies towards Burma between 1948 and 1962, and Burmese responses to them. The first three chapters discuss British policy up to the mid-1950s, identifying the sources and main lines of British thinking, and situating it in the wider context of the UK's regional and Commonwealth planning. Broadly speaking, this section explores issues that might usefully be labelled 'post-colonial', in the sense that they derived mainly from the particular circumstances of the colonial period, or from the arrangements of Burma's independence. The following three chapters focus more closely on US relations with Burma, and on the country's place in the evolving Cold War in Asia. Again, the aim is to set American policy within the wider regional context, in particular the after-effects of the communist victory in China in 1949. These chapters also highlight aspects of cooperation and competition in Anglo-American policy-making as British influence waned during the 1950s. The final chapter, which covers the period between 1958 and 1962, charts the extended political crisis in Rangoon leading up to the military coup that ended civilian government. It draws out the implications of domestic political upheaval for American and British policy-makers, with a particular focus on the work of aid planners and social scientists in Kennedy's administration. However, since many of the problems independent

Burma faced – and arguably still faces today – had their roots in the colonial period, the thesis begins with a short summary of the main political and economic developments in British Burma.

### **Context: Burma under the British**

The British colonisation of Burma began in 1824, with the seizure of Arakan and the southern coastal strip of Tenasserim at the end of the First Anglo-Burman War. Lower Burma was added in a second campaign in 1852–53, and the process was completed in 1885, with the annexation of Upper Burma.<sup>13</sup> The country formally became a province of India in February 1886, 800 years after the foundation of the first unified Burmese state. Opposition to British rule emerged almost immediately. Buddhist cultural societies were established in the 1890s, and in 1906 a group of European-educated Burmese founded the Young Men's Buddhist Association (YMBA). Although initially set up as a forum for discussion of religious and cultural matters, the YMBA quickly assumed a political character. In 1917, it sent a delegation to Calcutta to press for the separation of Burma from India, and three years later it led a boycott of elections to the Indian Legislative Assembly. The YMBA was also instrumental in organising student opposition to controversial education reforms.<sup>14</sup> Student unrest culminated in a strike at Rangoon University at the end of 1920, which by the early months of 1921 had spread to all government-run schools.<sup>15</sup>

Although the student strike was short-lived, growing political pressure prompted some concessions from the British. A parliamentary committee was dispatched to Burma in

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<sup>13</sup> Smith, *Burma*, p. 40.

<sup>14</sup> Cady, *A History of Modern Burma*, p. 216.

<sup>15</sup> *Ibid.*, p. 218.

1921, and in 1923 the colonial government extended to Burma the political reforms implemented in India under the Government of India Act of 1919.<sup>16</sup> In principle, this gave the Burmese a degree of self-rule under a British governor and Executive Council. In practice, however, this autonomy was severely circumscribed. Although Burmese ministers assumed responsibility for areas such as education, health and agriculture, the governor retained control of the colony's finances, security forces and judicial system. Likewise, while Burma was given its own Legislative Council, only 58 of the 103 seats were elected by Burmese voters (the rest were either elected by communal and business groups or appointed directly by the governor, who in any case retained the power of veto over the council's decisions).<sup>17</sup> Direct gubernatorial rule also continued in the so-called 'Scheduled Areas'. Accounting for some 40% of Burmese territory, these regions comprised the country's various non-Burman ethnic groups, the most important of which were the Karen, the Shan, the Chin and the Mon. Dissatisfied with these meagre gains, Burmese nationalists responded by boycotting elections to the Legislative Council in 1922, 1925 and 1928. Fresh concessions were made in 1936, when a new constitution was introduced formally separating Burma from India and expanding Burmese representation in the colonial government. By this stage, however, the main force of Burmese nationalism was moving out of the council chamber and onto the streets, where a new generation of dissidents known as the Thakins were beginning to challenge the British, not for the greater autonomy promised by piecemeal constitutional change, but for outright independence.

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<sup>16</sup> Trager, *Burma: From Kingdom to Republic*, p. 47.

<sup>17</sup> *Ibid.*, p. 48.

The Thakin movement got its name from its members' habit of addressing each other with the title Thakin ('master'), a term of respect hitherto reserved for Europeans.<sup>18</sup>

The Thakins initially focused their efforts on student politics, securing control of Rangoon University's Student Union in 1935, and leading a student strike the following year. Many later national leaders began their political careers as student militants. Law student Thakin Nu, Burma's first post-independence prime minister, was president of the Student Union; Aung San, the country's most significant politician until his assassination on the eve of independence in 1947, was the Union's secretary. Other student activists who would later hold government posts included U Kyaw Nyein, U Kyaw Myint, U Ba Swe and M. A. Raschid.<sup>19</sup> All were young; Nu, the eldest of the group, was in his late twenties when he took part in the 1936 strike.<sup>20</sup> Aung San, born in 1916, was barely out of his teens. Like nationalist movements elsewhere, the Thakins were deeply attracted to the colonial critiques developed by Marxism and communism. Nu set up the leftist Red Dragon book club in Rangoon in 1937, and Aung San became secretary-general of the Communist Party of Burma (CPB) when it was founded in 1939. Thakins were also instrumental in the establishment of the leftist All Burma Peasants Organisation (ABPO) and the All Burma Trade Union Congress (ABTUC), set up in January 1940.

The outbreak of the Second World War in Europe in 1939 provided Burma's nationalists, as it did nationalist movements elsewhere, with a significant opportunity.

Thakin politicians launched a violent campaign against the Allied war effort, and

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<sup>18</sup> *Ibid.*, p. 55.

<sup>19</sup> Tinker, *The Union of Burma*, p. 6.

<sup>20</sup> In 1950, Nu dropped Thakin in favour of the prefix U, a form of address associated with elders or individuals otherwise deserving of respect. For simplicity's sake, the chapters that follow use the prefix U throughout.

mass independence demonstrations were held throughout the country. The British authorities responded by arresting leading Burmese figures, including Nu and Kyaw Nyein. Although a warrant was also issued for Aung San, he evaded arrest and escaped to Amoy in China, where he made contact with the Japanese. In November 1940 Aung San was flown to Tokyo. While there, he won Japanese support for Burma's independence as part of the projected Greater East Asia Co-Prosperity Sphere. In March 1941 he returned to Burma and began to recruit the nucleus of a Burmese army. This group, known as the Thirty Comrades, reached Japan in July 1941. After six months' training, they were sent to Thailand to raise a force among expatriate Burmese there. Within a month, some 3,500 had volunteered. The Burma Independence Army (BIA) was formally inaugurated in Bangkok on 28 December 1941.<sup>21</sup> Three days later, the first BIA units entered Burma in the wake of the invading Japanese army.

The Japanese advance was rapid, and by the end of May the conquest was virtually complete.<sup>22</sup> In Rangoon, a Burmese government was established under Ba Maw, an experienced politician and former premier under the British. Several prominent Thakins received cabinet posts, including Aung San, who became defence minister, and Nu, who was made foreign minister. A new constitution was drafted, and in August 1943 Burma was declared independent. The new government's powers were, however, closely circumscribed, and control of Burma's political and economic

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<sup>21</sup> Smith, *Burma*, p. 59.

<sup>22</sup> For a first-hand account of the British retreat, see Leslie Glass, *The Changing of Kings: Memories of Burma 1934–1949* (London: Peter Owen, 1985). Glass, an Assistant Commissioner in the colonial civil service, became a Burma specialist in the Foreign Office after independence.

affairs remained in Japanese hands.<sup>23</sup> As discontent with the limited political gains of collaboration increased, Burmese leaders began to organise resistance to the Japanese occupation. Emboldened by Japan's abortive invasion of India in February 1944 and the subsequent Allied counter-offensive, the leaders of Burma's main political and military groups formed a new underground coalition, the Anti-Fascist Organisation (AFO), in August 1944. Contacts were established between the AFO and the clandestine Special Operations Executive (SOE), known locally as Force 136.<sup>24</sup> Force 136 officers were also active in the Karen areas of eastern Burma, where some 12,000 Karen guerrillas had been mobilised to fight.<sup>25</sup> Open rebellion began at the end of March 1945, when the Burma National Army (BNA), the renamed BIA, turned on the Japanese. Confronted with Allied armies to the front and under pressure from BNA and Karen guerrillas in the rear, Japanese resistance crumbled. Japanese troops pulled out of Rangoon on 23 April, and by early May the city was in Allied hands.

The returning British were largely unprepared for the physical, economic and political changes war and Japanese occupation had wrought.<sup>26</sup> Physically and economically, Burma was devastated. Its rice industry, the mainstay of the colonial economy, had collapsed; rice exports were less than a third of pre-war levels, and the area under rice cultivation had halved.<sup>27</sup> Rangoon's dockyards had been destroyed, along with two-thirds of its railway stock and at least half of its commercial river craft. In all, perhaps

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<sup>23</sup> Cady, *A History of Modern Burma*, p. 453.

<sup>24</sup> Tinker, *The Union of Burma*, p. 12. On the SOE's wartime activities in Burma and elsewhere in Asia, see Richard J. Aldrich, 'Britain's Secret Intelligence Service in Asia During the Second World War', *Modern Asian Studies*, vol. 32, no. 1, 1998, pp. 179–217.

<sup>25</sup> Tinker, *The Union of Burma*, p. 14.

<sup>26</sup> Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 9.

<sup>27</sup> Tinker, *The Union of Burma*, p. 254.

half of the country's pre-war industrial capital was in ruins.<sup>28</sup> Politically, British administrators badly underestimated the vigour with which Aung San and his colleagues would press their demands, and the violent techniques they would use. In August 1945, the AFO was renamed the Anti-Fascist People's Freedom League (AFPFL) to make explicit its goal of Burmese independence. Meanwhile, Aung San began building up what amounted to a private army, the People's Volunteer Organisation (PVO), which by December 1945 numbered several thousand men.<sup>29</sup> In response, the British offered, not greater autonomy, but less. Although the main statement of post-war British planning in Burma, the White Paper of May 1945, held out the prospect of Dominion status at some unspecified future date, in the short term the country would revert to direct rule under the returning British governor, Sir Reginald Dorman-Smith. Further constitutional progress would be contingent on Burmese cooperation in the restoration of the country's economic and political life.<sup>30</sup> Meanwhile, Burmese participation in government would be limited to a 15-strong Executive Council, whose function was purely advisory.

Political developments quickly outran these limited proposals. On 19 October 1945, Dorman-Smith met representatives of the AFPFL to discuss the make-up of his council. The AFPFL wanted 11 of the 15 seats, and insisted that its delegates remained responsible to the League, not to the governor. This was rejected, and the council was formed without AFPFL participation. The League responded with a series of pro-independence speeches and demonstrations, culminating in June 1946 with a mass rally north of Rangoon. Security deteriorated: PVO troops drilled openly in the

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<sup>28</sup> *Ibid.*, p. 285.

<sup>29</sup> *Ibid.*, p. 19.

<sup>30</sup> Cady, *A History of Modern Burma*, p. 506.



streets of Burma's main towns, dacoitry increased in the countryside and a dissident faction of the CPB, known as the Red Flag CPB, began an armed insurgency against the government.<sup>31</sup>

Matters came to a head with a general strike in September 1946. With the country at a standstill, and without the military means to contain an armed revolt, the British were forced to compromise. The Executive Council was dissolved and a new, AFPFL-dominated council formed, with Aung San as deputy chairman responsible for defence and external affairs. In November, Aung San presented a demand for full independence, prompting the British to invite an AFPFL delegation to London for talks. The party, led by Aung San, arrived on 9 January 1947, and by the end of the month an agreement was in place providing for full Burmese independence within a year. Elections to a Constituent Assembly were held the following April, and were comprehensively won by the AFPFL. The Assembly convened on 9 June 1947, and the constitution of an independent Burmese state – an odd mixture, the British thought, of Anglo-Saxon democracy and state socialism – was formally adopted on 24 September 1947.<sup>32</sup> Aung San, however, did not live to see its passage. On the morning of 19 July, four armed men burst into a cabinet meeting in the Secretariat building in Rangoon, killing him and six other ministers.<sup>33</sup>

Although U Saw, an Executive Council member and former prime minister in pre-war Burma, was later tried and executed for his alleged role in Aung San's assassination,

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<sup>31</sup> Smith, *Burma*, p. 68.

<sup>32</sup> Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 208.

<sup>33</sup> Tinker, *The Union of Burma*, p. 27.

the circumstances of his murder remain unclear.<sup>34</sup> Nor is it clear what effect Aung San's death had, either on the shape of the independence settlement or on the trajectory of events in Burma after independence. One of the key constitutional decisions made by the Burmese – that the country would be a sovereign republic and would not join the Commonwealth at independence – was apparently taken before Aung San was killed.<sup>35</sup> Likewise, it is not certain that, had he lived, he would have been any better equipped than his successors to avert or moderate the political and economic crises that beset Burma after independence.<sup>36</sup> His murder was nonetheless a powerful shock. Aung San – *Bogyoke* (the 'Great General') – was without question Burma's single most important politician, and the primary architect of its independence. As Hugh Tinker puts it: 'The British Government at Westminster, Admiral Mountbatten, commander of massive armed forces, the British Government of Burma with its shrewd and experienced officers: Aung San outfaced them all'.<sup>37</sup>

In the wake of Aung San's assassination, the responsibility for leading Burma into independence fell to Nu, who was sworn in as the head of a reconstructed cabinet on 1 August. A defence agreement with the UK was negotiated at the end of August, under which the Burmese agreed to the installation of a British military mission in Rangoon to help train Burma's armed forces. Other negotiations addressed financial and commercial matters. Finally, on 17 October 1947, Nu and British Prime Minister Clement Attlee signed the treaty recognising Burma as an independent, sovereign state outside the Commonwealth. The Burma Independence Act followed on 10

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<sup>34</sup> Smith, *Burma*, p. 70.

<sup>35</sup> S. R. Ashton, 'Britain, Burma and the Commonwealth, 1946–56', *Journal of Imperial and Commonwealth History*, vol. 29, no. 1, January 2001, p. 67.

<sup>36</sup> Smith, *Burma*, p. 70.

<sup>37</sup> Tinker, *The Union of Burma*, p. 28.

December, and British rule formally ended on 4 January 1948. Wisely, the expression of Britain's confidence in Burma's 'tranquillity and prosperity' was deleted from Attlee's independence message.<sup>38</sup>

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<sup>38</sup> Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 209.

## Chapter 1

### British policy and the crises of 1948

Burma became an independent state at 4.20 on the morning of 4 January 1948, two days earlier than planned for reasons of auspicious cosmology. Given the gravity of the military and economic problems it faced, the country certainly needed all the good fortune it could get. The new government came to power with two insurgent groups, the Red Flag communists and the Muslim *mujahid*, already in the field; two more, the White Flag CPB and ethnic Karen separatists, would quickly follow, together with discontented government troops and members of the late Aung San's PVO. By the summer of 1948, an estimated 15,000 armed men were fighting government forces across Burma.<sup>1</sup> Meanwhile, the economy had still to recover from the depredations of war and Japanese occupation. Rice production remained well below pre-war levels, and per capita income was about half what it had been in the late 1930s. Social indicators too tell of precipitate decline: in education, for example, more than half a million young people disappeared from the secondary school system between 1947 and 1949. It has been estimated that a Burmese child aged five years in 1942 could expect just three years' schooling by the age of 15.<sup>2</sup> By any measure, political, economic or social, independent Burma appeared on the point of collapse. Little wonder that U Nu likened his early experience of office to driving a derelict car 'with leaks in its gas tank and radiator and punctures in front and rear tyres ... over the worst road imaginable'.<sup>3</sup>

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<sup>1</sup> This is the local British assessment; non-fighting sympathisers were thought to number up to 100,000. FO371/69485/BSM(48)P/9, 14 September 1948, UK National Archives (UKNA), Kew.

<sup>2</sup> These are all Burmese government figures. See Tinker, *The Union of Burma*.

<sup>3</sup> U Nu, *Saturday's Son* (New Haven, CT: Yale University Press, 1975), p. 136.

This chapter examines the main military crises that beset the Burmese government in its first year or so of independence, and the implications of these crises for Burma's relations with the United Kingdom. During this short but decisive period, Britain enjoyed a predominant – though never wholly easy – position in Burma, as the country's key diplomatic interlocutor, its primary source of aid, its banker, the underwriter of its currency and the broker of its rice exports. Despite a wholesale indigenisation of the bureaucracy at independence, British financial advisors continued to work in Rangoon, and the UK's security interests were acknowledged and protected under the defence treaty of August 1947, which gave the British the right to maintain a military mission in the country. Britain's commercial presence, though not large relative to neighbouring India, still constituted an important element in the Burmese economy. One of the largest firms, the Burma Oil Company (BOC), had assets in Burma worth some £13.5 million (around £300 million in today's money). Other British firms ran the tungsten mines at Mawchi, once the largest in the world, the country's teak production, its tin mines, its electricity supplier and its inland water transport. In all, some 60 or so British companies remained in business in Burma after 1948.<sup>4</sup>

Important political interests also survived the transfer of power. While Burma's rejection of Commonwealth membership theoretically severed any formal constitutional link, in practice the British could not escape an implicit shared responsibility for the fortunes of a regime so lately come to office. To be sure, the UK's loss of formal power and Burma's decision not to join the Commonwealth entailed some fundamental changes in the way the British sought to exert their

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<sup>4</sup> Rangoon to the Foreign Office, 9 November 1949, FO371/76048/F17221, UKNA.

influence and defend their interests. But for all that, the assumption that Britain retained a special, privileged place in Burma formed the framework of British policy-making throughout this crucial early period. 'Long-standing good feeling between the countries, the wide permeation of British political ideas and education, British economic interests, and the fact that so many Britons know and like the country and people,' argued one official, 'will all combine to keep the association a close one.'<sup>5</sup> As this chapter shows, however, these assumptions of continued influence were based on very insecure foundations.

### **The outbreak of the communist insurgency**

Shortly after his arrival in Burma in November 1947, the country's first British ambassador, James Bowker, ventured his early impressions for the benefit of his colleagues in London. Everything depended, he thought, on 'whether the present coalition can hold together, and the Government can cope with the Communists. At first sight I should think the possibility of dangerous developments are more likely in connexion with the second of these two issues than the first'.<sup>6</sup> In this he was right: the government's most pressing problem, both in domestic politics and in its relations with the outside world, was indeed its management of communism, and of left-wing politics more generally. Although all of Burma's main political actors were broadly leftist – Martin Smith calls Marxism 'the *lingua franca* of the day' – there was precious little agreement about what kind of leftist state independent Burma should be, and what role communism should play in it.<sup>7</sup> As a consequence, British officials

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<sup>5</sup> Murray, minute, 'Future British Interests and Representation in Burma', 14 October 1947, CO537/3362/XS14/79(1/47), UKNA.

<sup>6</sup> Bowker to Laithwaite, 25 November 1947, FO371/69468/F311/17/19, UKNA.

<sup>7</sup> Smith, *Burma*, p. 123.

never decided once and for all whether they should regard Burma as a proto-communist state to be confronted, or a confused but fundamentally friendly country to be supported and encouraged. Although on balance they inclined towards the latter, the fear of defection was never fully removed, and the possibility that a formally communist Burma would emerge defined the landscape of British policy-making in the early independence period.

As elsewhere in wartime Asia, Burma's communists had been a prominent component in the resistance to Japanese occupation, and CPB-controlled fighters accounted for a large proportion of all Japanese casualties inflicted by Burma's various resistance groups. Yet unlike their counterparts in Indochina, Burma's communists failed to convert their predominance within the wartime resistance into control of the nationalist opposition to the reinstated colonial regime once the fighting was over. The three years between the end of the war and independence in 1948 saw the progressive exclusion of the CPB from the political process leading to British withdrawal, and the concomitant transformation of the party from a leading component of the opposition to the British into a leading element in the opposition to the AFPFL.

At the end of the war, the CPB was perhaps the most important constituent of the AFPFL coalition. Than Tun, the CPB's chairman, was AFPFL secretary-general, and CPB members held influential positions throughout Burma. This prominence rapidly eroded, however, as splits emerged within the CPB over the party's tactics towards the returning British. While the bulk of the party under Than Tun, known as the White Flag CPB, elected to remain part of the AFPFL and work within the constitutional

process, a dissident faction, the Red Flag CPB, broke away and began an insurrection against the government in July 1946. Meanwhile, Aung San moved to curtail the influence of Than Tun, forcing him to resign as AFPFL secretary-general, and then excluding him from the Executive Council formed in the wake of the strikes of September 1946. In response, Than Tun organised another wave of labour unrest, prompting the AFPFL to expel the CPB in November 1946. Marginalised politically and with virtually no representation in the Constituent Assembly, the CPB became increasingly militant, denouncing as a sham the military and political agreements the AFPFL reached with the British and reactivating its wartime bases in the jungle.

The White Flag insurrection began in February 1948, when a wave of CPB-backed strikes paralysed the BOC's depot at Duneedaw, the Irrawaddy Flotilla Company's dockyards and sawmills run by the British firm Steel Brothers. By the third week of March, petrol supplies had dried up; the British thought the government's survival was 'touch and go'.<sup>8</sup> Following the failure of a last-ditch effort at reconciliation, U Nu ordered the arrest of the CPB leadership on 28 March, but key figures disappeared underground before they could be apprehended. By the middle of April, British observers were reporting communist attacks around Pegu, just north of Rangoon, and near Myingyan, south of Mandalay. Police posts were seized, trains attacked and bridges destroyed.<sup>9</sup>

The Burmese government responded to the outbreak of communist violence by asking the British for military aid. On 1 April 1948, three days after the start of the rebellion, Foreign Minister U Kyaw Nyein approached Bowker for six aircraft, 30 armoured

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<sup>8</sup> Listowel, conversation with Grey, 9 April 1948, FO371/69471/F5326/17/79, UKNA.

<sup>9</sup> Bowker to the Foreign Office, no. 326, 17 April 1948, FO371/69482/F5785/313/79, UKNA.



cars and a large quantity of small arms.<sup>10</sup> Two weeks later, the Burmese ambassador in London appealed directly to Bevin for assistance, and on 19 April the Burmese government advanced a firm request for 12 million rounds of small-arms ammunition. By the end of the year, requests included 23,000 rifles, 17 million rounds, other small arms, bren guns, mortars and grenades, along with two Spitfires, naval vessels and shells. These requests were accompanied by a series of complaints over the apparently poor quality of the military equipment that the British had left behind at independence, and alleged irregularities in the handover of supplies.<sup>11</sup>

The British government's reaction to this fusillade of demands was mixed. Foreign Secretary Ernest Bevin was initially persuaded of the importance of meeting Burmese requests as fully and promptly as possible; in May, for instance, he noted that Burma was one of the few countries actually fighting a communist insurgency, rather than potentially facing one, and as such 'may rank second only to Greece in operational priority'.<sup>12</sup> By June, however, concerns over the longevity of the government and doubts about its commitment to fighting the communists had made him less certain of the wisdom of aid. Bevin's fears centred on a 15-point 'Leftist Unity' programme, announced by the government on 26 May. In addition to existing constitutional commitments to nationalisation and a package of pro-poor tax and welfare reforms, the programme called for political and economic relations with the Soviet Union on a par with existing ties with Britain, the transfer of the country's currency board (still in London) to Burma, the rejection of any foreign aid 'which will compromise the

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<sup>10</sup> Bowker to the Foreign Office, no. 296, 1 April 1948, FO371/69481/F5196/313/79, UKNA.

<sup>11</sup> These complaints were dismissed by the Ministry of Supply: FO371/69484/F11877/313/79, 21 September 1948, UKNA.

<sup>12</sup> Bevin, minute, 4 May 1948, FO371/69482/F6898/G, UKNA.

political, economic and strategic independence of Burma', and, most controversial of all, the establishment of a Marxist League 'to agitate, to organize and to fight to bring the programme into fruition; to determine steps for the formation of a single party of leftists subscribing to the Marxist-Leninist creed; to draw up rules and to carry out all adjustments that may be necessary; to teach the Marxist-Leninist creed, to discuss doctrines and to propagate them'.<sup>13</sup>

The Leftist Unity programme was an attempt by the Burmese government to appease the CPB by downgrading Burma's ties with Britain, and putting forward a domestic policy prospectus more in line with communist demands. It was also designed to defuse the political tensions generated within the regime itself by the CPB's move into open conflict. As such, it failed: continued differences over tactics towards the communists finally propelled dissident elements of the PVO underground in July 1948. The programme was also a disaster for the British. Publicly, Bevin maintained his government's position of friendship and support. On 17 June, he told parliament that the programme did not signal a change of policy in Rangoon, and reiterated the government's intention to maintain 'close relations with Burma in all fields'. Allowances had to be made: 'When a country like Burma, having been controlled by another, seeks her independence and obtains it, I think that a little tolerance and care are essential to get matters working right, and I propose to exercise them ... We must try to help them to keep on the rails'.<sup>14</sup> Privately, however, the programme, taken over virtually verbatim from a manifesto by a prominent communist leader, Thein Pe Myint, was viewed as 'a complete reorientation of policy' aimed at 'the early

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<sup>13</sup> 'The Programme', in Thakin Nu, *Towards Peace and Democracy* (Rangoon: Ministry of Information, 1949), pp. 92–97.

<sup>14</sup> *Hansard*, 17 June 1948, vol. 452, 1947–1948, col. 654–657.

transformation of Burma into what is to all intents and purposes a Communist state'. If it correctly reflected Burmese policy, Bevin told the cabinet, 'the Government of Burma must now be considered to have thrown in their lot with Communism'.<sup>15</sup>

Bevin responded to the unwelcome news of the Leftist Unity programme by calling in the Burmese ambassador in London for a dressing down.<sup>16</sup> He also ordered a review of British military assistance to the Burmese, and the first consignment of equipment dispatched – three million rounds of small-arms ammunition – was duly delayed en route while ministers and officials discussed the merits and risks of aid.<sup>17</sup> The British government, Bevin warned, should 'go very slow about supplying arms generally until we see more clearly whether [U Nu's] professed determination to stand up to the Communists is realised in fact'.<sup>18</sup> There were also practical arguments against assistance. Military resources, the Ministry of Defence reported, were in extremely short supply: 'it is hard to name a country in the world which is not badgering us for arms and equipment'. Production was 'heavily mortgaged' to countries claiming a higher priority than Burma.<sup>19</sup> Even supplying the three million rounds of ammunition then on their way to the Burmese was achieved only with great difficulty, and was claimed to be the most generous allocation that resources would permit. (This appears to have been true. According to the Ministry of Defence, other claimants, including

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<sup>15</sup> Cabinet minute, 14 June 1948, CAB121/684/CM(48), UKNA.

<sup>16</sup> Bevin to Bowker, no. 506, 16 June 1948, FO371/69472/F8511/17/G.

<sup>17</sup> Bevin to Alexander, 7 June 1948, FO371/69482/F8161/313/G, UKNA. It was eventually decided that an 'unobtrusive' delay as requested by Bevin would be impossible because the ship carrying the consignment stopped at no further ports before Rangoon, and the shipment was not in the end halted.

<sup>18</sup> Bevin to Alexander, undated draft, FO371/69483/F9307, UKNA.

<sup>19</sup> Ward to Grey, 21 April 1948, FO371/69482/F6287/G, UKNA.

Italy, India, Pakistan and Egypt, were getting nothing.)<sup>20</sup> Nor was it obvious that any arms supplied would be put to good use. Bowker, though a staunch advocate of aid, regarded Burmese requests for help as 'sudden and random', and a sign of near-panic among the Burmese leadership.<sup>21</sup> For some officials, the government was in any case beyond rescue; one wondered whether the Burmese would ever develop a defence 'on modern lines. Their fighting, like their politics, is essentially medieval'.<sup>22</sup>

The arguments in favour of continued assistance were therefore largely political. The embassy in Burma strongly disagreed with any change, arguing that it would be received in Rangoon as evidence that the British government had written off the new regime. There was, Bowker reported, 'no alternative to the Government at present in sight which would be more desirable from our point of view and I think we should do what we can to assist ... The only chance of moderate counsels prevailing lies in strengthening rather than weakening the internal position and confidence of the existing Government'.<sup>23</sup> U Nu was 'genuinely friendly towards the United Kingdom; is genuinely in favour of methods of Western democracy; and is not disposed to negotiate with the leaders of the Communist insurrection'. While it made sound sense 'to review various economic and political weapons we could marshal against a hostile Burmese Government and even discreetly hint of these possibilities to them', it would be unwise to do anything to suggest that the UK did not 'fundamentally trust Burma's good intentions nor regard her as a friend'.<sup>24</sup> Suspending aid also presented potential

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<sup>20</sup> Appendix A, Balance Sheet April 1948–March 1950, 1 June 1948, FO371/69482/F8161/313/79/G, UKNA.

<sup>21</sup> Bowker to Bevin, 7 April 1948, FO371/69481/F5432/313/79, UKNA.

<sup>22</sup> Murray, minute, 10 March, FO371/69481/F3662/313/79, UKNA.

<sup>23</sup> Bowker to the Foreign Office, no. 475, 14 June 1948, FO371/69482/F8326/G, UKNA.

<sup>24</sup> Bowker to the Foreign Office, no. 485, 16 June 1948, FO371/69472/F8456/17/79, UKNA.

problems associated with the UK's treaty obligations with Burma, which stipulated that the British would provide 'reasonable facilities' (a phrase never precisely defined) for the purchase of arms in the UK. Bevin himself noted the apparent inconsistency in refusing arms to a weak government, when doing so would weaken it further and make a communist takeover more likely.<sup>25</sup>

Suspicious that Burma's communist insurgency was part of a wider regional pattern reinforced arguments in favour of continued assistance to the government in Rangoon.<sup>26</sup> In addition to the outbreak of fighting in Burma in March, there were widespread communist-inspired disturbances in Bengal, and a separate communist party was founded in Pakistan. In Singapore, labour agitation fomented by the communist trade union federation appeared to be on the increase. Finally, on 16 June 1948, just as British ministers were discussing their response to the Burmese government's new policy statement, three European rubber planters were shot dead by communist militants in Malaya. Two days later, on 18 June, the colonial authorities declared a state of emergency.<sup>27</sup> British officials traced the beginnings of this apparently coordinated offensive to a communist-sponsored youth conference in Calcutta in early March 1948.<sup>28</sup> Analysts believed that the conference was used by Moscow to bring Asia's communist parties into line with a new militant strategy outlined at the inaugural meeting of the Cominform in Poland in September 1947. Henceforth, policy was to be 'more directly supervised and coordinated by Moscow', and it would be 'formulated with reference to the interests of world Communism as a

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<sup>25</sup> Bevin to Alexander, 7 June 1948, FO371/69482/F8161/313/G, UKNA.

<sup>26</sup> 'Review of Communism in South-East Asia', 23 April 1948, FO371/69694/F6914/G, UKNA.

<sup>27</sup> R. F. Holland, *European Decolonization 1918-1981: An Introductory Survey* (Basingstoke: Macmillan, 1985), p. 108.

<sup>28</sup> 'New Communist Line in South East Asia', undated, FO371/69694/F6644/727/G, UKNA.

whole rather than the achievement of any merely regional advantage'. Communist developments in South-East Asia were both 'an immediate problem in the defence of our vital interests', and part of 'the general strategy of the Kremlin in the cold war against us'.<sup>29</sup>

The extent of Moscow's involvement as a coordinating factor in the general militant turn in South-East Asian communism at the end of the 1940s has been the subject of some historical debate.<sup>30</sup> Even at the time there was some doubt that the communist insurrections in Asia were anything more than local conflicts. In Burma's case, Bowker questioned the possibility of a link between the CPB and the wider communist movement, arguing instead that the decision to take up arms was made independently.<sup>31</sup> There was no Soviet diplomatic presence in Rangoon, no Burmese had been known ever to have been to Moscow or been educated in the Soviet Union, and few Soviet citizens had ever visited Burma. Burmese communists made their first overseas trips only in February 1947, when a delegation visited London for a conference of British Empire communist parties.<sup>32</sup> British intelligence reported numerous foreign contacts with communists as far afield as South Africa, but there was 'no hint' of a direct link between the Soviet Union and the Burmese, and

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<sup>29</sup> 'Communist Strategy in South-East Asia', undated, FO371/69695/F15863/727/61/G, UKNA.

<sup>30</sup> On the conflicting historical interpretations, see Phillip Deery, 'Malaya, 1948: Britain's Cold War?', *Journal of Cold War Studies*, vol. 9, no. 1, Winter 2007, pp. 29–54. The current consensus is that fears of a coordinated push from Moscow were at best overstated. See A. J. Stockwell, "'A Widespread and Long-Concocted Plot to Overthrow Government in Malaya"? The Origins of the Malayan Emergency', *Journal of Imperial and Commonwealth History*, vol. 21, no. 3, September 1993; Ruth McVey, *The Calcutta Conference and the South-East Asian Uprisings* (Ithaca, NY: Cornell University South-East Asia Program, 1958); and Anthony Short, *The Communist Insurrection in Malaya, 1948–60* (London: Frederick Muller, 1975).

<sup>31</sup> Bowker to the Foreign Office, no. 170, 22 May 1948, FO371/69694/F7596/G, UKNA.

<sup>32</sup> Smith, *Burma*, p. 105.

certainly no evidence of any material support for the insurgency.<sup>33</sup> Indeed, the CPB was thought to be hazy as to its ideology: 'Utopian Communists' rather than 'Russian-tutored', and far from the communism of Eastern Europe or China. The CPB may accept Soviet aid, one observer judged, but would 'nevertheless insist on going their own way'.<sup>34</sup> Burmese communists themselves, though clearly influenced by Cominform rhetoric, rejected the notion of external agency in their insurrection, and there is no reason to believe that, in the early stages of the insurgency at least, they were any less suspicious of outside influence than their opponents in the AFPFL.<sup>35</sup>

Whatever the actual extent of outside involvement, for present purposes the important point is that debates over the merits of British military aid to Burma were part of a wider reappraisal of the nature, structure and scale of the communist threat in South-East Asia. Under these circumstances, the arguments in favour of military help to the Burmese government in the end proved conclusive, and supplies continued. Meanwhile, U Nu backed away from the more contentious elements of the May proposals. A second, more moderate policy statement, issued in the middle of June, included a specific defence of the 1947 treaty and a declaration of hostility to communism, both of which had been conspicuously missing in the earlier pronouncement. The controversial proposal for a Marxist League was dropped, never to be mentioned again. Burma, Bowker was told, was not turning communist, valued Britain's friendship and fully intended to abide by the terms of the 1947 treaty.<sup>36</sup>

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<sup>33</sup> 'Communist Organisations in Burma', 22 April 1948, FO371/69515/F6915/1371/79/G, UKNA.

<sup>34</sup> Pearn, 'Communist Party of Burma', 5 January 1948, FO371/69514/F3350/1371/795, UKNA.

<sup>35</sup> Smith, *Burma*, p. 105.

<sup>36</sup> Bowker to the Foreign Office, no. 496, 19 June 1948, PREM8/715, UKNA.

Despite this conciliatory move, broader concerns about Burma's political trajectory remained, and the issue was taken to the Commonwealth Affairs Committee on 27 July. Ahead of the meeting, Bevin's officials prepared a lengthy memorandum laying out the current state of relations, and mapping out the possible policy options.<sup>37</sup> This did not make for encouraging reading, both for its analysis of the position inside Burma, and for its assessment of Britain's capacity to influence events there. Should matters stay essentially as they were (the preferred, if not the ideal, outcome), no policy change was in prospect: pressure would continue on the Burmese to 'secure reasonable treatment for our interests', and support against the communists would be maintained 'in the hope that we shall thereby be enabled to retain some part of our influence in the country'. At the other extreme, government collapse and the probable emergence of a full-blown communist administration would see the loss of remaining British interests, assets and strategic facilities in Burma. The 1947 treaty would be rendered void, recognition of the government would be withdrawn and little meaningful could be done beyond ensuring the physical protection and evacuation of British nationals in the country.

The third possibility entertained in Bevin's paper saw a deterioration in the position that fell short of outright collapse, coupled with the adoption by the Burmese of an explicitly anti-British stance. This presented policy-makers with more complex challenges. In a bid for leverage, the UK could, Bevin thought, oppose Burma internationally, for example by blocking Rangoon's efforts to join the UN's Far Eastern Commission. British exports could be diverted elsewhere, arms supplies could be withheld, or neighbouring countries could be encouraged to pursue territorial

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<sup>37</sup> Bevin, 'British Relations with Burma', 23 July 1948, CAB134/55/CA(48)15, UKNA.



claims against Burma. Each of these courses would, however, amount to a breach with the country, and would constitute a 'serious blow' to the UK's position in South-East Asia. 'The conclusion seems to be,' Bevin told the Committee, 'that nearly all the measures open to us will damage our interests more than they will the Burmese. For the time being, therefore, we can only bear them in mind as possibilities.' His cabinet colleagues agreed: hopefully U Nu and his government would somehow muddle through, and Britain should do what it could to help.

In Burma, meanwhile, the fighting continued into the summer. In early August, two of the government's infantry battalions mutinied, depriving the regime of several hundred troops, while the doubtful reliability and low morale of the rest of the Burman military forced the government into ever-greater dependence on its minority Karen, Chin and Kachin regiments. Across the country, security was in crisis. Most of Arakan and large areas of central and lower Burma were in the hands of one rebel group or another. British officials in Burma spoke for the first time of civil war, and Rangoon itself appeared briefly under threat. Several Europeans were deliberately targeted for attack, suggesting that Westerners were at specific risk. Two – an estate manager and his wife – were killed by a mixed band of army mutineers and communists in the Shan states in June, and a fortnight later another British national was attacked and injured near Rangoon, leading officials to wonder whether a Malaya-style assassination campaign had begun. The evacuation of the 2,500 or so Britons in the capital (and with it the effective end of British interests in the country) seemed a distinct possibility, and a British navy ship was stationed three days' sailing from Rangoon.

By the end of August, Bowker thought the situation sufficiently perilous to call for the deployment of British troops, provoking a flurry of discussion around Whitehall. The Ministry of Defence opposed any direct military intervention. Bowker's proposal for a battalion-level deployment would almost certainly be inadequate for the mission, and the British risked an open-ended commitment entailing the transfer of considerable troops from insurgent Malaya.<sup>38</sup> Politically, moving troops into what was after all an independent state would, thought the Foreign Office, 'constitute a very serious step'. For all that the abandonment of British interests in Burma would damage British prestige and have 'injurious reactions on the general situation in South East Asia', no deployment should be contemplated.<sup>39</sup> However perilous the situation in Burma, in other words, British policy-makers had to accept the fact of Burmese independence, and tailor their plans accordingly. As the outgoing Permanent Under-Secretary at the Foreign Office, Orme Sargent, put it:

*We really must try and accustom ourselves to the fact that Burma is an independent country and must be treated as such. Whatever the circumstances might be in which we sent British troops to Burma our action would be denounced as a piece of British imperialism. This would still be the case even if we were invited in by a panic-stricken Burmese Government. The fact is that however important and valuable British interests in Burma may be we have no right to protect them by military force.*<sup>40</sup>

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<sup>38</sup> Waterfield to Murray, 7 September 1948, FO371/69519/F12970/1371/79, UKNA.

<sup>39</sup> Lloyd, minute, 'Burma: Protection of British Interests', 8 September 1948, FO371/69519/F12970/1371/79, UKNA.

<sup>40</sup> Orme Sargent, minute, 9 September 1948, FO371/69519/F12970/1371/79, UKNA.

Bevin agreed – Bowker was to rest content with the navy ship off Rangoon, and the idea was not raised again. The worsening position did nonetheless encourage further thought in the Foreign Office, and in August Assistant Under-Secretary Esler Dening asked his officials to examine once again what, if anything, the UK might do to ease the crisis.<sup>41</sup> While unilateral military action ‘would offer too obvious a propaganda weapon to the insurgents, who would accuse Thakin Nu and his colleagues of contriving the return of British rule ... I do not think that we can face a completely chaotic Burma with equanimity’. What action, Dening asked, could the UK take ‘to influence the situation before it deteriorates beyond remedy?’.

Dening’s query elicited a fresh policy paper on 19 August, but this just restated the essential elements of Bevin’s argument in the Commonwealth Affairs Committee the previous month.<sup>42</sup> A collapse in Burma and the consequent emergence of some form of communist regime would have ‘the most unfortunate effects on British interests, not only in Burma itself, but in South East Asia generally’. Burma, even if incompletely communist, ‘will become an obvious centre for Communist intrigue which may spread into the surrounding countries – Pakistan, India, China, Siam and Malaya’. At the same time, however, the options for assistance to the regime remained limited, partly for reasons of domestic Burmese politics, and partly because of Britain’s own resource constraints. Bevin, having recovered from the shock of the Leftist Unity programme, remained convinced of the need for continued military aid. Supplying arms, he told his colleagues in September, was ‘absolutely vital in the national interest’, and one of the keys to preserving Britain’s regional position: ‘it is

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<sup>41</sup> Dening, minute, 16 August 1948, FO371/69475/F12721/17/79/G, UKNA.

<sup>42</sup> Murray, minute, ‘British Policy Towards Burma’, 19 August 1948, FO371/69475/F12721/17/79/G, UKNA.

vital to us and to our whole position in South East Asia that the fight against the Communists in Burma should go on and the only way of ensuring this is to try to provide them as best we can with the arms to do it'.<sup>43</sup> The Burmese 'are fighting the Communists actively, are assisting us and in return deserve our assistance'. The danger in Burma was 'grave and imminent, with implications throughout South-East Asia, and requires urgent action'. Under the circumstances, 'Burma should be given precedence over other countries whose claims on us may be stronger, but whose immediate needs may be less pressing'.<sup>44</sup>

Criticism nonetheless continued to emanate from elsewhere in Whitehall and, while arms were still supplied, volumes fell far short of Burmese demands: in September 1948, for example, the Burmese were sent another two million rounds of small-arms ammunition, against a request for nearly eight million, and 10,000 rifles, compared with the 23,000 they had asked for.<sup>45</sup> Although acquiescing in the September shipment, Defence Minister A. V. Alexander warned that 'the Burmese ought not to assume that, simply because they ask for something, it must be available and within our power to give it to them if we choose'.<sup>46</sup> Burma's requests appeared far beyond what its armed forces could actually use, while general lawlessness, allied with mutinous troops' habit of taking their guns with them when they went into revolt, meant that the country was already awash with weapons in the wrong hands.<sup>47</sup> In effect, the ease with which equipment left government control implied the risk that the

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<sup>43</sup> Bevin to Alexander, 19 September 1948, FO371/69485/F13428/313/G, UKNA.

<sup>44</sup> Lloyd, minute, 'Supply of Arms to Burma', 2 September 1948, FO371/69485/F12564/G, UKNA.

<sup>45</sup> Alexander to Bevin, 8 September 1948, FO371/69485/F13428/G, UKNA.

<sup>46</sup> *Ibid.*

<sup>47</sup> Bowker to the Foreign Office, 21 August 1948, FO371/69484/F11561/313/79, UKNA; Scott to Gresswell, 12 September 1949, FO371/75709/F13407/1192/99, UKNA.

UK was simply supplying communist insurgents by proxy. The Burmese, argued Alexander, had already lost a significant amount of equipment supplied from the UK; transferring any more was 'throwing good money after bad'.<sup>48</sup>

The difficulties facing the British Services Mission (BSM) in Burma only exacerbated these concerns about the wisdom of continued military aid.<sup>49</sup> Initially, the BSM's prospects had appeared good. In his first preliminary report at the end of February 1948, the mission's head, General Geoffrey Bourne, noted excellent cooperation between Burmese officers and his advisors.<sup>50</sup> Relations between the two sides were, however, fragile. Burmese military leaders resented the presence of several hundred British personnel in Rangoon, and were convinced that British officers had had a hand in Aung San's assassination in July 1947.<sup>51</sup> For their part, the British had not forgotten Burma's collaboration with the Japanese during the Second World War, and regarded many of their senior Burmese colleagues as little better than traitors.<sup>52</sup> Unsurprisingly perhaps, these tensions rapidly led to difficulties. In April, Bourne reported that previously open officers were becoming more distant, that advice was

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<sup>48</sup> Alexander to Bevin, 8 September 1948, FO371/69485/F13428/G, UKNA.

<sup>49</sup> The BSM was set up at independence under the terms of the defence agreement of August 1947. It was intended to provide advice and training to the Burmese armed forces, and to facilitate British arms supplies. Foreign Office to Rangoon, 3 January 1948, FO371/69481/F313/313/79, UKNA. It was a sizeable deployment; in June 1948, for example, its complement was just over 200 personnel. Peter Lowe, 'Fighting Communism and Ending Colonialism: British Policy Towards Burma, Malaya and Indochina, 1950–1954', paper delivered at the conference 'Anglo-American Relations and the Vietnam Wars, 1945–1975', Nottingham University, 27–28 March 2007.

<sup>50</sup> Bourne, first preliminary report of the BSM, 9 February 1948, FO371/69481/F3662/313/79, UKNA.

<sup>51</sup> One British officer, Captain David Vivian, was sentenced to five years' imprisonment for supplying U Saw with weapons. Vivian was sprung from Insein jail by the Karen in early 1949. He was killed in a clash with Burmese troops the following year. Another Briton, Major Young, was sentenced to two years for his part in the plot.

<sup>52</sup> Lowe, 'Fighting Communism and Ending Colonialism'.

becoming more difficult to give and that information previously freely provided was being withheld.<sup>53</sup> In May, Bourne was compelled to replace his chief flying instructor when the head of the Burmese air force declared him unacceptable. Bowker suggested that the BSM would never work effectively, and wondered how long it would last;<sup>54</sup> Bourne himself lasted barely a year before being transferred, having achieved little beyond a reorganisation of the Burmese government's War Office. As his departure was being arranged in October 1948, Dening noted ruefully that, while the BSM was a valuable British asset, running it would 'drive many people to despair'.<sup>55</sup>

It is also important to consider the political and institutional context within which the British were making Burma policy in the late 1940s. This was a period of intense and rapid change, both in Britain and abroad. In the six months leading up to Burmese independence, the government ended British rule in India and weathered a currency crisis at home (in August); completed talks setting up the Organisation for European Economic Cooperation (in September); negotiated a new framework for global trade (in October); hosted the fifth, abortive Council of Foreign Ministers meeting on Germany (in November–December); and confronted civil war in Greece (in December). In the six months after Burma's independence, there was a communist coup in Czechoslovakia (in February); the UK, France and the Benelux countries signed the Brussels Treaty on defence (in March); US President Harry Truman signed the Economic Cooperation Act into law, opening the way for Marshall Plan aid (in April); the British Mandate ended in Palestine (in May); and the Berlin airlift began (in June). Added to this was a domestic policy programme which, between January

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<sup>53</sup> Bourne, first quarterly report of the BSM, 31 March 1948, FO371/69481/F5430/313/79, UKNA.

<sup>54</sup> Bowker to Bevin, 6 April 1948, FO371/69481/F5430/313/79, UKNA.

<sup>55</sup> Dening, minute, 11 October 1948, FO371/69485/F13813/313/79, UKNA.

and early July, saw the nationalisation of the railways and the electricity industry, education reform and the inauguration of the National Health Service.

The speed and nature of international change exerted physical demands on the policy-making bureaucracy within the Foreign Office.<sup>56</sup> Pressure of business increased exponentially: between 1939 and 1950, the number of incoming papers into the Foreign Office more than doubled, reaching over 630,000, most of them telegrams requiring urgent action rather than measured reflection. Meanwhile, reforms developed during the war saw the departure of nearly half of the Foreign Office's 150 or so senior managers by 1947.<sup>57</sup> According to the *Foreign Office List*, the annual directory of Foreign Office personnel, the office most directly concerned with Burma affairs, the South-East Asia Department, had a staff of just eight in 1950, covering a dozen countries and territories from Afghanistan to Indonesia.<sup>58</sup> At the same time, as the functions of the Foreign Office expanded into issues of economic diplomacy and anti-communist propaganda, so its departmental organisation became more complex and diffuse. By the end of the 1940s, six separate departments were in one way or another responsible for Britain's various east-of-Suez interests, creating new pressures for coordination and information management that the Foreign Office was ill-equipped to meet.<sup>59</sup>

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<sup>56</sup> Anthony Adamthwaite, 'The Foreign Office and Policy-Making', in John W. Young (ed.), *The Foreign Policy of Churchill's Peacetime Administration 1951-1955* (Leicester: Leicester University Press, 1988), pp. 1-28.

<sup>57</sup> *Ibid.*

<sup>58</sup> *The Foreign Office List*, 1950, p. 74.

<sup>59</sup> Adamthwaite, 'The Foreign Office and Policy-Making'.

Equally, of course, the blizzard of papers blowing through the Foreign Office and other government departments concerned with the UK's overseas policy could be seen simply as the bureaucratic price of global power. Although badly weakened by the war, Britain in the late 1940s was still a nation with worldwide interests and responsibilities. Without question, the war had altered the distribution of international power, diminishing the states of Europe, Britain included, and hugely enhancing the reach of the United States and the Soviet Union. Yet the scope for the exercise of British influence still seemed comparatively wide. In some areas, India most notably, the pressures of war had forced concession and withdrawal, but Indian independence was in no way meant to mark the start of a wider retreat from Britain's colonial role, and vast swathes of Africa, Asia, the Caribbean and the Pacific remained in British hands. In traditional informal spheres of influence, such as the Middle East, Britain still thought of itself as the pre-eminent external power, while the defeats of Germany, France and Italy had removed Britain's traditional peer competitors in Western Europe and the Mediterranean. The British also still controlled an extensive network of strategic installations and outposts around the world, from the South Atlantic to Singapore. To be sure, Britain could not match the military or economic strength of the United States or the Soviet Union, but the country had retained enough of its former status that its leaders could still claim a share in the management of the post-war world, albeit, as Sargent put it, as 'Lepidus in the triumvirate with Mark Antony and Augustus'.<sup>60</sup>

Maintaining this global role did not, however, come cheap. In Palestine alone, 80,000 troops – a tenth of the British army – were required to keep what little peace there

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<sup>60</sup> Sargent, quoted in Ritchie Ovendale, 'Introduction', in Ovendale (ed.), *The Foreign Policy of the British Labour Governments, 1945–51* (Leicester: Leicester University Press, 1984), p. 4.



was, at a cost of £100 million.<sup>61</sup> Another 20 battalions and 50,000 police were eventually deployed to tackle the communist insurgency in Malaya.<sup>62</sup> These heavy military commitments were being undertaken at a time of continued austerity and recurrent economic and financial crises at home, in 1947, 1949 and 1951. The British, in other words, were working at the very limits of their strength. According to one American observer, writing in January 1950:

*They are trying simultaneously to balance their trade, modernise their industry, balance their budget, fight off inflation and prevent a fall in their standard of living. Since there are no margins, even trivial things, such as a battalion despatched to Eritrea; a million pounds expenditure on this or that item; a million gained or lost in overseas trade; a penny rise in the price of bread or a dime in the price of coal become critical problems of major dimensions that require Cabinet attention.*<sup>63</sup>

With their own resources depleted by the war, Bevin and his colleagues were clear that American economic and military power was vital to the security of Europe, the region most directly threatened by Moscow. US economic assistance was secured in March 1948, when the US Congress approved Marshall Plan aid. Meanwhile, Bevin was laying the foundations for a US strategic commitment as part of a wider union of the Western democracies. To meet the Soviet challenge in Europe, Bevin believed, a

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<sup>61</sup> F. S. Northedge, 'Britain and the Middle East', in Ovendale (ed.), *The Foreign Policy of the British Labour Governments*, p. 164.

<sup>62</sup> John Darwin, *Britain and Decolonisation: The Retreat from Empire in the Post-War World* (Basingstoke: Macmillan, 1988), p. 155.

<sup>63</sup> *Ibid.*, p. 164.

'spiritual federation of the West' was required, an understanding 'backed by power, money and resolute action ... If such a powerful consolidation of the West could be achieved it would then be clear to the Soviet Union that having gone so far they could not advance any further'.<sup>64</sup> The first step, concluded in March 1947, was the Treaty of Dunkirk between Britain and France. A year later, in March 1948, the UK, France and the Benelux countries signed the Brussels Treaty. Finally, in April 1949, America's participation in the defence of Europe was secured with the establishment of NATO.

Through the three treaties concluded between 1947 and 1949, the British tied themselves to mainland European security to an extent that would have been unthinkable before the war. But no senior Labour politician was prepared to allow European commitments to interfere with Britain's colonial and Commonwealth responsibilities. Here, more than anywhere else, British planners saw the physical expression of far-flung global power: through the dominions, colonies and dependencies, Britain had a presence on every continent, from South America to Australasia. Without that unrivalled presence, Bevin and his colleagues knew, Britain's claim to great power status was baseless. Accordingly, a great deal of energy was expended on imperial and Commonwealth matters. Unlike past imperial practice, however, Britain could no longer rely in the last resort on recourse to military or economic force; as one official put it, the days were over 'of thinking in Edwardian terms of the use of military and economic power we no longer possess'.<sup>65</sup>

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<sup>64</sup> Alan Bullock, *Ernest Bevin: Foreign Secretary* (Oxford: Oxford University Press, 1983), p. 499.

<sup>65</sup> Ronald Hyam (ed.), *The Labour Government and the End of Empire, 1945–1951*, part 1 (London: HMSO, 1992), p. xxviii.

Britain's inability to enforce its will was felt most acutely in the most important possession, India. As the pressure for South Asian independence increased in the years immediately after the war, the British chose not to fight but to withdraw, with as much grace as they could muster and in the hope that magnanimity's reward would be friendly ties and a willingness to accommodate British needs. In Sri Lanka's case, these expectations were more or less realised, with the conclusion of a defence agreement assuring the UK access to air and naval bases on the island until 1956. As we have seen, a less comprehensive but still valuable deal was reached with Burma. India, larger and more obstreperous, proved less willing to tie itself to the old colonial power. Attempts to negotiate similar post-independence arrangements failed, and a fundamental change in the constitution of the Commonwealth was required to keep India in the family when it declared itself a republic in 1949. Nonetheless, the British believed, some measure of influence and goodwill had been preserved, and a foundation for future relations laid.<sup>66</sup>

In South Asia, the Labour government liquidated Britain's imperial possessions and reframed the Commonwealth to accommodate the republican aspirations of India. But this was explicitly an exceptional policy, and no such far-reaching changes were envisaged elsewhere in the empire. Far from it, in fact: under Labour, British political and economic control became if anything more extensive than it had been before the war. Suddenly, after years of benign neglect and arm's-length control from London, the empire was exposed to unprecedented attempts to manage its economic and political life. A proliferation of conferences and summer schools of colonial officials

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<sup>66</sup> D. K. Fieldhouse, 'The Labour Government and the Empire-Commonwealth', in Ovendale (ed.), *The Foreign Policy of the British Labour Governments*, p. 92.

sought to inject a greater degree of analytical rigour into the make-do-and-mend process of colonial administration, and annual surveys were established to measure and quantify colonial economies. A Cabinet Committee on colonial development was established in 1948, and two new organisations, the Colonial Development Corporation and the Overseas Food Corporation, were set up to oversee the government's efforts. Politically, the British sought to create a process of gradual constitutional advance in a bid to 'educate' local elites in the mechanics and responsibilities of democratic government. The 'fundamental objectives' of British policy in colonial Africa, remarked one official in 1948, 'are to foster the emergence of large-scale societies integrated for self-improvement by effective and democratic political and economic institutions'.<sup>67</sup> Meanwhile, in Malaya, the hotchpotch structure of pre-war colonial government was swept away in January 1946, to be replaced by a centralised administration based in Singapore. This bold experiment did not survive strident opposition from the Malay sultans, whose powers it removed, and a less ambitious compromise was reached the following year. Nonetheless, the basic aim – to bring the disparate units of Malay society together under some sort of unified control – was preserved.<sup>68</sup>

The intention underpinning all of this activity was to contain and canalise local opposition to British rule, thereby hopefully prolonging it, while harnessing colonial economies in the service of recovery in the UK by developing the empire's productive capacity and its dollar-earning potential. The results were, however, disappointing. Colonial economic development was a disaster: one of the most ambitious projects undertaken in Africa, an attempt to promote the production of groundnuts in

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<sup>67</sup> Hyam (ed.), *The Labour Government and the End of Empire*, part 1, p. xxx.

<sup>68</sup> Darwin, *Britain and Decolonisation*, p. 109.

Tanganyika to meet shortages of oil and fats, produced not a single exportable nut and had cost the government almost £39 million by the time it was wound up in 1950.<sup>69</sup> Another £5 million was wasted on efforts to make the Gambia an egg-producer.<sup>70</sup> Likewise, the model of gradual constitutional advance introduced by Labour and pursued by its successors failed to control the pace of political change as the empire unravelled in the 1950s and 1960s.

The Labour government's enthusiasm for imperial and Commonwealth business partly explains the continued interest officials and ministers evinced in Burma's difficulties after independence in January 1948. Burma may well have elected to leave the Commonwealth, the British reasoned, but this did not end Britain's responsibility for its welfare, nor did it lessen the likelihood that state failure would damage British prestige and create difficult political problems at home. Looking after its affairs was nonetheless a difficult brief, and Burma was not an especially popular addition to the Foreign Office's portfolio. The country was an uncomfortable institutional fit: while its decision to leave the Commonwealth meant that responsibility for Britain's relations formally resided within the Foreign Office, its colonial past, its links with India, its vital rice supplies to Malaya and its membership of the Sterling Area placed it firmly within the ambit of the Commonwealth and colonial bureaucracy. Bevin complained of inheriting a problem not of his making, the outcome of a policy with which he disagreed; he was, he told his officials, 'aghast when the sudden announcement of independence was made'.<sup>71</sup> Policy-makers at times seemed to

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<sup>69</sup> *Ibid.*, p. xlvi.

<sup>70</sup> H. S. Wilson, *African Decolonization* (London: Edward Arnold, 1994), p. 150.

<sup>71</sup> Bevin, minute, 2 June 1948, quoted in Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 275.

despair of making any progress. Burma was, complained one official in November 1948, 'basically ... a non-sensical country'.<sup>72</sup>

Reports on the military situation at the end of 1948 did not encourage the British to hope for any early improvements. Large swathes of territory between Henzada and Bassein were effectively closed to government troops and under PVO control. Twante, less than 15 miles south-west of Rangoon, was in communist hands, and communists had established 'administrations' in towns as far apart as Pegu, outside Rangoon, and Mandalay in the north; the oilfields at Chauk and Yenangyaung in central Burma were 'to all intents and purposes cut off'; the countryside around Allanmyo was reported 'unsafe' and, west of Thayetmyo on the Irrawaddy, 'Communists reign supreme'. Sabotage was endemic. By October, 30 rail bridges had been destroyed, and in mid-October Rangoon's continued vulnerability to insurgent attack was brought home when the city's water supply was cut.<sup>73</sup> Although the government's entire ready forces were in the field, British observers were unimpressed by their conduct of the war. 'The impression,' minuted one official in mid-November, 'is of ignorance, apathy and incompetence.'<sup>74</sup>

### **The outbreak of the Karen insurgency**

In the British view, Burma's minority groups, particularly the Karen, constituted the government's best defence against the communist insurgency. That the Karen were anti-communist was a given; indeed, the belief that the Karen were more reliably anti-communist than the AFPFL government was an abiding problem in British Burma

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<sup>72</sup> Foreign Office to Bowker, 17 November 1948, FO371/69521/F15279/1371/79, UKNA.

<sup>73</sup> Bowker to the Foreign Office, no. 1,010, 16 October 1948, FO371/69486/F14555/313/79, UKNA.

<sup>74</sup> Murray, minute, 11 November 1948, FO371/69486/F15801/313/79, UKNA.

policy. Pressure from the minorities was thought crucial in keeping U Nu, a relative moderate, in his position, and the appointment of a Karen, Smith Dun, to head the armed forces was taken in British circles as a guarantee against compromise with the communist insurgents. More to the point, with the desertion and general unreliability of ethnic Burman units and the move into outright opposition of the PVO, the army's minority troops were of vital military importance. The possibility that the Karen might take up arms against the government in defence of their own communal interests was thus a concern in its own right, and a serious blow to British hopes for Burma's non-communist future.

Although Burma's independent constitution made provision for a future Karen state within the Union of Burma, its precise extent was left open pending a referendum and the conclusions of a Special Commission, appointed by the government.<sup>75</sup> In the meantime, Karen interests would be looked after by a Karen Affairs Council and a Minister for Karen Affairs. At first all seemed well. In February 1948, for example, Bowker reported that the government's official attitude was 'correct and indeed sympathetic'.<sup>76</sup> There was, officials argued, no evidence that 'the Burmese are not carrying out the provisions of the Constitution which relate to the Karen as effectively as they can'.<sup>77</sup> In May, the government established the Special Commission mandated by the constitution, and the following August the Karens' main political grouping, the Karen National Union (KNU), publicly pledged itself to non-violence. This, Bowker thought, showed a 'realistic and sensible attitude on the part of the Karen opposition

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<sup>75</sup> *The Constitution of Burma* (Rangoon: Government Printing and Stationery, 1947), Part III, pp. 44–45.

<sup>76</sup> Bowker to the Foreign Office, no. 149, 17 February 1948, FO371/69509/F2621/1087/79, UKNA.

<sup>77</sup> Murray, minute, 11 February 1948, FO371/69509/F2190/1087/79, UKNA.

leaders which is one of the few cheerful features I have been able to report in the last six months'.<sup>78</sup> The KNU had 'evidently reached the same conclusion as ourselves – that, unsatisfactory as the present Burmese Government may be in many ways, it is better to support them lest they be replaced by an even more extreme set, or by the Communists (whom they like as little as we do)'.<sup>79</sup>

In fact, Bowker and his colleagues badly underestimated the extent of Karen disaffection. At the end of August 1948, following an attempt by government forces to disarm villagers in Thaton district, local Karens occupied police stations in Moulmein; a day later, Thaton too was seized. In September, Bowker reported further Karen moves in Amherst, Thaton and towards Toungoo.<sup>80</sup> Following anti-Karen violence in Tenasserim in December and increasing tensions throughout January, government forces surrounded the Karen stronghold of Insein north of Rangoon. On 29 January, Bowker reported clashes there, and Karen attacks on Toungoo and Bassein.<sup>81</sup> By early February, the ambassador had concluded that full-scale communal war was under way.

A complex mix of moral obligation and emotional attachment meant that the outbreak of open conflict between the Burmese government and the Karen minority presented British policy-makers with a difficult and sensitive problem. The Karen had enjoyed a long-standing association with the British dating back to the earliest years of the European presence in Burma; in 1887, for instance, Indian civil servant Donald

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<sup>78</sup> Bowker to Bevin, no. 277, 4 August 1948, FO371/69509/F13526/1087/79, UKNA.

<sup>79</sup> Murray, minute, 2 July 1948, FO371/69509/F9038/1087/79, UKNA.

<sup>80</sup> Bowker to Bevin, no. 357, 23 September 1948, FO371/69510/F12972/1087/79, UKNA.

<sup>81</sup> Bowker to the Foreign Office, no. 90, 29 January 1949, FO371/75664/F1582/1018/79, UKNA.



Mackenzie Smeaton's *Loyal Karens of Burma* called them the 'staunchest and bravest defenders of British rule'.<sup>82</sup> Karens acted as guides for British troops in the colonial wars of the 1820s and 1850s, and Karen troops were instrumental in suppressing rebellions against British control in the late nineteenth century, and again in the early 1930s.<sup>83</sup> Karen recruits dominated the colonial security force to the extent that, in July 1945, the British Burma army had 33 Karen officers, compared with just three Burmans.<sup>84</sup> Karen loyalty during the Second World War contrasted sharply with the collaboration of the Thakins and the Burman-dominated, Japanese-backed BIA, while a series of wartime massacres of Karen at the hands of the BIA further poisoned already difficult relations between the two communities; in one particularly notorious incident in 1942, some 150 Karen, including women and children, were murdered in an attack on the Delta town of Myaungmya.<sup>85</sup>

Karen experiences during the war reinforced post-war demands for greater autonomy dating back to the 1920s.<sup>86</sup> Proposals for a Karen state were sent to the British government in September 1945 and April 1946 and, when no reply was forthcoming, a four-strong delegation travelled to London to press the Karen case. Although prepared to make reassurances of goodwill and concern, British officials sidestepped substantive discussion; according to Frederick Pethick-Lawrence, the Secretary of State for Burma, 'we do not want to get entangled if we can avoid it in Karen political

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<sup>82</sup> Donald Mackenzie Smeaton, *The Loyal Karens of Burma* (London: Kegan Paul, Trench & Co., 1887), p. 1.

<sup>83</sup> Smith, *Burma*; Cady, *A History of Modern Burma*, p. 137.

<sup>84</sup> Record of a meeting of Civil Affairs Officers, Government House, Rangoon, 15 July 1945, WO/203/5239, in Hugh Tinker (ed.), *The Struggle for Independence: Volume I* (London: HMSO, 1983), document 224, p. 372.

<sup>85</sup> Tinker, *The Union of Burma*, p. 10.

<sup>86</sup> Smith, *Burma*, p. 51.

demands which may not be at all easy to deal with'.<sup>87</sup> The main problem facing Karen separatism stemmed from the complex patterns of Burma's ethnic landscape. The 1931 census, the last before independence and a document subject to some dispute, put the Karen population at 1.4 million, around 9% of the total, concentrated in the east and the south along and across the Thai border, and closely intermingled with Burmans in the Delta and around Rangoon.<sup>88</sup> This dispersed pattern made it difficult to identify the boundaries of any potential Karen political unit that could easily be separated from the rest of the country. In any case, the British believed, any future Karen state would amount to little more than 'an immense inaccessible horseshoe of forests and poverty with no access to the sea'; such a territory was a 'chimera as a political entity'.<sup>89</sup>

As independence approached, the British stepped up their efforts to settle the status of Burma's minority groups. A conference of representatives from the AFPFL and the minorities was convened at Panglong in the Shan states in February 1947, but there appears to have been little meaningful Karen representation, and the community's future status remained unresolved. Minority questions were addressed again by a committee of enquiry in March and April 1947, but the testimony the committee heard was 'bewilderingly wide', and it made no firm proposals.<sup>90</sup> With independence just months away and the Karen question still undecided, direct intervention was deemed necessary, and Lord Listowel, Pethick-Lawrence's successor as secretary of

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<sup>87</sup> Pethick-Lawrence to Knight, 19 July 1946, IOR: M/4/3023, in Tinker, *The Struggle for Independence: Volume I*, document 620, p. 903.

<sup>88</sup> Smith, *Burma*, p. 30.

<sup>89</sup> Knight to Pethick-Lawrence, 11 August 1946, IOR: M/4/2855, in Tinker, *The Struggle for Independence: Volume I*, document 654, p. 944.

<sup>90</sup> Smith, *Burma*, p. 84.

state, travelled to Rangoon for a series of meetings with key Karen figures. These proved fruitless, and in a speech to the community's leaders on 8 September 1947 Listowel admitted defeat: 'I see nothing for it', he told them, 'but that matters should remain as they were when I reached Rangoon'; once the transfer of power had taken place, he warned, 'there can no longer be any question of any interference by His Majesty's Government in the affairs of what will then be a foreign State, nor will there be any question of further financial assistance to the Karens'.<sup>91</sup>

To sympathisers outside the government, Britain's handling of the Karen problem in the run-up to independence amounted to a betrayal of a loyal community's legitimate aspirations in favour of the collaborationist and anti-British politicians of the AFPFL. During the parliamentary debate on the Burma independence bill in November 1947, for example, Conservative leader Winston Churchill, a staunch opponent of Burma's independence, declared himself doubtful that 'there has been a fulfilment of our duties towards those who fought valiantly at our side ... All loyalties have been discarded and rebuffed; all faithful service has been forgotten and brushed aside'. Meanwhile, Aung San, his hands 'dyed with British blood and loyal Burmese blood', had been received as the 'plenipotentiary of the Burmese Government' when he had led the Burmese delegation to London in January 1947.<sup>92</sup> According to the Conservative MP Sir Henry Raikes, the Karens, 'our loyal friends through thick and thin', had been doomed to struggle for their position 'without any support from this country'. 'I am old-fashioned enough,' he declared, 'to believe that there are special ties and special needs to stand by those who stood by us.' According to *The Times*, in an editorial the

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<sup>91</sup> Listowel, speech to Karen leaders, Rangoon, 8 September 1947, IOR: M/4/3023, in Tinker, *The Struggle for Independence: Volume II*, document 515, p. 748.

<sup>92</sup> *Hansard*, vol. 443, 5 November 1947, cols 1836–1959.

following day, Churchill's 'robust and characteristic attack' on Labour policy gave expression to 'the anxieties expressed in our correspondence columns'.<sup>93</sup>

The political difficulties surrounding the Karen issue were not eased with the transfer of power. Throughout 1948 and into 1949, as Karen restiveness turned into armed conflict, the dispute attracted difficult comment in parliament, and pro-Karen editorials appeared at regular intervals in the British press.<sup>94</sup> A *Times* leader in September 1948, for instance, argued that the root cause of what it called 'Karen national assertiveness' lay with the Rangoon government's wrong-headed policies, suspicion of the UK and perceived communist sympathies: the Karens, it explained, 'were willing to try the experiment of the Burma Union in the hope they could keep its policy along the sound lines of close cooperation with Britain. They are now alarmed at the spread of Communism and they have no confidence in the ability – or even the disposition – of the Rangoon regime to restrain it'. Karen militancy, according to *The Times*, had as its final object 'replacing the Rangoon government by men who will work effectively for the real interests of Burma'.<sup>95</sup> The Karen, the paper declared in May 1949, had 'a strong case to state'.<sup>96</sup> At times, the depth of feeling was brought home to officials in a direct and personal way. In July 1949, for example, Foreign Office official Leslie Glass, a former Assistant Commissioner in the Burmese civil service, reported being harangued in the street by men who had fought with the

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<sup>93</sup> *The Times*, 6 November 1947.

<sup>94</sup> In September 1948, for example, Anthony Eden, the wartime foreign secretary, told the Commons that 'if the Karens had really had that square deal about which we heard so much [during the debate over the independence bill] they would not have expressed their dissatisfaction in the very open way they are now doing'. *Hansard*, vol. 456, 15 September 1948, col. 180.

<sup>95</sup> 'The Karen Revolt', *The Times*, 16 September 1948, p. 5.

<sup>96</sup> 'Held for Burma', *ibid.*, 14 May 1949, p. 5.

Karen during the war; 'their emotion', he wrote, 'may be sentimental but it is not ignoble ... This is the sort of matter involving the heart rather than the head, which might raise political difficulties here if ignored'.<sup>97</sup>

The Labour government responded to its critics by trying to ensure that the weapons it was supplying the Burmese government were not used against the Karen. On 23 February, Attlee wrote to Bevin that, while British assistance to the government against 'communists and dacoits' was to continue, 'we should take a firm line that we will not afford assistance to the Burmese government in order to help them suppress the Karens'.<sup>98</sup> The following day, Bevin told the cabinet that no Commonwealth country should give active support to put down the Karen, and argued that the Burmese 'must be made to see the necessity for a peaceable settlement'.<sup>99</sup> In practice, however, it was effectively impossible to control how British weapons were used. The only way to be certain was to stop supplies altogether, but this was unacceptable given the continued need to support the Burmese in their fight against the communist insurgency. In any case, Burma was securing growing amounts of arms from non-UK sources that did not face the same self-imposed restrictions. The Burmese, reported one British official in January 1949, were 'shopping for arms all over Europe'.<sup>100</sup> In March, the Australian government granted a provisional export licence for 100,000 rifles bought by Burma from a private Australian company; in July alone, according to the BSM, Burma received 10,000 rifles from India, three million rounds of small-arms ammunition from Pakistan, a further 2,000 rifles and two million rounds of

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<sup>97</sup> Glass, minute, 12 July 1949, FO371/75668/F10584/1018/79, UKNA.

<sup>98</sup> Attlee to Bevin, 23 February 1949, FO371/75708/F3065/1192/79G, UKNA.

<sup>99</sup> Bevin, statement to Cabinet, 24 February 1949, FO800/441/BUR49/2, UKNA.

<sup>100</sup> Murray, minute of a telephone conversation with the Burmese chargé d'affaires, 24 January 1949, FO371/75708/F2391/1192/79, UKNA.

ammunition from France, and some \$1 million-worth of equipment and a small-arms manufacturing plant from Italy.<sup>101</sup>

Although attempts to ensure that British weapons were not used against the Karen had little practical effect, they were problematic politically because they reinforced the apparently unshakeable conviction within the Burmese government that British official, business and private interests were actively supporting the Karen insurgency. As early as February 1948, Bowker was reporting 'persistent and increasing rumours' in Rangoon that Karen separatists enjoyed British backing, including among members of the BSM.<sup>102</sup> Although U Nu assured Bowker that he himself did not suspect the British government of supporting the Karen in their 'present agitation', he was nonetheless persuaded that encouragement was coming from what he called 'certain vested British commercial interests'.<sup>103</sup> This view proved immovable; although Bowker dismissed the charge as absurd and issued a categorical denial to U Nu on 12 February, similar accusations surfaced at regular intervals over the following months.<sup>104</sup>

While British officials largely dismissed allegations concerning commercial or

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<sup>101</sup> BSM report on arms supplied to Burma from sources other than the UK, 12 August 1949, FO371/75710/F12990/1192/79, UKNA.

<sup>102</sup> Pro-Karen sympathies among members of the BSM began at the very top. In May 1949, for example, an American embassy official asked Bourne's successor as the mission's head, General Bertram Temple, whether the coming monsoon would hinder government forces more than the Karen: 'I certainly hope so', Temple replied. Richard J. Aldrich, 'Legacies of Secret Service: Renegade SOE and the Karen Struggle in Burma, 1948–50' in Richard J. Aldrich, Gary D. Rawnsley and Ming-Yeh T. Rawnsley (eds), *The Clandestine Cold War in Asia, 1945–65: Western Intelligence, Propaganda and Special Operations* (London: Frank Cass, 2000), p. 145.

<sup>103</sup> Bowker to the Foreign Office, no. 131, 10 February 1948, FO371/69509/F1087/1087/79, UKNA.

<sup>104</sup> Bowker to U Nu, 12 February 1948, FO371/69509/F2953/1087/79, UKNA.

political support for the Karen, it was clear that individual British sympathisers were being, in Bevin's words, 'indiscreet'.<sup>105</sup> Suspicions centred on former members of Force 136, the clandestine SOE group that had operated with the Karen behind Japanese lines during the Second World War.<sup>106</sup> Firm evidence of the involvement of ex-Force 136 officers with the Karen emerged in mid-August 1948, when Frank Owen, the pro-Karen editor of the *Daily Mail* and one-time head of South-East Asia Command's in-house newspaper, engineered a meeting between Dening and Colonel John Cromarty Tulloch in a London bar.<sup>107</sup> During the encounter, Tulloch, a former member of Force 136, acknowledged his links with the Karen, and told Dening that plans were afoot to topple the government in Rangoon. He went on to reveal that he had approached the US embassy for American help in the planned revolt, but had been rebuffed. This was confirmed by a US embassy official in the UK, who also suggested that another British national, a Seventh Day Adventist by the name of J. W.

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<sup>105</sup> Bevin to Bowker, no. 142, 13 February 1948, FO371/69509/F2190/1087/79, UKNA.

<sup>106</sup> The operations the SOE mounted with the Karen in the latter stages of the war were among the most successful the organisation ever undertook, and made a significant contribution to the Japanese defeat. In July 1945, for example, a senior British officer remarked that the SOE's Karen guerrillas had inflicted more casualties on the Japanese during the previous month than the regular army had managed. The fact that the SOE's operations with the Karen had been so fruitful was one reason why ex-Force 136 officers were so keen to help them. Aldrich, 'Legacies of Secret Service', p. 136.

<sup>107</sup> Dening, minute, 18 August 1948, FO371/69509/F10053/1087/79, UKNA. Aldrich calls Tulloch 'a teller of tall but amusing tales'. Diminutive, monocled and wax-moustachioed, he flew fighter planes for the Canadians in the First World War and claimed to have driven the first tank into battle at the Somme. He was in his fifties when he joined the SOE. Aldrich, 'Legacies of Secret Service', p. 132. Tulloch's motives in helping the Karen do not seem to have stemmed purely from a sense of obligation for wartime service rendered. According to a British intelligence assessment, he was believed to be in serious financial difficulty, and was 'becoming more and more desirous of evading contact with the increasing number of his creditors'. 'The Friends of the Burma Hill People', 9 December 1948, FO371/69513/F1736/G, UKNA. Tulloch was imprisoned in the UK in 1952 for defrauding a young Karen student. Smith, *Burma*, p. 114.

Baldwin, was also involved.<sup>108</sup> Both Tulloch and Baldwin, along with the former Burma governor, Dorman-Smith, and the head of the wartime SOE, Sir Colin Gubbins, were part of a short-lived pro-Karen society calling itself The Friends of the Burma Hill Peoples, which had been founded in 1947 to advocate for 'the preservation and protection of the autonomy and culture of the Karen people'.<sup>109</sup> In mid-September, Bowker reported that another sympathiser, Alexander Campbell, the newly-arrived *Daily Mail* correspondent in Rangoon, was working with Tulloch in assisting the Karen. Campbell, a former Force 136 officer in Karenni and an old friend of Tulloch's, reportedly had the backing of the *Mail* 'to the tune of several thousand pounds'. Led by Tulloch, Karen supporters organised a clandestine operation involving gem-smuggling and arms-trafficking with Australian black-marketeters working through Bangkok.<sup>110</sup> According to Tulloch, the Karen were in possession of a staggering 140,000 rifles, which they were planning to use to 'overrun Burma on the grounds of an anti-Communist campaign'.<sup>111</sup> All he needed 'to stamp out Moscow's sphere of influence in South-East Asia', he told British officials, was 'the best part of £1,000,000 sterling'.<sup>112</sup>

Tulloch's bar-room revelations placed Dening and his colleagues in a delicate position. Formally, the British were committed to supporting U Nu's legally constituted government, the installation of which they had after all overseen barely six

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<sup>108</sup> Murray, minute, 14 July 1948, FO371/69509/F10146/1087/79, UKNA.

<sup>109</sup> 'The Friends of the Burma Hill Peoples', 9 December 1948, FO371/69513/F17365/G, UKNA; Aldrich, 'Legacies of Secret Service', p. 140.

<sup>110</sup> *Ibid.*

<sup>111</sup> Note of a conversation between Tulloch and L. J. L. Addison, High Commission, 1 October 1948, FO371/69511/F14416/1087/79, UKNA.

<sup>112</sup> *Ibid.*



months before. A draft policy paper prepared in February 1948, for example, acknowledged Britain's 'strong moral obligation to the Kachins and Karens' for their 'noble support' during the war, but concluded that 'this obligation has inevitably been superseded by the pressure of other considerations'.<sup>113</sup> At the same time, however, as the furore over the Leftist Unity programme showed, officials were not at all sure that they were backing the right horse. U Nu could not be relied upon to stand up to the communists and, even if he chose to continue the fight, Burma's armed forces were so weak and disunited that his survival was uncertain. Should the communists take power, Denning reasoned, the presence in Burma of an armed, anti-communist guerrilla force might turn out to be a useful asset.<sup>114</sup>

In the event, matters were taken out of British hands with the arrest of Campbell on 17 September, prompting a wave of anti-British articles in the Burmese press.<sup>115</sup> Already doubtful that a Karen revolt could succeed, the Foreign Office concluded that the game was not worth the candle, and British security officers wound up the London end of Tulloch's network. Meanwhile, the *Mail's* proprietor, Lord Rothermere, was politely asked to explain how a leading Conservative newspaper could have become entangled in such an embarrassing affair. Not guilty, Rothermere replied: he had known nothing about the extracurricular activities of his staff until, returning from holiday, he had found a Karen flag flying in front of the *Mail* building on Fleet Street, and a group of Karen ensconced in an empty office inside. Owen was swiftly fired,

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<sup>113</sup> Murray, draft policy paper, 2 February 1948, FO371/69469/F2029/17/79, UKNA.

<sup>114</sup> Aldrich, 'Legacies of Secret Service', p. 138.

<sup>115</sup> Bowker helpfully provided a selection of heated headlines to illustrate the point. These referred variously to the 'dirty scheme of the bastards', members of the 'so-called English civilised nation', the 'treacherous Englishmen and Karens' and the 'red-handed apprehension of the treacherous scheme'. Bowker to the Foreign Office, no. 1,135, 20 November 1948, FO371/69513/F16375, UKNA.

and Rothermere himself retreated to the South of France to 'recuperate'.<sup>116</sup> Campbell was finally released and deported from Burma on 28 November, but the conclusion of his case did not mark the end of freelance activity by Karen sympathisers, and the issue remained an irritant in Anglo-Burmese relations into the 1950s.<sup>117</sup>

## Conclusion

With the outbreak of the Karen conflict in early 1949, Burma's fledgling government faced some half a dozen ethnic, religious and political insurgencies scattered right across the country, from Arakan in the west to Karenni in the east and Tenasserim in the south. Burma expert Martin Smith estimates that some 20,000 communist, PVO and Karen rebels were in the field, plus unknown numbers of Arakanese and Muslim fighters. Against this, the Burmese government (the 'Six-Mile Rangoon government', as it was disparagingly called) could count on perhaps 1,000 regular troops.<sup>118</sup> At one point in April 1949, rebels of one stripe or another held towns as far apart as Pakokku and Henzada (the CPB), Mandalay, Toungoo, Thaton, Einme and Twante (the Karen) and Minbu and Magwe (the PVO). Most of Burma's north-west border was in the hands of Muslim separatists, while ethnic groups such as the Mon, Karenni and Pao were setting up their own administrations in rural areas well beyond central government control. The country's only international airport, at Mingaladon outside

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<sup>116</sup> Aldrich, 'Legacies of Secret Service', p. 142.

<sup>117</sup> In April 1950, for example, the head of Burma's armed forces, Ne Win, declared that he had 'proof positive' that the Karen had received British arms smuggled in at Tenasserim. Hesmondhalgh to Lloyd, 24 April 1950, FO371/83106/FB1015/14, UKNA. In January 1950 Tulloch resurfaced brandishing what purported to be a manifesto from the 'United Frontier Peoples of Burma', and in April reports emerged that Baldwin was in Salween. Glass, minute, 11 April 1950, FO371/83130/FB1054/3, UKNA. An article by Campbell for the *Sunday Empire News* in August 1950, entitled '18 British Soldiers Fight a Crusade', caused a minor stir in the Foreign Office, but was in the end dismissed as an exaggeration.

<sup>118</sup> Smith, *Burma*, p. 127.

Rangoon, was briefly seized by the Karen, who at one stage pushed to within four miles of the capital.<sup>119</sup> U Nu's government, never more than a weak and ramshackle edifice, seemed on the point of collapse, beset by 'multicoloured insurgents', its situation 'desperate'.<sup>120</sup> In British minds, simply sending arms no longer seemed enough; while compromise with the communists was unacceptable and the fight against the CPB had to continue, the Burmese had to come to terms with the Karen. A Burmese request for financial assistance, delivered in January 1949, appeared to offer a chance to bring some pressure to bear.

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<sup>119</sup> *Ibid.*, pp. 118–119.

<sup>120</sup> U Nu, *Saturday's Son*, pp. 168, 176.

## Chapter 2

### Aid, conflict and the Commonwealth, 1949–1950

The previous chapter has described the British government's military response to the insurgent crises that confronted Burma's leaders in the months after independence. This chapter looks more closely at the financial and political aspects of British post-independence policy, and the wider context within which this policy was made. In the wake of Burmese appeals for help in January 1949, British planners developed measures designed to stabilise the Burmese government's precarious finances and tide the country over its immediate problems. In providing aid, the British also sought to exert political influence in Rangoon; in particular, they hoped that they could take advantage of the goodwill aid was expected to generate to persuade the Burmese government to settle its differences with the Karen, thereby freeing up resources to tackle the communist insurgency.

More broadly, British policy-makers sought to use the issue of aid to Burma to support wider efforts to reframe relations with the newly independent states of the Asian Commonwealth. In the responses to its problems, Burma, ironically itself a Commonwealth *refusenik*, gave the British a chance both to buttress the Commonwealth as an organising principle of international politics, and to give it an early sense of practical purpose by involving Commonwealth members, India primarily, but also Australia, Pakistan, Sri Lanka and New Zealand, in providing assistance. As Bevin put it to his American counterpart, Secretary of State Dean Acheson, in September 1949, Burma constituted a 'practical problem of common

concern on which he could bring the countries in this area together'.<sup>1</sup> Commonwealth ministers met in Delhi in February 1949 in an attempt to hammer out an agreed position on the Karen revolt, and discussed Burma again in London the following April. In Rangoon, a Commonwealth ambassadors' committee was set up to scrutinise Burmese requests for financial and military aid. When financial assistance was finally agreed in June 1950, it was explicitly a Commonwealth initiative, not a British one.

By involving Commonwealth countries in the problem of Burmese aid, British planners were trying to give substance to a set of ambitious regional policies they had been thinking about since the end of the Second World War.<sup>2</sup> By the close of the 1940s, as communist insurgencies flared up in Burma and Malaya and Mao Zedong's forces tightened their grip on China, British policy-makers had concluded that only Asia's economic and, to a lesser extent, political development could check communism's advance. The key to post-war recovery, as in Europe, lay in cooperation and collaboration, both within the region and between the region and the West. In the short term, the objective would be to reinforce local capacities to resist communism; in the long term, this regionalist project would aim to create what officials hoped would in time become 'a system of friendly partnership between East and West'.<sup>3</sup> The new Asian Commonwealth was the primary target and key vehicle of

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<sup>1</sup> Record of a meeting between Acheson and Bevin at the State Department, 13 September 1949, FO371/76032/F14114/1072/61G, UKNA.

<sup>2</sup> See Tarling, *Britain, South-East Asia and the Onset of the Cold War*; Tilman Remme, 'Britain, the 1947 Asian Relations Conference and Regional Cooperation in South East Asia', in Anthony Gorst, Lewis Johnman and W. Scott Lucas (eds), *Post-War Britain, 1945-64: Themes and Perspectives* (London: Pinter, 1989); and Tilman Remme, *Britain and Regional Cooperation in South-East Asia, 1945-49* (London: Routledge, 1995).

<sup>3</sup> 'The United Kingdom in South-East Asia and the Far East', 28 July 1949, PUSC(32), FO371/76030/F17397/G, UKNA.

these regional plans. India in particular was useful now not as a colonial possession, but as a newly-independent partner. Aligning Delhi with London in Burma offered policy-makers a practical expression of what cooperation might mean – ‘an opportunity to develop relations on a new basis’, as well as a tool for familiarising new partners in the requirements and modes of British policy-making and diplomacy.<sup>4</sup>

In framing their regional plans, policy-makers sought to maximise what influence the British retained in South-East Asia: while Britain could no longer dominate the region as a colonial power, it had not abandoned its habitual aspirations to leadership. As in Burma, so in South-East Asia as a whole, officials believed that no other power could match Britain’s particular combination of history, influence and prestige. Only Britain had the credentials to lead Asia’s political and economic development, to keep it, as officials liked to say, ‘on the right lines’. At the same time, what Attlee called ‘the lesson of Burma’ – its withdrawal from the Commonwealth and subsequent slide into chaos – allowed the British an opportunity to press on India in particular the benefits of continued membership.<sup>5</sup> In this way, the manageable defeat occasioned by Burma’s departure from the Commonwealth was turned to advantage as part of broader efforts to prevent the much more serious setback the loss of India would represent. Thus, while the British accepted Burma’s decision to sever its constitutional links, and few British politicians or officials seriously contemplated – or indeed would have

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<sup>4</sup> Strang to Bevin, 17 March 1949, CAB129/33/2/CP(49)67, in Ronald Hyam (ed.), *The Labour Government and the End of Empire, 1945–1951*, part 4 (London: HMSO, 1992), p. 337; Denning in conversation with a State Department official, 14 September 1949, FO371/76032/F14114G; ‘Burma – Brief for the Colombo Conference’, 14 December 1949, SAC(49)16, CAB134/669, UKNA.

<sup>5</sup> Attlee’s report to the Cabinet on discussions with India about relations with the Commonwealth, 3 March 1949, CAB128/15/CM17(49)2, in Hyam (ed.), *The Labour Government and the End of Empire*, p. 201.

welcomed – Burma’s return, this did not mean that the country had no role to play in Britain’s Commonwealth plans.<sup>6</sup>

### **Burma’s financial crisis and the case for aid**

Burma formally approached the UK for financial and economic aid on 18 January 1949. The Burmese wanted three loans: one for £13 million in budgetary assistance, another for some £9 million, to buy a one-third stake in the Burma Oil Company; and a third for around £10–12 million, to finance that year’s rice crop – in all, some £34 million.<sup>7</sup> Each component of the loan request presented British planners with difficult policy problems.

British analysts were broadly agreed that the Burmese were in dire financial straits: several months before the subject of aid was raised, the Treasury’s representative in Rangoon reported that Burma was heading for financial collapse. The campaign against the country’s various insurgencies was incurring heavy expenditure which the Burmese could ill-afford, while the disruption the fighting was causing had severely curtailed government revenues; capital flight, the Treasury warned, ‘is almost certainly taking place on a considerable scale’.<sup>8</sup> ‘Grave’, was Bowker’s assessment: ‘The sooner the Government makes up its mind to face the starkly real fact that the

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<sup>6</sup> On Burma’s relationship with the Commonwealth, see Ashton, ‘Burma, Britain and the Commonwealth’, pp. 65–91.

<sup>7</sup> Scott, minute for the Economic Policy Committee, 22 January 1949, CAB134/220/4, UKNA. At today’s prices, this would be around £750 million, based on £1 in 1950 being worth just over £22 today. UK Office of National Statistics, ‘Consumer Price Inflation Since 1750’, 10 March 2004, [www.statistics.gov.uk/cci/article.asp?ID=726](http://www.statistics.gov.uk/cci/article.asp?ID=726). By way of comparison with contemporary aid spending, the Colonial Development Corporation had an initial capital of £100 million. Darwin, *Britain and Decolonisation*, p. 139.

<sup>8</sup> Potter to Grant, 28 August 1948, FO371/69477/F12118/107/79, UKNA.

country is heading for bankruptcy, the better it will be'. According to Bowker's best guess, the government's budget deficit was indeed as high as the £13 million the Burmese were seeking in budgetary aid.<sup>9</sup> Financial collapse was self-evidently contrary to the British desire to see Burma stable and self-sufficient. Yet officials were consistent in their belief that, without progress towards political stability, financial assistance would do little but rob the UK of resources it could not afford to spend, and which it would probably not see repaid. Burma had already received a large measure of financial assistance in the form of £15 million-worth of debt forgiveness at independence (designed to give the new state what officials called 'a fair start'). That still left an existing debt of some £30 million, but repayment even of this amount, let alone of any additional commitments in response to January's requests, seemed distinctly unlikely.

The request for an oil financing loan was triggered by the BOC's announcement towards the end of 1948 that, in response to deteriorating security conditions, it planned to suspend its rehabilitation programme and lay off several thousand workers. By securing part-ownership of the company, the Burmese government would in effect be subsidising the BOC's continued operations in Burma. The BOC was an important interest, with a significant stake in the Burmese economy: since the end of the war, the company had spent some £6.5 million on repairing the war-damaged oil fields in central Burma, the refinery at Syriam near Rangoon and the 400-mile pipeline connecting the two. Yet Burma's oil fields, even when rehabilitated, were considered less efficient than sources in the Middle East or Indonesia, and marginal to global supply. Politically, however, there were stronger grounds for aid. The BOC employed

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<sup>9</sup> Bowker to the Foreign Office, no. 340, 16 September 1948, FO371/69477/F13330/107/79, UKNA.



some 8,000 workers in a notoriously politicised labour sector, and laying them off risked further destabilising the Burmese government. The BOC's depot at Duneedaw had been the focus of the communist-backed strikes in February 1948 that foreshadowed the CPB's insurrection, and oil workers had figured prominently in the labour agitation that had marked the last few years of British rule.<sup>10</sup>

The question of an oil loan was also connected to more general British concerns about the Burmese government's wider economic plans, in particular its policy of nationalisation. The indigenisation of the Burmese economy was enshrined in the country's new constitution, and was at the heart of the government's programme. Just before independence, in December 1947, the AFPFL had restated its intentions:

*all agricultural land in Burma should be acquired ... all forest land within Burma should be acquired ... All wealth underground and overground, water and air power, all means of communication and all productive industries should be worked by the state and modern factories and workshops established in accordance with an organised plan.*<sup>11</sup>

This was primarily a political project: the predominant position of foreign capital – including large numbers of Indian moneylenders and landowners, as well as major British firms and institutions – was popularly interpreted in Rangoon as unacceptable evidence of Burma's incomplete independence. The communists in particular found Burma's continued economic ties with Britain a useful stick with which to beat the

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<sup>10</sup> Smith, *Burma*, p. 69.

<sup>11</sup> Stoodley to the Board of Trade, 3 January 1948, FO371/69491/F1151/633/79, UKNA.

'bourgeois' AFPFL. Britain's economic stake, as well as its formal political power, had to be removed. Dismantling an oligarchic economic system, whatever its ownership, was also, of course, good populist politics. According to U Nu: 'We are out to crush that evil economic system whereby a handful of people hold the monopoly, while the masses of Burma remain in endless poverty. It is immaterial as to who causes the perpetuation of this evil system – British, Indian, Chinese or Burman. The evil system must go'.<sup>12</sup>

For a Labour government sympathetic to a progressive politics of socialisation and nationalisation, Burma's plans were not in themselves especially controversial. The key immediate point at issue was not the policy *per se*, but the way the Burmese were planning to implement it: full-blooded nationalisation would, officials argued, cripple the economy, while the Burmese refusal to discuss terms and compensation in advance contradicted pre-independence agreements governing business relations between the two countries. Although no formal commercial treaty existed, commercial links were regulated and protected by an exchange of notes appended to the 1947 treaty. This committed the Burmese to respect British business interests; to consult the British government before taking any steps that might prejudice British business; and to pay 'equitable compensation' in the event of nationalisation. Articles within the treaty itself bound the Burmese regime to honour existing contracts with British firms, and called for the conclusion of a full commercial treaty 'at the earliest possible date'.

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<sup>12</sup> 'Sowing the Seeds of Freedom', speech to the Burma Constituent Assembly, 24 September 1947, in *Towards Peace and Democracy*, pp. 2–9.

The uncertain future of British business was an early point of contention between London and Rangoon. One of the Burmese government's first pieces of post-independence legislation – the Immovable Property Act – prevented foreigners from buying or leasing fixed assets, and there were signs that the government was considering restricting the free entry of foreigners into Burma for the purposes of business. The Burmese, reported an embassy official in March, were 'going flat out to get at the British firms'; British objections, complained another, were 'pushing against a brick wall'.<sup>13</sup> In early April 1948, Kyaw Nyein told Bowker that the government intended to eject all foreign capital from the country and establish a thorough-going socialist state within five years.<sup>14</sup> 'It is clear,' conceded one official, 'that the Burmese feel they can get by by themselves. We cannot make them believe otherwise by argument, but must leave them to be educated by experience, and must hope that it will not take too long.' Britain's position in Burma was 'deplorably weak'; if diplomacy had no effect, there was 'little else we can do'. Perhaps 'as we recover our world position vis-à-vis Russia and the United States we shall be in a better position to exact proper treatment for our interests from countries like Burma'. In the meantime, 'it would be foolish to try to overplay our hand'.<sup>15</sup>

Bevin addressed the issue of compensation in parliament on 7 April, telling MPs that the government would 'follow developments with the closest interest', and would 'afford the companies concerned all legitimate support'. British business had 'a useful

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<sup>13</sup> Grey to Crombie, 16 March 1948, FO371/69470/F3201/17/79, UKNA.

<sup>14</sup> Bowker to the Foreign Office, no. 102, 10 April 1948, FO371/69494/F5634/633/79, UKNA.

<sup>15</sup> Murray, 'The Threat to British Commercial Interests in Burma', 27 April 1948, FO371/69494/F6656/633/79, UKNA.

role to play in the development of the country'.<sup>16</sup> Neither this public warning nor parallel private diplomacy had any obvious effect, however, and the Burmese went ahead with their nationalisation programme on 1 June 1948, taking over the British-owned Irrawaddy Flotilla Company and around a third of Britain's teak concessions. Privately, officials thought the June move 'cavalier', 'surprising' and 'disappointing'.<sup>17</sup> In his protest to the Burmese government, Bowker called it 'thoroughly shabby, not to say dishonest'.<sup>18</sup> It was also potentially politically damaging for the Labour government. Representatives of the firms concerned wrote repeatedly to the Foreign Office demanding a robust response, and delegations met officials and ministers, including Attlee, at least twice between January and June 1948, and again towards the end of the year. The firms' predicament was discussed in parliament, and their cause pressed by the Conservative opposition.

This public and private lobbying placed the Labour government in a delicate position. On the one hand, the government clearly had, and accepted, a responsibility to defend British commercial interests. On the other hand, the demands of Labour's broader Burma policy, the limitations of British influence in Rangoon and the government's own socialist principles implied a degree of circumspection that frustrated the business lobby and exposed the government to accusations of anti-business bias. Senior ministers, including the Chancellor, Stafford Cripps, rejected the firms' demands that the government should negotiate for compensation on their behalf, and important sections within the government sympathised with the popular Burmese view that British business in colonial Burma had acted in ways not always in Burma's

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<sup>16</sup> *Hansard*, 7 April 1948, vol. 449, col. 140.

<sup>17</sup> Grey to Bowker, no. 462, 3 June 1948, FO371/69506/F7776/640/79, UKNA.

<sup>18</sup> Bowker to the Foreign Office, no. 201, 8 June 1948, FO371/69472/F8357/17/79, UKNA.

best interests. Change was inevitable: British commerce 'had made a very good thing out of Burma in the past and cannot reasonably expect the former happy state of affairs to return'.<sup>19</sup>

At the end of August 1948, Bevin asked his officials for a paper setting out the position. However badly British businesses might have behaved in colonial Burma, the principle of equitable compensation had to be defended, not least for the damaging precedent Burma's actions might set for other newly independent governments.<sup>20</sup> 'There is,' the paper argued, 'no reason why Burma should nationalise her industries at the expense of foreign interests':

*If we accept the argument that the Burmese should not be asked to give compensation in negotiable form, we should be inviting them to nationalise all foreign concerns without further hesitation. We should also be inviting other countries, particularly India, to pursue the same policy of virtually expropriating foreign interests without compensation and we should be abandoning all claims of having benefited Burma and other countries by our past administrative and commercial activities. Nor would our gesture of renunciation be accepted by the Burmese as more than a confession of weakness and a consciousness of past guilt.*

More was at stake, in other words, than a simple calculation of profit and loss; British self-respect, as well as British balance sheets, demanded satisfaction. In Bevin's

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<sup>19</sup> Pearn, minute, 6 April 1948, FO371/69470/F4415/17/79, UKNA.

<sup>20</sup> Grey, minute, 'British Interests in Burma', 29 September 1948, FO371/69500/F14671/79, UKNA.

opinion, the Burmese government 'have not sought to excuse themselves from carrying out the full measure of their obligations on grounds of economic difficulty. They have not even suggested a token payment in convertible currency, which they could surely afford, and which would at least suggest that they were mindful of their obligations. So far they have simply repudiated the impressions which they must know were conveyed to His Majesty's Government [in the talks over the treaty in 1947] in this important matter of principle. This we cannot accept'.<sup>21</sup> The Burmese government, wrote one official in November 1948, 'is fundamentally Communist, at least in the sense of favouring violent and class- (or race) conscious policies. As we continue to support them for want of a better alternative, so they are maintaining a crust of goodwill for the advantages they expect from us. We must, therefore, expect nothing from them and must assume on all occasions that they will be guided by their own calculations of their immediate self-interest'.<sup>22</sup> Under these circumstances, providing a loan to finance Burmese participation in the BOC looked very much like bad tactics.

Assistance for the financing of Burma's rice export constituted the third element of the loan request. The task of buying up the rice crop was in the hands of a state monopoly, the State Agricultural Marketing Board (SAMB). Unhusked rice (paddy) was bought from producers on credit, which was then repaid on later receipts from the sale and export of finished rice. Before the war, this credit had been provided largely by individual Indian financiers, but with the collapse of the pre-war economy and Burma's generally parlous financial position, access to credit had become severely constrained. This, plus periodic raids on its budget to finance other areas of

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<sup>21</sup> Bevin to Bowker, no. 900, 18 October 1948, FO371/69507/F13749/640/79, UKNA.

<sup>22</sup> Murray, minute, 17 November 1948, FO371/69521/F16068, UKNA.

government expenditure, had left the SAMB with a deficit running into millions of pounds. Without a bridging loan, Burma's rice export was potentially in serious jeopardy.

This was a cause of significant British concern because Burma was by far the region's most important rice exporter, accounting, even in the unfavourable circumstances of the late 1940s, for over 60% of East Asia's rice supplies, an amount equivalent to 40% of the world's total exportable crop. Burmese rice made up more than half of all the rice imported into India and Sri Lanka, and accounted for two-fifths of Malaya's supply.<sup>23</sup> Even by maintaining existing levels, the amount of available rice was significantly below pre-war norms: total imports into India and Pakistan, for example, were almost half the levels of the 1930s; in Malaya, rice rations were just over half what they had been before the war. Any further reductions in availability thus risked increasing already serious food stress. This in turn would pose unacceptable political risks in those parts of the region of concern to the British, particularly Malaya, Singapore and Sri Lanka.<sup>24</sup>

Burma's rice was also a crucial financial commodity. Although not a member of the Commonwealth, Burma had remained within the Sterling Area, relied on the UK government as its sole exporting agent and sold its surplus rice exclusively for sterling, paid into the country's account held by the Bank of England. Refused help, there was a risk that the Burmese would reject their links with sterling altogether and

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<sup>23</sup> Foreign Office briefs for Bottomley, 1 February 1949, FO371/75693/F2051/1151/79G, UKNA.

<sup>24</sup> JIC(FE) memorandum, (49)7 Revise, 'Likely Effect of the Present Situation in Burma on Burmese Rice Production, and Possible Repercussions on British Territories in the Far East, particularly Singapore and the Federation of Malaya', 3 March 1949, CAB134/287, UKNA.

seek to sell their whole export crop for dollars; already, in mid-1948, Burma had signalled its intention to sell up to a quarter of its 1949 exports in whatever markets it chose.<sup>25</sup> In the straitened circumstances of the late 1940s, any significant diversion of rice away from sterling constituted a potential hard-currency expenditure that the dollar-starved Sterling Area could ill-afford. Indeed, the need to expand sources of food and raw materials that did not require dollar payment was a principal motive behind the Labour government's ill-fated colonial development schemes in tropical Africa in the late 1940s.<sup>26</sup> Between the end of March and June 1949, Britain's dollar deficit doubled, from \$330 million to \$632 million, and its reserves fell from nearly \$2 billion to \$1.6 billion. In mid-June, Cripps warned the Cabinet that sterling was nearing collapse; three months later, on 18 September, the pound was devalued by a third against the dollar.<sup>27</sup>

For all these reasons, the Treasury did not believe that general financial assistance was justified.<sup>28</sup> Without reform of Burma's chaotic financial administration and an improvement in the country's political and security environment, no loan, however extensive, could redeem the situation, and any aid risked being wasted, either lost in the inefficiencies of the bureaucracy or squandered on inappropriate and expensive economic development schemes. Only the rice financing loan had merit, but Treasury officials doubted whether lack of funds would prove a more significant handicap to exports than general insecurity, and insisted that any loan should be coupled with adequate safeguards to ensure that the money was used as intended.

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<sup>25</sup> Bowker to the Foreign Office, no. 741, 19 August 1948, FO371/69476/F11541/107/79, UKNA.

<sup>26</sup> Hinds, *Britain's Sterling Colonial Policy*, pp. 136, 140.

<sup>27</sup> Bullock, *Ernest Bevin*, p. 705.

<sup>28</sup> 'Financial Assistance to Burma', Memorandum by the Chancellor of the Exchequer, EPC (49)5, 22 January 1949, CAB134/221/5, UKNA.



The wider politics of the aid question were, however, less straightforward. A refusal to meet Burma's requests could not be expected to improve London's relations with Rangoon. The Burmese had fired a warning shot with a press statement on 20 January 1949 which essentially blamed the country's financial crisis on 'monopolistic capitalists' and Britain's 'ruthless exploitation' before independence.<sup>29</sup> Clearly, thought the Foreign Office, the Burmese leadership was 'casting about for scapegoats. We seem to have been selected as chief scapegoat'.<sup>30</sup> Outright rejection would inevitably be met with Burmese hostility, with concomitant risks in other areas of British concern. Negotiations were about to begin for the renewal of the Agency Agreement, under which the Ministry of Food handled Burma's rice exports, and talks were imminent on the fixing of rice prices for 1949. A fresh hard-currency agreement too was still pending. Previous negotiations around Burma's hard-currency allowances in 1948 had been far from easy, and the prospects for 1949 would not improve should the Burmese be disappointed in their loan requests. More broadly, as with the question of military aid, there was an inherent inconsistency in refusing assistance if doing so increased the likelihood of the government collapsing, to be replaced either by chaos or by communism.

These political considerations encouraged a more flexible response from the Foreign Office. Officials accepted the risks of assistance. According to Orme Sargent:

*the Burmese Government are trying to exploit the fact that they are unable to maintain law and order in order to extract loans and credits from us, on the ground that if we don't finance them they will*

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<sup>29</sup> Bowker to the Foreign Office, no. 63, 22 January 1949, FO371/75692/F1215/1151/79, UKNA.

<sup>30</sup> Denning, minute, 24 January 1949, CAB134/220/4, UKNA.

*collapse and involve British interests – economic and political – in their fall. We must be careful not to be bamboozled by the wily Oriental ... Otherwise we shall find ourselves embarked on the never ending business of pouring good sterling down the Burmese drain, just as the US Government have been pouring good dollars down the Chinese drain, without having any say as to how it is used.*<sup>31</sup>

Nor did the Foreign Office see financial aid as any more of a panacea than the Treasury did; according to one official, 'it seems doubtful whether we can face the vast expenditure involved in subsidising the stability of this incompetent "Marxist" Government. There is no guarantee that even if we do pour out these sums, the present Government will be able to achieve anything resembling a stable regime'. Burma was clearly 'a bad bet'.<sup>32</sup> Nonetheless, the political arguments in favour of aid were such as to preclude an outright no, and the Foreign Office argued against refusal of a general loan, thought that a decision on the BOC loan should be deferred, and recommended a minimum loan to help with the rice export.<sup>33</sup>

### **Aid and Britain's regional planning**

The question of financial and economic aid to Burma was linked to Britain's wider planning in South-East Asia in the late 1940s. As Tilman Remme has shown, since the end of the war British thinking in South-East Asia had been converging around the

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<sup>31</sup> Sargent, minute, 10 January 1949, FO371/75692/F1518/1151/79, UKNA.

<sup>32</sup> Murray, minute, 5 January 1949, FO371/75692/F10/1151/79; Denning, minute, 24 January 1949, FO371/75696/F1517/1151/79, UKNA.

<sup>33</sup> Scott, minute, 22 January 1949, CAB134/220/4, UKNA.

need for cooperative action among the region's states, and between them and the West.<sup>34</sup> Policy-makers envisaged some form of regional economic and, ultimately, political structure, organised under British leadership. Through this mechanism the British sought, both to reinforce Asia's capacity to defend itself against communism, and to bolster their attempts to preserve for the UK a predominant role in the region's political and economic life.

Arguments in favour of a comprehensive and collaborative approach to South-East Asia's problems had been circulating inside the Foreign Office since the end of the war. At the Commonwealth Prime Ministers' Conference in April 1946, Bevin raised the idea of a regional cooperative body comprising the UK, Australia, New Zealand and India. These suggestions were taken forward in a set of Foreign Office discussion papers prepared by Denning, who proposed a British-managed regional system 'to strengthen the political ties between the territories concerned and facilitate a defensive strategy'. The aim, Denning argued, should be to develop 'a general partnership between independent or about-to-be-independent Eastern peoples and the Western Powers'.<sup>35</sup> The Foreign Office succeeded in establishing a fledgling regional structure, the Special Commission based in Singapore, to facilitate technical cooperation and coordinate food supplies. However, more ambitious steps were resisted by other parts of the government, in particular the Colonial Office, on the grounds that any regional organisation invited unacceptable international interference in the UK's remaining South-East Asian possessions. Financial constraints too argued against a more expansive policy, and by the spring of 1948 lack of funds had forced

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<sup>34</sup> Remme, 'Britain, the 1947 Asian Relations Conference and Regional Cooperation in South East Asia'; Remme, *Britain and Regional Cooperation in South-East Asia*.

<sup>35</sup> *Ibid.*, pp. 126–27.

the merger of the Special Commission with the Governor-General's Office in Malaya (a Colonial Office post), to form the new position of Commissioner-General.

The Foreign Office's proposals were rescued by the outbreak of the communist insurgencies in Burma and Malaya and the communists' advances in China during 1948. In December 1948, Bevin told the Cabinet that Chinese communist success 'will stimulate Communist movements throughout the area'; should Mao succeed in overrunning all China, 'the possibilities of contacts with the Communists in Indochina, Siam and Burma will be greatly facilitated, and it may be expected that Communist agitation in various forms will be accelerated to a marked degree'.<sup>36</sup> Malcolm MacDonald, the UK's Commissioner-General in South-East Asia, argued that Mao's advances in China 'considerably alter the situation and prospects in South East Asia'. The region had become 'a major theatre in the "cold war" and will continue so throughout this period. The Communist friends of Russia, with such help as Russia deems it advisable to give, will push as far as they can by propaganda, agitation and subversive activities their progress in every part of the area. We can only counter this by a diplomatic and political offensive in South East Asia'.<sup>37</sup> Failure to act, officials believed, would be fatal:

*if the general impression prevails in South-East Asia that the Western Powers are both unwilling and unable to assist in resisting Russian pressure, the psychological effect may be that local resistance is weakened, with the result that the process of*

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<sup>36</sup> 'Recent Developments in the Civil War in China', 9 December 1948, CAB129/31/CP(48)299, UKNA.

<sup>37</sup> MacDonald to the Foreign Office, no. 1,252, 10 December 1948, FO959/23, UKNA.

*undermining systems of government in that region will succeed to the extent that eventually the whole of South East Asia will fall victim to the Communist advance.*<sup>38</sup>

To defend South-East Asia from this apparent communist threat, the British concluded that they needed a concerted, region-wide strategy. The creation of the post of Commissioner-General, while partly a cost-cutting measure, was also an attempt to give this regional strategy institutional form; through the Commissioner-General, officials hoped, the UK might promote 'political harmony and co-operation among the British and foreign territories in the area', as well as preserving British leadership and influence.<sup>39</sup> British propaganda efforts were also extended to South-East Asia, with the establishment in 1948 of a Regional Information Office in Singapore.

British planners also sought to exploit the potential for cooperation embodied in the new Asian Commonwealth. At the Commonwealth Prime Ministers' Meeting in October 1948, the first to be attended by independent India, Pakistan and Sri Lanka, Bevin revived the notion of regional collaboration in political and economic matters, and in December, the Cabinet agreed to consult Commonwealth countries, as well as Burma, Thailand, France, the Netherlands and the United States, on regional developments. Provision was also made for the exchange of intelligence information within the region, and for increased consultation among security and police officials. Further impetus was provided by the new Permanent Under-Secretary at the Foreign Office, William Strang, who had returned from a pre-appointment tour of Asia in

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<sup>38</sup> 'Brief on South East Asia', 23 March 1949, FO371/76023/F4487/G, UKNA.

<sup>39</sup> Monteath, 9 January 1948, quoted in Tarling, *Britain, South-East Asia and the Onset of the Cold War*, pp. 192–93.

January and February 1949 convinced of the need for a coherent policy approach across the region, and the necessity of Commonwealth help in its development and implementation.<sup>40</sup>

British attempts to engage other states in cooperative thinking about developments in South-East Asia were in fact less productive than officials had hoped; of the Commonwealth countries approached only India responded, but Indian analysis of the position in China only confirmed the British in their view that Indian Prime Minister Jawaharlal Nehru did not appreciate the extent of the regional threat. A communist-controlled regime in China would, the Indians argued, 'be absorbed by internal problems, which they would handle according to Chinese methods and without accepting Russian dictation'; the 'correct course' for other countries was to 'help national movements in South East Asia', presumably in their battles against the British, French and Dutch in Malaya, Indochina and Indonesia.<sup>41</sup> Moreover, India was making its own, competing case for regional leadership, exemplified by Britain's exclusion from a 15-nation conference in Delhi in January 1949. The conference, convened by Nehru to discuss the Netherlands' second 'police action' in Indonesia in December 1948, was highly critical of Western colonial policies; in his opening speech, Nehru told delegates that 'there can be and there will be no surrender to aggression and no acceptance or reimposition of colonial control'.<sup>42</sup> As one British official noted, the conference was 'another warning that European authority must

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<sup>40</sup> 'Sir William Strang's Tour in South-East Asia and the Far East', 27 February 1949, FO371/76028/F4447/1051/61, UKNA.

<sup>41</sup> Bevin, minute, 'The Situation in China', 4 March 1949, CAB129/32/CP(49)39, UKNA.

<sup>42</sup> Remme, *Britain and Regional Cooperation in South-East Asia*, pp. 165ff; Tarling, *Britain, South-East Asia and the Onset of the Cold War*, pp. 322ff; Ton That Thien, *India and South-East Asia* (Geneva: Librairie Droz, 1963), pp. 98–102.

disappear from Asia'.<sup>43</sup> The beleaguered French, eager for any outside help, predictably welcomed intelligence cooperation, and the Thais asked what assistance they could expect from the UK in the event of a Chinese attack, prompting the US State Department to warn the British that they were 'allowing things to develop almost towards inveiglement'.<sup>44</sup> Burma and the Netherlands were in the end not asked what they thought 'in view of their more immediate preoccupations'.<sup>45</sup>

Despite this disappointing outcome, the Foreign Office remained convinced that a regionalist and collaborationist approach was essential if communism in Asia was to be contained. In early April 1949, Dening told a colleague that, while 'the political differences which exist today between the various East Asian countries will render negative any attempts which we may make to unite a common front against Russian expansion, the need seems to us so imperative that we think the effort should be made'. The UK alone, thought Dening, 'has the experience and the ability to knit the South-East Asian region together'.<sup>46</sup> MacDonald too was pressing for a more active regional approach: the problems of South-East Asia, he told Bevin in March, could not be dealt with individually or in isolation from each other, to be tackled 'each as it occurs according to the resources at our command in each particular place at each particular moment. We should regard South-East Asia as a whole, and devise a coherent policy for dealing with it over the whole region'. What was needed, MacDonald argued, was 'a deliberate and planned effort ... to hold the Communist advance in Asia ... To do that we must have a constructive policy in which all

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<sup>43</sup> Wakeley, minute, 31 January 1949, quoted in Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 323.

<sup>44</sup> Graves to Scarlett, no. G47/49, 7 February 1949, FO371/76003/F2415/1017/61G, UKNA.

<sup>45</sup> Bevin, minute, 'The Situation in China', 4 March 1949, CAB129/32/CP(49)39, UKNA.

<sup>46</sup> Dening to Syers, 4 April 1949, FO371/76031/F2191/1072/61G, UKNA.

Governments in these countries can cooperate as partners ... We need Asian equivalents of the Marshall Plan and the Atlantic pact'.<sup>47</sup>

Foreign Office thinking on this subject was encapsulated in the summer of 1949 in a pair of policy papers prepared by Strang's brainchild, the Permanent Under-Secretary's Committee (PUSC). The first, 'The United Kingdom in South-East Asia and the Far East', restated the case for British leadership in building a system of regional cooperation in Asia.<sup>48</sup> The UK, the paper argued, enjoyed a unique, and uniquely influential, place within the new Asia. Politically, the British, unlike the still-embroiled Dutch and French, had by and large come to terms with Asian nationalism: India, Pakistan and Sri Lanka were independent, though still associated, states; Burma, though outside the Commonwealth, was nonetheless 'friendly'. Economically, British interests remained 'substantial', the country's economic influence 'considerable' and, through the Sterling Area, Britain enjoyed an unparalleled degree of financial control within the region's most important economies. The UK's special position within South-East Asia in turn gave it a unique opportunity to construct a new form of association among Asia's new states, and between Asia and the West. Although Britain could no longer dominate the region as a colonial power, 'we can and should use our political and economic influence to weld the area into some degree of regional cooperation'. In the short term, the objective would be to reinforce Asia's capacity to resist communism; in the long term, this regionalist project would aim 'to

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<sup>47</sup> MacDonald to Bevin, no. 16, 23 March 1949, FO371/76034/F4545/1073/G, UKNA; meeting record, 24 May 1949, FO371/76034/F6670/1075/61G, UKNA.

<sup>48</sup> 'The United Kingdom in South-East Asia and the Far East', 28 July 1949, PUSC(32), FO371/76030/F17397/G, UKNA.



create a system of friendly partnership between East and West and to improve economic and social conditions in South-East Asia and the Far East’.

Having set out the intellectual groundwork in support of a policy of regional cooperation, Strang and his officials then addressed the tactical and practical questions of implementation in their second paper, ‘Regional Cooperation in South-East Asia and the Far East’.<sup>49</sup> Strang conceded that the prospects for closer political association were bleak. Relations between Asia’s new states were neither stable nor on the whole especially friendly, and few of the region’s new governments were internally secure. Continued conflict in French Indochina and Dutch Indonesia made the involvement of either France or the Netherlands in any regional political structure unacceptable, while British motives too remained suspect. The PUSC accordingly ruled out anything approaching the kind of regional political structure emerging in Europe. Instead, the committee argued for the use of technical, financial and economic assistance as the most effective way of achieving the UK’s policy objectives. Every South-East Asian state was burdened by low living standards, and none possessed the resources or technical expertise they needed to develop their economies and meet the expectations of their people. Asia, in other words, needed the West’s economic help, and was thus more likely to accept it than it was to acquiesce in any moves towards political association. In time, this economic relationship could perhaps be converted into a closer political and strategic grouping:

*the habit of collaboration is a catching one and the settlement of economic difficulties, of common consultation and effort, may lead*

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<sup>49</sup> ‘Regional Cooperation in South-East Asia and the Far East’, 20 August 1949, PUSC(53), FO371/76030, UKNA.

*to greater political and military cohesion ... Regional collaboration in the economic field, if achieved, may well lead not only to a better understanding between the countries of Asia themselves, but also between East and West.*

The Commonwealth, Strang concluded, should act as the nucleus of this regional system; India in particular was 'the key to the whole problem of South-East Asian regional cooperation'.

### **Aid and the Commonwealth**

In Burma's financial difficulties, Bevin and his officials saw an opportunity to put their regional plans into practical effect, and the key arguments in favour of regionalism figured prominently when the Cabinet's Economic Policy Committee (EPC) convened to discuss the Burmese government's aid request on 25 January 1949.<sup>50</sup> South-East Asia was, Bevin reminded his colleagues, 'gravely threatened' by communism; should the region fall under Soviet control, this would be 'disastrous' for British policy. In Europe, the response to Soviet expansionism had been closer political and, in particular, economic integration. A similar regionalist, integrationist project was now called for in South-East Asia: what the region needed was 'a body which would perform functions comparable with those carried out in Western Europe by the Organisation for Economic Cooperation'.

Unlike in Europe, where US economic leadership had been instrumental in establishing the OEEC framework, in Asia the British should take the lead, in

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<sup>50</sup> Fourth meeting of the Economic Policy Committee, 25 January 1949, CAB134/220/4, UKNA.

cooperation and consultation with their Commonwealth partners. In this way, Bevin argued, Britain could preserve its political leadership in Asia, while at the same time beginning to create 'a new tradition of practical association in pursuit of common political and economic objectives'. Commonwealth consultation over Burma's immediate financial problems might pave the way towards the attainment of these much wider aims. Other Commonwealth governments, India and Pakistan in particular, but also Sri Lanka, Australia and New Zealand, shared with Britain a concern for Burmese stability. The UK should take advantage of this congruence of interest, and 'take the initiative in securing the cooperation of the Commonwealth Governments concerned in a joint effort to strengthen and establish a friendly and anti-Communist Government in Burma'.

Bevin's proposals for a formal economic association in Asia were rejected by the EPC as ambitious and premature. Nonetheless, the Committee accepted the need for assistance to Burma, and agreed that the country should be given whatever aid was necessary to safeguard its rice exports. The question of budgetary aid and oil finance was left pending.<sup>51</sup> The EPC also accepted the principle of Commonwealth participation, and a meeting was proposed in Delhi to discuss Burma's problems, comprising India, Pakistan and Sri Lanka, as well as the old dominions of Australia and New Zealand. Attlee duly wrote to Nehru and his Pakistani counterpart Liaquat Ali Khan on 27 January, and to the premiers of Australia, New Zealand and Sri Lanka four days later, making the case for Commonwealth assistance and proposing a meeting to thrash out a common position.<sup>52</sup> Burma's stability was, Attlee told his

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<sup>51</sup> *Ibid.*

<sup>52</sup> Attlee to the prime ministers of India, Pakistan, Australia, New Zealand and Sri Lanka, nos 68, 53, 114, 27 and 31 January 1949, FO371/75693/F1795/1151/79G, UKNA.

colleagues, 'a matter of vital interest and importance to all Commonwealth Governments which have interests in security in South-East Asia or which are dependent on Burma for essential supplies'. Any approach to the Burmese government should thus come, not from the UK alone, but from the UK 'in association with the regional Commonwealth states'.

Almost immediately, the British ran into the kind of practical and political problems that would dog efforts to establish a Commonwealth position on Burma. Although India agreed to host a meeting in Delhi, Nehru worried that U Nu's government was by now beyond helping. Pakistan chafed at the meeting's location in Delhi, while the Australians rejected financial assistance outright. In conversation with the British High Commissioner, Australian Prime Minister Ben Chifley 'spoke in extremely disparaging terms' of the Burmese; he was, apparently, 'particularly caustic about their action in first leaving the Commonwealth and then running back to the United Kingdom for help as soon as they got into trouble'. Even if justified, aid would do no good: 'throwing good money after bad', just as the US had done in China.<sup>53</sup> New Zealand, while more amenable, only agreed to attend the proposed Delhi meeting if Australia did so too, while the Burmese government, informed of the British plan on 12 February, worried, rightly as it turned out, that British attempts to corral other Commonwealth states into sharing the burden of aid would only delay its arrival.<sup>54</sup> Only Sri Lanka, the most junior partner, seemed to accept the principle of joint discussion without reservation or complication.

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<sup>53</sup> UK High Commissioner in Australia to the CRO, 28 February 1949, no. 124, FO371/75686//F3134/1061/79G, UKNA.

<sup>54</sup> CRO to High Commissions, no. 224, 24 February 1949, FO371/75693/F2992/23, UKNA.

Against this background, progress on a Commonwealth basis was clearly going to be difficult. In fact, when ministers and officials finally met, in Delhi on 28 February, neither New Zealand nor Pakistan was present. Financial aid was barely discussed; Britain's representative, Arthur Bottomley, the Secretary for Overseas Trade, tried to raise it, but found his colleagues 'so clearly disinclined to pursue it at that stage that I did not press it'.<sup>55</sup> Instead, the meeting focused almost entirely on the Karen conflict. Speaking for India, Nehru reported that he had made several approaches to U Nu regarding possible Indian mediation, but had been rebuffed. U Nu was, he indicated, 'under the influence of the uncompromising elements in his government'. Nonetheless, it appeared clear that a military solution was unlikely, and the meeting ended with agreement that Nehru should contact U Nu again urging conciliation and offering a meeting of Commonwealth representatives in Rangoon to discuss possible ways forward.<sup>56</sup>

The meeting's offer of mediation was rejected by U Nu, who told Nehru that the Burmese had no need of outside help other than arms.<sup>57</sup> On 6 March, he informed Bottomley that his government would rather make peace with the PVO than accept financial aid if it was made conditional on mediation with the Karen.<sup>58</sup> Significant efforts had been made to meet Karen demands, he complained, and any further concessions would be taken as a sign of weakness by the Burmese press and Burmese public opinion; conciliation would take place 'at the proper time' after the military

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<sup>55</sup> Bottomley's report of the New Delhi conference, 16 March 1949, FO371/75688/F3971/1061/79, UKNA.

<sup>56</sup> Note of a meeting, New Delhi, 28 February 1949, FO371/75687/F3470/1061/79, UKNA.

<sup>57</sup> Bottomley to Bevin, no. X453, 4 March 1949, FO371/75687/F3286/1061/79, UKNA.

<sup>58</sup> Bottomley to Bevin, no. X467, 6 March 1949, FO371/75686/F3476/1061/79, UKNA.

situation had become 'favourable'.<sup>59</sup> U Nu also repeated complaints about outside assistance for the Karen, referring specifically to Tulloch and Campbell,<sup>60</sup> and suggested that the Commonwealth was somehow exploiting Burma's financial difficulties in an effort to coerce it into joining.<sup>61</sup> Such suspicions were reinforced by ill-judged remarks after the Delhi meeting by Herbert Evatt, Australia's External Affairs Minister, to the effect that Burma had 'made a mistake' in leaving the Commonwealth, and would 'sooner or later rejoin'.<sup>62</sup> 'I fear,' wrote Bowker, 'we must accept the fact that Burmese susceptibilities, tiresome as they are, must be taken into particular account in dealing with Burma's present crisis.'<sup>63</sup>

Disappointed at this failure, Bevin pressed for another Commonwealth meeting to assess the Burmese reply. Interested Commonwealth governments should 'tell Burma ... that we regret their rejection of an offer of help from friends, that we remain of the opinion that early and peaceful settlement of communal troubles with minorities is essential in the interests of stability in Burma and for the sake of her prestige abroad, and that the continuance of present troubles can only play into the hands of the Communists'. Once the Burmese rejection of good offices became publicly known, the British government would find it 'very hard – indeed, almost impossible – to justify in parliament or in the country the grant of financial assistance'.<sup>64</sup> Bevin's officials were, however, less sure of the wisdom of another attempt. A second meeting

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<sup>59</sup> *Ibid.*

<sup>60</sup> U Nu to Nehru, reported in UK High Commission in New Delhi to the CRO, no. X439, 3 March 1949, FO371/75687/F3475/1061/79, UKNA.

<sup>61</sup> Evatt's statement to the press, *Reuters*, 1 March 1949, FO371/75686/F3433/1061/79, UKNA.

<sup>62</sup> *Ibid.*

<sup>63</sup> Bowker to the Foreign Office, no. 243, 5 March 1949, FO371/75686/F3338, UKNA.

<sup>64</sup> Bevin to Bottomley, no. 790, 4 March 1949, FO371/75687/F3475/1061/79, UKNA.

would do little: 'the Burmese assert that they can settle the troubles with the Karens without assistance from us; it is true that they agreed to the holding of a Commonwealth Conference, but the Conference that they agreed to was one to discuss their request for financial assistance, not the Conference which was actually held and which discussed mediation. The Burmese have some justification for their virtuous indignation'.<sup>65</sup> Fresh discussions on financial assistance would be 'bad tactics. It is their crisis and we must wait for them to make the next move'.<sup>66</sup> Nehru too thought another meeting futile. Bottomley was duly recalled, and on 8 March the Cabinet concluded that any further pressure on the Burmese would do more harm than good. A second Commonwealth meeting was 'out of the question'.<sup>67</sup>

In the event, military disaster forced U Nu's hand. On 11 March, Karen forces took Mandalay, Burma's second city. Four days later, on 15 March, the Burmese asked Bowker if he would be prepared to 'use his influence' to induce Karen leaders to open negotiations.<sup>68</sup> By this point, the BSM estimated that at least 20,000 Karen, including a large number of deserters from the army, were engaged in fighting.<sup>69</sup> Karen troops, Bowker reported, were fighting with 'an almost mystical exaltation of spirit which makes them formidable soldiers in battle'.<sup>70</sup> With the poorly-trained and ill-disciplined forces at its disposal, the Burmese government could not hope to settle the dispute by force, and knew it; its leaders were, Bowker explained, 'less sanguine

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<sup>65</sup> Note for meeting with Pandit Nehru, 5 March 1949, FO371/75688/F3960/1061/79, UKNA.

<sup>66</sup> Scott, minute for Bevin, 7 March 1949, FO371/75687/F3629/1061/79, UKNA.

<sup>67</sup> Cabinet meeting, 8 March 1949, PREM11/1319/GEN278/4, UKNA.

<sup>68</sup> Bowker to the Foreign Office, 15 March 1949, no. 301, FO371/75666/F3935, UKNA.

<sup>69</sup> Report by the BSM, 16 March 1949, BSM(49)P/5, FO371/75666, UKNA.

<sup>70</sup> Bowker to Bevin, no. 89, 11 March 1949, FO371/75666/F4510/1018/79, UKNA.

about a solution by military means than they officially admit'.<sup>71</sup> Nonetheless, the unexpected *volte-face* placed the British in a delicate position, as Bowker explained in a lengthy dispatch on 18 March. On the one hand, refusing to help would not be consonant with the stated aim of British policy, which was to encourage the Burmese to settle their dispute with the Karen by negotiation. On the other hand, assistance also carried risks: it was likely that any official British involvement would be vulnerable to misrepresentation; it would entail taking some degree of responsibility for any settlement reached; and the crisis might in any case have passed the point of no return, making any British approach futile. Moreover, the terms proposed by the government, namely that negotiations were conditional on the insurgents handing over their weapons, went significantly beyond what the Karen would be prepared to concede given that well-founded concerns for their security were one of the primary factors in their insurgency. On balance, notwithstanding the rare opportunity for leverage that it offered, the risks were such that the request should be declined.

Officials in London shared Bowker's analysis, but not his recommendations. Although any attempt at mediation ran the risk of 'suffering the usual fate of those who extend their good offices in a quarrel and become the target of both sides', the opportunity to give some substance to the 'Commonwealth front' established at Delhi was too good to miss.<sup>72</sup> In a note to Attlee on 22 March, Bevin stated that a flat refusal would 'hardly be consistent with the message sent to Thakin Nu by the Delhi meeting advocating conciliation and offering Commonwealth help in bringing it about'. Commonwealth approval should be sought 'for any initiative which we take'

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<sup>71</sup> *Ibid.*

<sup>72</sup> Ledwidge, minute, 19 March 1949, FO371/75666/F4282/1018/79G, UKNA.



and the 'united front ... should be maintained'.<sup>73</sup> News of the Burmese request, together with a note from Bevin urging action, was accordingly passed to the governments of India and Pakistan on 24 March and, their agreement to a joint approach secured, Bowker was instructed to return a positive reply. Thus briefed, and with responsibility duly shared, Bowker wrote to KNU leader Saw Ba U Gyi at his base at Insein on 4 April, proposing talks. Discussions followed in Rangoon, and agreement on the broad outlines of a settlement was reached the following day. Hopes were, however, quickly dashed as the talks foundered over the details of disarmament and security guarantees for the Karen. 'Things are now,' reported Bowker, 'back where they were before.'<sup>74</sup> The Foreign Office concurred: Bowker had 'brought the Burmese and the Karens to the water's brink, but they refused to drink'.<sup>75</sup>

Despite the failure of the Insein initiative, the attempt at talks suggested that there was at least some prospect of a negotiated solution to the conflict. The grounds for a fresh attempt to secure an aid deal were thus in place, and on 9 April Strang wrote to Attlee recommending another approach to the Commonwealth, and authorising Bowker to tell the Burmese that their request for assistance was under 'active consideration'. This would not commit the government to granting a loan, but it would encourage the Burmese and 'clear the way for prompt action if the provision of financial aid has to be considered urgently'.<sup>76</sup> The following day Attlee wrote to the prime ministers of Australia, New Zealand, India, Pakistan and Sri Lanka, suggesting that the time had

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<sup>73</sup> Bevin to Attlee, 22 March 1949, FO800/441/30/Bur/49/3, UKNA.

<sup>74</sup> Bowker to the Foreign Office, no. 395, 9 April 1949, FO371/75667/F5118/1018/79, UKNA.

<sup>75</sup> Scott, minute, 14 April 1949, FO371/75667/F5224/1018/19, UKNA.

<sup>76</sup> Strang to Attlee, 9 April 1949, FO800/Bur49/6, UKNA.

come for a formal answer to Burma's loan request.<sup>77</sup> What Attlee had in mind was not a firm commitment, but rather an indication 'that the door is not closed if the political troubles are settled and if suitable conditions for financial help are established'. However, the UK's commitments elsewhere meant that it could not carry the burden of aid alone; would other governments then accept the principle that any financial aid for Burma should be shared?

Again, the Commonwealth response was cagey. Australia in particular remained wary of any commitment; Australian opinion would not support assistance for Burma, Chifley told Attlee, and aid in any case would do little good. If Australia could afford to help anyone, it should be helping the UK, not a country that had 'deliberately severed its association with the British Commonwealth and then, when in difficulties, came back to the United Kingdom for help'.<sup>78</sup> There was some merit in the Australian argument that Burma, having left the Commonwealth, could not be considered a Commonwealth responsibility, and had no claim on Commonwealth help. But this legalistic position had little force in Whitehall: Bevin and other ministers accepted Burma's withdrawal from the Commonwealth as an inevitable consequence of its prickly nationalist politics, and its constitutional status was not a major factor in decision-making. Whatever its formal relationship, Burma was a Commonwealth responsibility by virtue of its past links and its continued importance. The key issue, for the British at least, was the conditions under which aid should be granted, and the degree of Commonwealth engagement that could be obtained in its giving.

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<sup>77</sup> Attlee to the prime ministers of Australia, New Zealand, India, Pakistan and Sri Lanka, nos 254, 188, 1225, 797, 378, 10 April 1949, PREM8/1391, UKNA.

<sup>78</sup> Australian High Commission to the Commonwealth Relations Office, no. 246, 14 April 1949, PREM8/1391, UKNA.

A scheduled meeting of Commonwealth heads of government in London in late April 1949, although primarily concerned with Indian matters, offered a fresh opportunity to revisit the problem. In the meantime, the Foreign Office pressed for a more open-handed policy towards the question of aid.<sup>79</sup> Burma was, Bevin told Attlee, 'too important a country to be allowed to collapse'.<sup>80</sup> Although 'it is not difficult to find arguments against helping Burma', there was nonetheless 'a very strong case on the other side':

*Burma has been faced with exceptional difficulties since the transfer of power. Many of her troubles are due to inexperience, the inevitable teething troubles of a new country. Our prestige will suffer if the Burma experiment is a failure. Whatever the shortcomings of the Government, there is no better alternative in sight. Communism, both internally and externally (China), is a real menace and Burma is too important a country to be allowed to drift into chaos, which would be followed by Communism. Burmese rice is essential to the well-being of South East Asia; the record of the government in promoting exports is good; and we cannot afford to lose the rice.*

Then there was 'the Commonwealth aspect'. Commonwealth cooperation on Burma's 'practical and urgent problems' may 'pave the way for cooperation in other fields in South East Asia'. It might also counteract India's predilection for a form of regionalism based on 'anti-colonialism and on neutrality'. Burma was, the paper

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<sup>79</sup> Scott, minute, 23 April 1949, FO371/75697/F6049/1151/79G, UKNA.

<sup>80</sup> Bevin, minute for Attlee, 26 April 1949, PREM11/1319/PM/49/75, UKNA.

concluded, 'pre-eminently a case where, if anything constructive is to be done, the United Kingdom must play a big part – clear proof that we cannot be ignored in this area and, indeed, that without our participation (even initiative) little progress can be made with the major problems of the area'. 'Good advice and sympathy', officials argued, was no longer enough: if Britain was to succeed in its general aim of helping Burma, it would have to give the Burmese practical assistance, 'and we should make the necessary sacrifices to fulfil this policy.' The UK should drop its insistence on the prior restoration of stability and resolution of the Karen dispute, should promise the Burmese interim assistance to tide them over, and should press other Commonwealth countries to adopt the same line and 'share the burden'.<sup>81</sup> Details should be worked out in Rangoon through a 'Commonwealth Joint Committee', tasked with coordinating financial and military aid.

Ministers outlined their plans to Commonwealth premiers from India, Pakistan, Sri Lanka and New Zealand at the London Commonwealth meeting on 27 April.<sup>82</sup> Commonwealth countries should send a joint message to U Nu, telling him that they were ready to give the Burmese military and financial help 'in their present crisis', and suggesting the setting up of a joint committee in Rangoon. They should also publicly commit themselves to assisting the Burmese, and should make another attempt to persuade U Nu to come to terms with his non-communist opponents. Both Khan and Nehru were broadly positive. Nehru told the meeting that U Nu had agreed to seek fresh talks with the Karen, and that only a small amount of military assistance could be enough to turn the tide against the communist opposition. He had, he told his colleagues, 'a high opinion of Thakin Nu'; there was 'nobody else in Burma who

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<sup>81</sup> Scott, minute, 23 April 1949, FO371/75697/F6049/79G, UKNA.

<sup>82</sup> Minutes of an Inter-Commonwealth Meeting, 27 April 1949, CAB134/669/SAC49/3, UKNA.

could control the situation'. Khan too argued for prompt and generous help. U Nu was, he thought, open to Commonwealth financial advice, if sensitively given, though 'it would be fatal to create any impression that Thakin Nu was dancing to the tune of the other Commonwealth Governments'.

If the British were hoping for full unanimity they were, however, disappointed. New Zealand's Prime Minister, Peter Fraser, expressly ruled out his country's participation, arguing that assistance for Burma 'would eventually prove as ineffective as the United States aid given to the Nationalist Government in China'. Chifley refused to attend the meeting at all, and told a Foreign Office official later that Australia would not participate in any Commonwealth financial or military aid. Khan was not impressed: 'Consultation without cooperation. That's their policy. After all their talk that's all that happens.' As for insisting on stability before offering help, 'If I were Thakin Nu and people told me to restore law and order first, I would go and make peace with the communists. That advice is only another way of saying you don't mean to help'.<sup>83</sup>

Although the London meeting failed to secure the broad consensus the British had sought, the support of India and Pakistan at least ensured that the Commonwealth principle remained intact. On 30 April, U Nu was told that Commonwealth governments had agreed to support him, and were 'accordingly prepared to do what they can to meet the requests which they have received for the supply of arms and military equipment. They are also prepared to discuss with the Burmese Government the possibility of financial assistance'.<sup>84</sup> Meanwhile, on 11 May, Bevin made his public announcement of the policy of Commonwealth aid in a Commons statement

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<sup>83</sup> Scott, minute, 28 April 1949, FO371/75698/F6325/1151/79G, UKNA.

<sup>84</sup> Foreign Office to Bowker, no. 397, 28 April 1949, FO371/75692/F6105/1151/79, UKNA.

which emphasised the regional aspect of the Burma problem and the broader value of Commonwealth cooperation.<sup>85</sup> In line with Foreign Office advice, neither the message to U Nu nor Bevin's public statement mentioned political preconditions, nor did they say anything about the Karen. Privately, however, the British were convinced that Burma's future hinged on progress on the ethnic question. Since 'a policy of sending arms and money will not restore the situation in itself', a renewed attempt was needed 'to bring about peace between the Burmese government and the Karen rebels'. Without a 'strong initiative', argued Bevin, 'Thakin Nu's Government may well collapse and our declared policy of helping it will be stillborn. The atmosphere in Rangoon may be favourable to another initiative on our part now that we have just made our joint announcement about aid to Burma'.<sup>86</sup> A 'basis for negotiation' existed; all that was needed was 'to create an atmosphere of confidence between the two parties'. A fresh approach was judged worthwhile, and on 1 June Bowker and his Indian and Pakistani colleagues delivered a joint message to U Nu and his foreign minister, U Kyaw Nyein, offering short-term financial assistance, and suggesting a roundtable conference to discuss the Karen dispute.<sup>87</sup>

As before, the linkage of aid with political steps to end the Karen conflict proved unacceptable to the Burmese, and the offer was duly rejected. No outside mediation was either wanted or needed: the Burmese government was perfectly capable, 'in its own way and consistent with the dictates of justice and clemency', of achieving

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<sup>85</sup> *Hansard*, 11 May 1949, vol. 464, cols 1,828–1,830.

<sup>86</sup> Bevin, minute, 13 May 1949, FO800/Bur/49/10, UKNA.

<sup>87</sup> Bowker to the Foreign Office, no. 538, 1 June 1949, FO371/75701/F8067/1151/79, UKNA.

'peace and tranquillity in the Union'.<sup>88</sup> The roundtable proposal, U Nu told Cripps, was no more than a restatement of unacceptable Karen demands. 'One thing remains clear,' Bowker told Bevin in mid-June, 'namely that in the present suspicious and hyper-sensitive state of mind of Thakin Nu and his colleagues there seems little more that the Commonwealth Governments can do to promote a settlement'.<sup>89</sup> There was 'a deep-seated reluctance' to accept foreign aid 'since the acceptance of such aid will mean some foreign interference and closer links with the Commonwealth. Opponents of aid may have been able to cash in on resentment over the Karen problem, and the Government, in unjustified optimism, have in their usual way decided to put off the evil day and hope that something will turn up'. Evidently, no further progress was possible: 'we should accept this reply and drop discussion on aid; they will be along again before long'.<sup>90</sup>

The question of aid was raised again six weeks later, when U E Maung, U Kyaw Nyein's successor as Burmese foreign minister, took advantage of a visit to London to ask for assistance amounting to some £27 million: a stabilisation loan (£11 million), an advance for rice purchases (£5.6 million) and help with acquiring a stake in the BOC (£9 million), plus a new demand for £1 million to enable Burma to join the International Monetary Fund.<sup>91</sup> Both the Treasury and the Foreign Office agreed that such a large provision was out of the question. Neither India nor Pakistan would be prepared to make a major contribution, which meant that the bulk of the costs of any assistance would primarily fall to Britain. It still seemed unlikely that Burma would

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<sup>88</sup> 'Text of Burmese Government's Reply to the Commonwealth Governments' Message of May 31<sup>st</sup>', undated, PREM8/1319, UKNA.

<sup>89</sup> Bowker to Bevin, no. 214, 14 June 1949, FO371/75667/F9035/1018/79, UKNA.

<sup>90</sup> Glass, minute, 8 June 1949, FO371/75701/F8128/1151/79, UKNA.

<sup>91</sup> Tarling, *Britain, South-East Asia and the Onset of the Cold War*, p. 351.

ever repay any assistance; indeed, on normal commercial criteria 'no one would think of lending them a bean'. While it was still in Britain's interests to see Burma stable and intact, 'it is clear they must eventually settle down on much lower standards all round than their experience of British days, or their inflated hopes for the future, have encouraged them to expect. They must learn to live within a comparatively small income ... Large loans now would impede this salutary process'.<sup>92</sup> Instead of the £26 million or so requested by the Burmese, Britain proposed a much more modest loan of £7.5 million in ways and means assistance, disbursed in monthly instalments and drawn against Burma's blocked sterling balances held in the UK. Funds would only be released if scrutiny of the Burmese government's bank accounts indicated it was warranted.

Bowker delivered the British proposal to the Commonwealth ambassadors' committee, set up after the London meeting in April, when it convened in Rangoon in August. Two months later, on 19 October, the committee reported its conclusions.<sup>93</sup> The Commonwealth was 'morally bound' to offer Burma some financial assistance, and should do so 'as far as possible free from the restricting conditions which the Burmese in their present hyper-sensitive mood would be likely to regard as grudging or humiliating'. In particular, the kind of financial scrutiny recommended by the Treasury 'would detract greatly from the psychological value of the loan and might even lead the Burmese Government to reject the offer of the loan altogether'. Commonwealth governments should extend budgetary assistance as far as their own financial situations allowed; the request for a loan to join the IMF should be given

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<sup>92</sup> Glass, minute, 12 September 1949, FO371/75703/F13674/1151/79, UKNA.

<sup>93</sup> Bowker to the Foreign Office, no. 951, 19 October 1949, FO371/75704/F15790/1151/79, UKNA.



'sympathetic consideration'; and rice financing should be provided up to the £5.6 million the Burmese had asked for.

Privately, Bowker thought the committee's recommendations profligate; the Sri Lankan and Pakistani members in particular were 'obsessed with the view that it is essential for the Commonwealth countries to display most unreserved generosity for Burma'. But pressing a more stringent set of proposals risked splitting the committee and painting the British as 'hard and ungenerous'. The agreed recommendations, Bowker thought, 'at least represent a positive if limited act of constructive cooperation by the Committee, and the process of its achievement has certainly been educative'. Nonetheless, maintaining the wider strategic principle of Commonwealth cohesion did not in Bowker's view make the committee's recommendations any less of a tactical mistake. As he told the Foreign Office: 'I should make it clear that I do not consider that the grant of financial aid to Burma will in itself lead to the restoration of stability in the country ... The aim of the Commonwealth countries should be I consider to force the Burmese Government up against the hard realities of their country's financial position'.<sup>94</sup>

The question of aid returned to the Cabinet on 18 November, when it was considered again by the Economic Policy Committee. Ahead of the meeting, the official Overseas Negotiations Committee recapitulated the arguments.<sup>95</sup> Although Burma had managed to avoid the financial collapse that had threatened at the start of the year, ironically partly by refusing to pay compensation for expropriated British firms, the government's finances remained precarious, and there was little room for manoeuvre

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<sup>94</sup> Bowker to the Foreign Office, no. 51, 21 October 1949, FO371/75704/F16072/1151/79G, UKNA.

<sup>95</sup> 'Burma: Financial Assistance', 9 November 1949, ON(49)368(Revise), CAB 134/567/368.

should projected rice earnings fall short. Nonetheless, the Treasury view was still that there was no clear-cut financial case for British aid. Britain could not spare the money; territories like Malaya had greater claims on what help Britain could afford; and Burmese actions in other areas, such as nationalisation, did not encourage a more helpful attitude. The Burmese refusal to accept conditions on assistance would also contrast unfavourably with aid practice towards other foreign countries, and even in relation to British colonies receiving UK aid. As before, the only economic argument in favour of assistance concerned rice, but experience here had shown that, however chaotic the country's finances, adequate exports were maintained. Indeed, budgetary assistance could be counter-productive if it allowed the government to hold up exports in an effort to push up prices. Although not stated openly by the ONC, officials were also concerned that Commonwealth states did not have the will to pay for the more generous policy that their ambassadors in Rangoon had proposed. The Indian government, for example, had already made clear that its share of any assistance would be 'extremely small'.<sup>96</sup> In effect, the UK would be bankrolling a policy pressed by others, but towards which it harboured significant doubts.

The arguments in favour of aid were, as they had been from the start, political. Granting assistance would encourage the pro-British elements in Burmese politics; refusing it would weaken them, possibly fatally, and would significantly enhance the position of Burma's pro-communist politicians. Burma could not be 'written off'. And not all the omens were bad. Serious though Burma's political and financial situation undoubtedly was, it was better than it might have been, and the Foreign Office at least saw signs that the painful lessons of the early independence period were beginning to

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<sup>96</sup> High Commission in India to the Commonwealth Relations Office, no. X1817, 20 October 1949, FO371/75704/F15863, UKNA.

sink in. With the breathing space of a loan, they might penetrate further and deeper. As the Rangoon committee had pointed out, there was also a moral case. Burma had been led to expect help of some sort, and to refuse it at the second time of asking was both ungracious, and inconsistent with Britain's overall aims in Burma.

Failure to help would also have a dangerous demonstration effect. Burma was 'a great experiment in self-government by a former subject people, with the success of which our own prestige in the area is to some extent linked'.<sup>97</sup> Granting aid to Burma constituted a practical opportunity to give demonstrable effect to the contention that the UK did indeed have a unique and central role to play in Asia, and remained committed to its future. Conversely, a refusal to help implied the opposite – that Britain no longer possessed the will or the resources to play the leadership role it wanted to claim. The UK's wider objectives in Asia, in other words, argued for the approval of aid in principle. In practice, however, this did not imply acceding to the generous recommendations of the ambassadors' committee in Rangoon, and the Treasury stuck to its suggested figure of £7.5 million in ways and means assistance. The IMF loan should be rejected, and no loan would be advanced to finance Burma's interest in the BOC.

The EPC approved the Treasury proposals at its 18 November meeting, and they were relayed to India, Pakistan and Sri Lanka a week later. The UK was proposing to pay half (£3.75 million), with the remainder divided between India (£2.5 million), Pakistan (£1 million) and Sri Lanka (£250,000). The British were also prepared to contribute around half a million pounds to a rice financing loan amounting to a

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<sup>97</sup> Foreign Office minute for Bevin, 15 November 1949, FO371/75705/F17414/1151/79, UKNA.

suggested £3 million. Preliminary indications from the putative loan participants were, as before, discouraging: India, for example, while 'anxious to assist in every way', could manage perhaps £1 million as a 'token of goodwill and sympathetic understanding'. No reply at all was forthcoming from Pakistan or Sri Lanka 'in spite of reminders', and neither Australia nor New Zealand appeared any more likely to help than hitherto. Meanwhile, Bowker balked at the delay in reaching a decision, and questioned whether maintaining the principle of Commonwealth cooperation was sufficiently important to outweigh the need for a timely response. Whatever aid they eventually received would 'certainly fall short of what the Burmese have asked for and the longer it is delayed the greater will be their consequent disappointment ... it is now urgently necessary that Burma should be told without further delay what we are ready to give them'.<sup>98</sup>

Progress was little better in the parallel committee established in Rangoon to approve and coordinate Commonwealth military aid. The arms committee, set up like its financial counterpart following the London meeting in April, comprised the British, Indian, Pakistani and Sri Lankan ambassadors, along with Bourne's replacement as the head of the BSM, General Bertram Temple. The committee was chaired by the head of the Burmese armed forces, Ne Win.<sup>99</sup> Involving Commonwealth countries in this way was intended to reduce the confusion surrounding Burma's multiple bilateral requests for arms. The committee was also intended as a means of sharing the political

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<sup>98</sup> Bowker to the Foreign Office, no. 1,116, 20 December 1949, FO371/75705/F19195/1151/79, UKNA.

<sup>99</sup> Ne Win replaced the Karen Smith Dun as Burma's senior officer in February 1949, just after the start of the Karen conflict.

and material burden of supplying arms.<sup>100</sup> In practice, it achieved none of these aims. The Burmese continued to seek arms outside of the committee structure; direct requests for more small arms were made to France and India, and in September 1949 the Indian ambassador told Bowker that Burma had asked his country to provide five battalions' worth of equipment.<sup>101</sup> Ambassadorial representatives lacked the competence to scrutinise arms requests effectively, while friction between them further hampered efforts to reach agreed recommendations. In November, Bowker informed the Foreign Office that the Pakistani ambassador was 'constitutionally incapable of dealing with practical issues', a 'pain in the neck' and 'fearfully stupid'; getting the committee to work was 'like trying to drive a motorcar through the jungle without a carburettor'.<sup>102</sup> Nor did the committee do much to encourage greater exertions from Britain's Commonwealth partners. Sri Lanka declared its interest in supplying arms to be 'theoretical', while by the end of the year India was claiming that its capacity to do so was almost exhausted.<sup>103</sup>

Meanwhile, with no agreement reached on financial assistance, ministers decided to press the issue at the Commonwealth conference in Colombo, scheduled for 9–14 January 1950. If others continued to delay, Cripps argued, Britain should go ahead with its planned loan of £3.75 million 'without reference to the participation of other

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<sup>100</sup> Foreign Office to Rangoon, 11 November 1949, FO371/75712/F16374/1192/79, UKNA.

<sup>101</sup> Foreign Office to Bowker, 5 June 1949, FO371/75709/F8339/1192/79G; Crombie to the Foreign Office, 16 September 1949, FO371/75709/F13981, UKNA.

<sup>102</sup> Bowker to the Foreign Office, 14 November 1949, FO371/75712/F16976; Bowker to Scott, 15 November 1949, FO371/75712/F17712, UKNA.

<sup>103</sup> UK High Commission in India to the Commonwealth Relations Office, 15 December 1949, FO371/75712/F18993, UKNA.

Commonwealth Governments'.<sup>104</sup> Bevin duly outlined the UK's proposals at the conference's seventh meeting, on 12 January.<sup>105</sup> India, Nehru reported, was having to cut its expenditure 'drastically'; he could do no more than offer the £1 million already on the table. Pakistan too was in 'some financial difficulty', not least from supporting a quarter of a million Burmese refugees on its soil: perhaps £500,000 might be possible. Sri Lanka, though positive, put no figures forward. The only surprise of the meeting was Australia, now led by Robert Menzies following Chifley's election defeat in December 1949. New Foreign Minister Percy Spender told the meeting that his government was 'keenly interested' in South-East Asia. While for obvious reasons of proximity Australia's prime preoccupation was Indonesia, 'they were also disturbed at the situation in Burma'. Under the circumstances, Spender was prepared to recommend a contribution of £500,000. The total figure pledged at Colombo, including £250,000 promised shortly afterwards by Sri Lanka,<sup>106</sup> was thus £2.25 million, some way short of the UK's target of £3.75 million. With the British contribution, Burma stood to receive £6 million, as against the £26 million-plus it had asked for the previous July.

The Burmese were told of the Commonwealth's offer on 7 March 1950. Their immediate reaction was muted: neither enthusiasm nor undue disappointment, according to Bowker. Nor did the prospect of aid have much impact on the Burmese press, which evinced 'little enthusiasm and scanty expression of gratitude'.<sup>107</sup> The government's formal reply, delivered on 21 March, was equally low-key. The amount

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<sup>104</sup> China and South-East Asia Committee, 1<sup>st</sup> meeting, 2 January 1950, PREM8/1319, UKNA.

<sup>105</sup> Record of the 7<sup>th</sup> meeting, Colombo, 12 January 1950, FO371/83151/FB1151/10, UKNA.

<sup>106</sup> UK High Commission in Sri Lanka to the Commonwealth Relations Office, no. 97, 25 January 1949, FO371/83151/FB1151/10, UKNA.

<sup>107</sup> Bowker to Bevin, no. 146, 31 March 1950, FO371/83153/FB1151/72, UKNA.

offered was well below what was needed, provision in blocked sterling, rather than free currency, limited its utility and risked fuelling inflation, and the repayment period (set at two years) was shorter than the Burmese would have liked. Nonetheless, the loan would still be of 'great relief', and it was accepted as it stood.<sup>108</sup> The loan agreement was finally signed in Rangoon on 28 June 1950.

## **Conclusion**

In response to the growing communist presence in Asia, dramatised most obviously by Mao's victory in China in October 1949, British ministers and officials developed an ambitious set of regional policies designed to maintain the UK's influence, and to instil in the new, post-independence Commonwealth a shared sense of purpose and cohesion. In this project, Burma, though itself not a Commonwealth member, was cast as a key player: a common, shared problem around which Commonwealth cooperation could be organised. This process of Commonwealth engagement was, however, never easy, and at times counter-productive and incoherent; its results were unpredictable and ultimately much more limited than anticipated, and it was usually a source more of confusion than of clarity.

Likewise, British attempts to support the Burmese government in 1949 and 1950 failed to achieve the favourable political impact in Rangoon advocates in the Foreign Office had hoped for. This was partly because the Burmese remained unhappy with the political implications of the deal. In early 1951, U Nu told the British ambassador, Richard Speaight, that the loan and its 'unpalatable' conditions had been 'forced upon him'. Only the advice of his officials had persuaded him against rejecting it, and he

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<sup>108</sup> Burmese reply handed to the Committee of Ambassadors by the Foreign Minister, 21 March 1950, FO371/83152/FB1151/65, UKNA.

had since decided not to make use of it.<sup>109</sup> Partly too, the immediate financial need had eased. In the year and a half it had taken to conclude the aid agreement, security conditions in Burma had markedly improved. For the first time in two years, river transport was possible between Rangoon and Mandalay, and roads had reopened between Rangoon, Mandalay and Prome.<sup>110</sup> Burma, the British concluded, had weathered the storm: 'the tide that was running out so fast in 1948 and 1949', wrote Bowker in July, 'has certainly turned'.<sup>111</sup> As government control expanded into the countryside, tax revenues increased, while the outbreak of war in Korea in June 1950 brought further benefits by inflating the price of Burma's rice. The area under rice cultivation increased by half a million acres in 1950–51, and Korea-induced price rises netted the Burmese exchequer an estimated £3 million in additional income. The Burmese budget for 1950–51, presented in September 1950, showed a projected deficit of £675,000, compared with almost £1.5 million the previous year, and the government's actual accounts registered an eventual surplus for the year of about £750,000.

Burma's reluctance to accept British help was also a function of its still-fragile political relationship with the United Kingdom. In some limited respects, the broader current of Anglo-Burmese relations seemed at last to be running in favour of the British. In March, for instance, a piece of unfinished post-colonial business was resolved with the conclusion of a double-taxation agreement, marking a small but useful step in the developing structure of relations between Britain and independent Burma. Following a short visit in April 1950, MacDonald reported 'a greater

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<sup>109</sup> Speaight to Bevin, no. 29, 7 February 1951, FO371/93040/FZ1102/178, UKNA.

<sup>110</sup> Bowker to the Foreign Office, no. 282, 24 July 1950, FO371/83107/FB1015/34, UKNA.

<sup>111</sup> *Ibid.*



readiness in responsible circles to admit that Burma's interests lie with the democratic countries and that Britain is a good friend to Burma'.<sup>112</sup> At the same time, however, important sticking-points remained, over the status and function of the British military mission, the fate of British business, Burma's financial relations with the UK and British access to Burmese rice. The following chapter looks at how these issues affected Anglo-Burmese relations in the first half of the 1950s.

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<sup>112</sup> MacDonald to the Foreign Office, no. 436, 10 May 1950, FO371/83106/FB1015/9, UKNA.

## Chapter 3

### The decline of British influence, 1950–1954

Before they quit Burma in 1948, British officials had confidently expected that their influence in the country would long outlast the transfer of power. Burma would continue to rely on British capital and British expertise in its economy, British financial aid and British political support; it may have elected to leave the Commonwealth, but this did not mean that the UK did not 'retain a very special place in Burma as a result of her long and close association with the country and (we hope) the friendly and mutually satisfactory terms of the final transfer of power'. Some xenophobia was to be expected in the 'first exuberant reactions of independence', but overall Burma's leaders understood the need for external backing 'to assist their country to recover from the war and to avoid being sucked in by India or China'. As Burma found its feet, the country might perhaps have to rely on Britain less, but by then relations would have settled into 'a position of instinctive friendship'.<sup>1</sup>

However else Anglo-Burmese relations in the early 1950s might be described, 'instinctively friendly' they were not. To be sure, the picture that emerges during this period is not uniformly negative, and there were instances of cooperation and expressions of amity. But there were also unmistakable signs that relations were entering a new, more dilute and perhaps more problematic phase. Burma's decision not to draw on the Commonwealth loan was one early indication that the country's leaders were prepared to distance themselves from past connections. In other areas, in financial relations or commercial links, for instance, or over the British military

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<sup>1</sup> Murray, minute, 'Future British Interests and Representation in Burma', 14 October 1947, CO537/3362, UKNA.

mission in Rangoon, U Nu and his ministers acted in ways that directly challenged the British, and against which the British had little retort. This chapter follows a set of issues – the Anglo-Burmese military agreement primarily, but also the status and ownership of the oil industry, Britain’s commercial position, the question of Burma’s debt to the UK and its rice supplies to Britain – to show how Anglo-Burmese relations developed and changed in the first half of the 1950s. The focus is on subjects that were more-or-less bilateral in nature, in the sense that they stemmed primarily from the conditions and arrangements of Burmese independence and, with the partial exception of rice, generally involved only the UK and Burma in their resolution.

### **Military ties and the termination of the British military mission**

By the early 1950s, Britain’s military relationship with Burma was in a state of some disarray. While the Burmese government’s military position had certainly improved since the dark days of 1948 and 1949, it was far from clear that the thousands of guns and millions of rounds of ammunition that the British had supplied had had any meaningful effect on the Burmese government’s military fortunes. In January 1950, a report on the political effects of arms supplies, produced by the Joint Intelligence Committee (Far East) in Singapore, declared the political advantages to be ‘illusory’, and argued that arms supplied to date had been ‘misapplied’ and ‘wasted’.<sup>2</sup> According to Foreign Office figures, since arms transfers began in 1948 Burma had received sufficient to equip the equivalent of three British army divisions; as the government had only one division’s worth of forces, the report concluded that enough weaponry for two divisions – in effect two-thirds of transfers – had been lost, trafficked, given to

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<sup>2</sup> ‘Political Implications of the Provision of Military Aid By the United Kingdom’, report by the Joint Intelligence Committee, 19 January 1950, FO371/84604/FZ1193, UKNA.

irregular forces or fallen into insurgent hands.<sup>3</sup> Accounting systems were so chaotic that even the Burmese themselves did not know for sure what they had.<sup>4</sup> Writing in July 1950, one exasperated Foreign Office official asked how much longer British policy could 'tolerate the confusion that covers our military relations with Burma'.<sup>5</sup>

Personal relations between British officers and Ne Win also remained strained. One assessment, produced in August 1950, concluded that the general was 'somewhat anti-British, unscrupulous, ignorant of army administration and generally unreasonable'. Speaight described him unflatteringly as 'an ambitious, unstable and unscrupulous adventurer, out for himself and with little sense of true patriotism', 'cunning rather than clever', incompetent militarily and with no cultural or intellectual interests beyond 'women and gambling'.<sup>6</sup> There were persistent concerns about Ne Win's stockpiling of British-supplied arms; early in 1951, for example, the British learned that he had some 18,000 surplus rifles, with another 6,500 in transit from Britain. Whatever his motives – trafficking or preparations for a coup attempt were the favoured theories – the existence of such a large number of weapons in the hands of a single, and apparently less than scrupulous, individual was a source of some vexation in Whitehall, as indeed it must have been to U Nu, who may well have arranged for news of the size of Ne Win's holdings to leak in the first place. The larger the private stockpile Ne Win accumulated, observed the Foreign Office, 'the more he will be tempted to make some nefarious use of it'.<sup>7</sup>

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<sup>3</sup> FORD note on arms supplies to Burma, 9 March 1950, FO371/83163/FB1192/14, UKNA.

<sup>4</sup> Temple to the Foreign Office, 9 May 1950, FO371/83164/FB1192/34, UKNA.

<sup>5</sup> Hilton-Young, minute, 31 July 1950, FO371/83165/FB1192/62, UKNA.

<sup>6</sup> Speaight, memo on the BSM, 29 November 1951, FO371/92173/FB1201/73, UKNA.

<sup>7</sup> Scott, minute, 2 July 1951, FO371/92168/FB1192/33, UKNA.

Despite these difficulties, and despite the opposition of the supply ministries and the Treasury, the Foreign Office continued to attach political importance to the overall arms relationship. One official, referring to the rearmament programme then underway in response to the conflict in Korea, reminded his colleagues that it was important that the UK did not lose sight of its 'small commitments' such as Burma amid the 'major upheavals of policy' occasioned by the war.<sup>8</sup> The Bukit Serene conference of regional representatives held at MacDonald's residence in Singapore in December 1950 restated the need to meet Burmese requests deemed acceptable by the BSM, and noted that the delays that dogged the approval process risked doing disproportionate damage to relations with Rangoon.<sup>9</sup> Both Speaight and Temple remained persuaded of the political value of British supplies and of Burmese acquiescence in the continued presence of the mission, and both argued for Burma's retention of some form of special consideration in arms supplies.<sup>10</sup> Finally, in May 1951, a tripartite military conference between the US, the UK and France in Singapore recommended that 'everything possible should be done to improve the training and efficiency of the [Burmese] armed forces', and that 'all possible steps should be taken to increase the effectiveness of the British Military Mission'.<sup>11</sup> This was important less for its content, which simply reinforced existing British hopes for the mission, than for its context; by making its recommendations in a tripartite forum, the conference introduced a measure of international interest in the BSM. Any

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<sup>8</sup> Hilton Young to Coombes, 6 October 1950, FO371/83165/FB1192/73, UKNA.

<sup>9</sup> MacDonald to the Foreign Office, 13 December 1950, FO371/83127/FB1052/6, UKNA.

<sup>10</sup> Speaight to the Foreign Office, 4 December 1950, FO371/83167/FB1192/121; Speaight to Dalton, 3 January 1951, FO371/92167/FB1192/1; Temple, appended report, 28 December 1950, FO371/92167/FB1192/1, UKNA.

<sup>11</sup> Report of the Tripartite Talks Held at Phoenix Park, Singapore, 15–18 May 1951, FO371/93081/FZ1197/91, UKNA.

decision to alter the current arrangements could therefore no longer be considered a purely bilateral matter to be discussed only with the Burmese. The undertakings given at the conference meant that 'it was very important from the point of view of our relations with the Americans and the French that we should be able to show that we were doing our best' to make the mission more effective.<sup>12</sup>

Thus, occasional complaints notwithstanding, there is little indication that officials had given up on the BSM, and considerable energy was expended in identifying a replacement for Temple, whose tenure as the mission's head drew to a close at the end of 1951. Temple himself, officials conceded, had perhaps not been the wisest choice for such a difficult and sensitive posting. One called him 'something of a "flog the nigger" diehard';<sup>13</sup> certainly, he displayed little sympathy for the Burmese officers whose training he was meant to be supervising, regarding them as unenterprising, lazy and easily-discouraged prevaricators culturally incapable of taking instruction: 'anyone seen to be asking or taking advice is obviously admitting that his knowledge is NOT all-embracing and he therefore loses face'.<sup>14</sup> Perhaps a more junior officer was needed, and preferably one not from the army (Ne Win's service branch). The eventual choice, Air Commodore E. L. S. Ward, took up his post in April 1952, and duly set about trying to repair relations with Ne Win. His first interview was encouraging: Ne Win, he reported, had admitted that he had not got on with either Temple or his predecessor, Bourne, but 'as far as he was concerned' he was quite prepared to forget and forgive and start afresh'. Greater openness over the state of Burma's weapons stocks was promised, and Ward was invited to look over the

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<sup>12</sup> Murray, note of a meeting, 12 October 1951, FO371/92172/FB1201/53, UKNA.

<sup>13</sup> Olver, minute, FO371/92171/FB1201/20, UKNA.

<sup>14</sup> Temple, first quarter report, 3 March 1951, FO371/92170/FB1201/11, UKNA.

government's arms depots for himself.<sup>15</sup> This was, thought one British official, 'quite exceptional frankness'.

These positive changes encouraged a more forthcoming attitude towards Burmese arms requests. 'We are convinced,' argued the Foreign Office in July 1952, 'that failure to give the Burmese at least reasonable satisfaction over their current requests for arms and ammunition will impair Burmese operations against the Communist and Karen insurgents and delay the return of the country to order and stability; and will lead to the crippling, if not the dissolution, of the British Services Mission, with a consequent marked deterioration in our relations with Burma.' Any such deterioration would 'weaken the anti-communist front in South-east Asia, just at the moment when Burma is beginning to show signs of climbing out of the slough of despond in which she has laboured since gaining independence'. Accordingly, 'every effort' should be made to meet Burmese requirements 'to the fullest possible extent'.<sup>16</sup> Fresh supplies – some 25 million rounds of ammunition, half a million hand grenades and a million mortar shells – were duly agreed in September 1952, and the following month Ne Win declared himself 'completely satisfied' with British efforts to meet his needs.<sup>17</sup> He also asked for a significant expansion in the BSM's training capacity, and hinted that he expected it to stay in Burma for at least another five years. There was even talk of setting up a Sandhurst-style military academy in Rangoon. This was, officials thought, a development of 'first importance': 'All our efforts since 1948 to persuade the

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<sup>15</sup> Record of conversation between Ward and Ne Win, 10 May 1952, FO371/101024/FB1201/17, UKNA.

<sup>16</sup> Scott to Ewbank, 12 July 1952, FO371/101021/FB1194/12G, UKNA.

<sup>17</sup> Scott, minute, 23 October 1952, FO371/101023/F11941/66; Burmese War Office to Ward, 30 April 1952, FO371/101021, UKNA.

Burmese to make proper use of the Services Mission seem now at last to have been completely successful'.<sup>18</sup>

Given these encouraging signals, British officials were caught by surprise when the Burmese government announced that it had decided to terminate its defence agreement with Britain and renegotiate a new one. In essence, the Burmese proposals, delivered in July 1953, sought to downgrade Burma's military ties with the UK, and to remove those aspects of the old defence agreement that did not relate specifically to questions of military aid. The BSM's activities were to be confined to training, thereby stripping it of its procurement function; its privileges were to be reduced by removing its diplomatic status and separating it from the embassy, and the UK was to be tied to supplying a fixed volume of arms. The new Burmese proposals also omitted the original agreement's injunction preventing the Burmese from accepting military missions from outside the Commonwealth, and its provisions covering staging and overflight rights for British ships and aircraft.<sup>19</sup>

All of these changes, officials thought, could perhaps have been expected. The Burmese had never liked having to work through the BSM to get the arms they wanted, an arrangement they had always considered patronising, and they had always resented the special diplomatic privileges members of the BSM enjoyed. 'With that devastating combination of pride, stupidity and inferiority complex that so bedevils our relations with these people,' Speaight complained, 'they remain convinced that

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<sup>18</sup> Speaight to Eden, no. 197, 22 November 1952, FO371/101025/FB1201/52; Olver, minute, 4 December 1952, FO371/101025/FB1201/52; Scott, minute, 3 December 1952, FO371/101025/FB1201/52, UKNA.

<sup>19</sup> Speaight to the Foreign Office, no. 7, 3 January 1953, FO371/106707/FB11921/1; Speaight to Salisbury, no. 146, 30 July 1953, FO371/106708/FB1192/29, UKNA.



they are being treated as inferiors and condescended to.’<sup>20</sup> The Burmese proposals, in particular the omission of the strategic elements of the 1947 agreement, were also in line with the broader evolution of the country’s domestic politics. Following a set of rolling elections, a new government with a more left-wing complexion had taken power in March 1952.<sup>21</sup> Although U Nu remained prime minister, the arrival in government of politicians of a more doctrinaire hue clearly was not likely to make Anglo-Burmese relations any easier. One of the more significant changes was the appointment as defence minister of veteran nationalist politician U Ba Swe, regarded by the British as a ‘crypto-communist and a party dictator, bent on steering Burma into the Stalinist camp’.<sup>22</sup> According to Speaight, ‘there are people in the government who would not be sorry to see the whole British position in Burma undermined’. It was ‘only a short step from wanting to get the British out to being ready to play ball with the communists’.<sup>23</sup>

Burma’s new proposals for the BSM prompted fresh debate about the merits of Britain’s military relationship with Rangoon. On strictly military grounds, officials judged, there was by now little value in maintaining the mission in Burma. Internal security had improved to the point where even sceptical British officials were beginning to accept Burmese claims that the war with the communists was, if not won, then at least winnable.<sup>24</sup> The conflict with the Karen too seemed to be descending into a desultory stalemate. Although rebellion continued in parts of Thaton, Salween and Amherst districts, the British were confident that the Karen

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<sup>20</sup> Speaight to Salisbury, no. 146, 30 July 1953, FO371/106708/FB1192/29, UKNA.

<sup>21</sup> Speaight to Scott, 27 March 1952, FO371/101001/FB1015/32, UKNA.

<sup>22</sup> Speaight to the Foreign Office, 25 March 1952, no. 48, FO371/101001/FB1015/29, UKNA.

<sup>23</sup> Speaight to Scott, 31 October 1952, FO371/101004/FB1016/11, UKNA.

<sup>24</sup> Speaight to Scott, 13 September 1952, FO371/101003/FB1015/69, UKNA.

threat, so urgent in 1949, had receded, and by July 1953 Speaight was telling the Foreign Office that the Karen rebellion in the Delta had 'disintegrated'.<sup>25</sup> Emboldened by its successes, the government unveiled ambitious welfare reforms and development plans for education, health and housing, all of which spoke of a 'confident, resurgent Burma'.<sup>26</sup> Doubts as to the permanence of this happy state of affairs persisted; MacDonald, for instance, considered the improvement in the government's position 'perhaps more psychological than material'.<sup>27</sup> But these concerns were not widely shared, and officials were broadly persuaded that the government had seen off the immediate insurgent challenge.

The military arguments in favour of keeping the BSM were not, therefore, strong. Yet the British had always viewed the mission as primarily a political artefact: a tangible expression of continued British influence and interest in Rangoon. Here the arguments for retention remained as persuasive as they had always been. Withdrawing the mission, Speaight contended, would 'stimulate anti-Western elements and be interpreted by our friends as meaning that we are no longer prepared to make great effort to help the Burmese resist Communism. We should thus be giving the Government a fresh inducement to reinsure with Moscow and Peking'.<sup>28</sup> It was 'axiomatic' that the BSM should stay, for strategic reasons, for reasons of 'prestige and general influence', and to keep out 'undesirable countries'.<sup>29</sup> Ministers agreed: the 'balance of advantage', Prime Minister Winston Churchill decided, 'appeared to lie on the side of retaining this link with [Burma's] armed forces'. Negotiations should be

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<sup>25</sup> Speaight to the Foreign Office, 15 July 1953, FO371/106681/FB1017/5, UKNA.

<sup>26</sup> Minute, Olver, 18 July 1952, FO371/101002/FB1015/60, UKNA.

<sup>27</sup> Macdonald to Scott, 6 June 1952, 13214/39/52G, FO371/101002/FB1015/51, UKNA.

<sup>28</sup> Speaight to the Foreign Office, no. 293, 12 August 1953, FO371/10678/FB1192/37, UKNA.

<sup>29</sup> Clemens, minute, 5 August 1953, FO371/106708/FB1192/29, UKNA.

opened with a view to concluding a new agreement.<sup>30</sup>

The British presented their counter-proposals to the Burmese on 30 November 1953, in the form of a new draft agreement. This retained the stipulation that Burma could not accept a military mission from outside the Commonwealth, rejected Burma's attempt to tie the UK to providing a specified amount of arms and maintained Britain's staging and overflight rights.<sup>31</sup> It was promptly rejected by the Burmese, who insisted that they were interested only in an agreement on arms supplies. Finally, on 31 December 1953, the British were told that the Burmese government was dispensing with the BSM. There was virtually no discussion of the British draft. Like so much else in Burma, complained the ambassador, Paul Gore-Booth, the Burmese government had acted with 'sublime disregard of the international effects of their decision and any effects on our own feelings'.<sup>32</sup> The mission was finally withdrawn on 4 April 1954; it had lasted just over six years.<sup>33</sup>

The withdrawal of the BSM did not spell the end of Britain's role as an arms supplier to Burma; even as the mission was being wound up, the Burmese were discussing buying patrol boats, ammunition and training aircraft from the UK. Other requests included £4 million-worth of ammunition, £1 million of weapons and 22 tanks. Nor

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<sup>30</sup> Cabinet, 51<sup>st</sup> meeting, 8 September 1953, CC(53), CAB128/26, UKNA.

<sup>31</sup> 'United Kingdom Government's Proposals for a New Defence Agreement with Burma', 20 November 1953, BDA/P(53), FO371/106711/FB1192/75, UKNA.

<sup>32</sup> Gore-Booth to Allen, 6 January 1954, FO371/111983/DB1192/13, UKNA.

<sup>33</sup> Burma was not the only former British possession to question its military arrangements with the UK. In Sri Lanka, there was increasing opposition during this period to the much larger British military presence there, concentrated at the naval base in Trincomalee. In a slightly different context, the British agreed in 1955 to transfer the naval station at Simonstown to the South African government. The transfer was completed in April 1957. Philip Darby, *British Defence Policy East of Suez* (Oxford: OUP, 1973), p. 85.

did it materially affect British assessments of the overall importance of military supplies; government guidelines covering arms exports, revised in March 1954, put Burma on a par with the Commonwealth and NATO as a recipient of British weapons. Only Iraq and Indochina were ranked as high.<sup>34</sup> The termination of the BSM was nonetheless an important political defeat – the diplomatic equivalent of ‘a slap in the face with a wet fish’, according to Gore-Booth.<sup>35</sup> Over the years, officials and ministers had fought hard to preserve the mission and make it work, and had never really questioned its strategic and political value, even if the military arguments in its favour had become increasingly threadbare. To that extent, the end of the BSM marked a turning-point in Burma’s early post-colonial development. At independence, British observers, perhaps even senior Burmese politicians themselves, had half expected the new government to collapse. Six years later, Burma felt secure enough in its own interests to act directly against the wishes of its former ruler and probably its key foreign supporter, in the process breaking off an agreement that constituted one of its main surviving formal links with the UK.

### **Commercial ties, rice and the debt settlement**

The second main area of concern in Anglo-Burmese relations in the early 1950s related to commercial, financial and trade issues. In some respects, Britain’s position here was still relatively strong. Trade ties, though modest, were expanding; between 1949 and 1953, British exports to Burma rose from £7 million to £20 million, and Britain was Burma’s second-biggest source of imports after India. Burmese exports into Britain in 1953 – mainly rice, timber, rubber and tungsten – were worth £8 million, against £3 million in 1949. Trade was deemed sufficiently important to

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<sup>34</sup> Johnstone, minute, 28 June 1954, FO371/111990/DB1193/64, UKNA.

<sup>35</sup> Gore-Booth to Allen, 6 January 1954, FO371/111983/DB1192/13, UKNA.

warrant a special trade mission to Burma in 1953, and the Burmese made several trips to the UK to buy goods and services for the country's development programme. UK firms won several large-scale development contracts in pharmaceutical production, construction and railway rehabilitation, amounting to around £10 million-worth of business.<sup>36</sup> 'To the average Burman,' reported Speaight towards the end of 1953, 'the outside world still means Britain first and foremost, and there is an increased readiness to do business with us for the purchase alike of our goods and services.'<sup>37</sup>

In fact, however, confident assertions of British primacy in commercial and financial matters in Burma were beginning to wear a little thin. While Britain was still one of Burma's primary trading partners, others – Japan mainly, but also Germany and the United States – were beginning to show an interest in the possibilities of Burmese trade. In 1953 alone, Burma hosted trade and goodwill missions from a wide range of countries, including India, Japan, Sri Lanka, Austria, Denmark, Czechoslovakia and Yugoslavia (which also sent a military mission in January 1953, perhaps contributing to the decision to end the British mission). In October 1953, the Burmese abolished the system of imperial preferences that had ensured favourable treatment for British imports, and introduced a single customs tariff that treated all goods on the same terms, whatever their origin. Clearly, commercial competition was going to increase.

A set of long-standing commercial and financial questions also remained outstanding, including the status of British businesses in Burma, compensation for the nationalisations of 1948 and British and Commonwealth access to Burmese rice.

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<sup>36</sup> United Kingdom Industrial Delegation to Burma, General Brief, February 1954, FO371/111977/DB1151/16, UKNA.

<sup>37</sup> Speaight to Salisbury, 15 September 1953, FO371/106678/FB1015/28, UKNA.

Although the question of Commonwealth financial assistance had effectively been closed by Burma's decision not to make use of the loan agreed in June 1950, other financial matters of concern to the UK, not least the repayment of Burma's colonial-era debt and its place within the Sterling Area, were still proving troublesome, and the Burmese were still treating British firms in ways that caused consternation in Whitehall. In May 1950, the dispute over compensation for the nationalised Irrawaddy Flotilla Company was finally resolved, but the compensation paid – £300,000 – was well short of the company's expectations. Meanwhile, the absence of any progress at all over the teak concessions taken over in June 1948 prompted Bowker to issue yet another protest in early February 1950, accusing the Burmese of 'active prevarication and bad faith'. A stiff rebuke, thought officials, but well-deserved: 'the Burmese are all take and no give, and will exploit our friendliness and tolerance to the utmost degree unless we draw the line somewhere'.<sup>38</sup> A series of decisions by Burma's Industrial Court, further limiting capital movement in and out of Burma and making private firms responsible for the support of unemployed workers, did little to improve the country's appeal as an investment destination, while continued allegations of business complicity in Burma's various insurgencies only confirmed in official minds that Burmese politicians remained 'fundamentally hostile to British firms as a result of political prejudice and ignorance of the facts'.<sup>39</sup>

Pressure on Britain's commercial presence continued throughout the early 1950s. By the end of 1954, laws had been passed nationalising British-owned plantation land, the Arakan Flotilla Company, a British-owned brewery and a bank. Legislation

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<sup>38</sup> Bowker to the Burmese Foreign Minister, 11 February 1950, and Glass, minute, 23 February 1950, FO371/83188/FB1464/1, UKNA.

<sup>39</sup> Bowker to the Foreign Office, no. 374, 29 April 1950, FO371/83188/FB1464/6, UKNA.

allowing for the takeover of the Rangoon Electric Tramway and Supply Company, originally passed in November 1948, was also brought into effect. Whether the affected firms would receive the 'equitable compensation' stipulated under the arrangements established at independence seemed as unlikely as it always had; the award for the Arakan Flotilla Company, announced in 1954, came to about a fifth of the firm's claim, a figure 'so small as to amount to confiscation'.<sup>40</sup> As one official put it towards the end of 1953, 'the ultimate aim of the Burmese Government as now constituted or as it is likely to be constituted in any foreseeable time, is to eliminate alien economic interests'. While 'from the point of view of British commercial interests this is of course unfortunate ... they ought by now to have realised that there is no means of reversing the process'.<sup>41</sup>

Tensions also persisted over the status and future of Burma's oil industry, and the Burmese government's role in it. No decision had been reached on the question of a loan to finance Burmese participation in the BOC when the Cabinet discussed the question early in 1949, and the issue was shelved pending further official scrutiny of the request. A paper duly emerged from the Ministry of Fuel and Power on 28 January, concluding that, while the BOC would probably have to withdraw if the Burmese proved unable to finance the share deal, any British assistance in that direction would have unpredictable consequences for the UK's oil interests elsewhere, notably in the Middle East, and would also encourage the Burmese to put forward similar joint-venture schemes in other British-owned industries.<sup>42</sup> In any case, the oil

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<sup>40</sup> Cook to Patterson, 22 July 1954, FO371/111994/DB1461/5, UKNA.

<sup>41</sup> Pearn, minute, 10 November 1953, FO371/106678/FB1015/32, UKNA.

<sup>42</sup> MFP memorandum, 'Burma Oil Company', 28 January 1949, FO371/75717/F4135/1531/79G, UKNA.

fields were in insurgent hands, and no large-scale production was feasible until at least 1951, and probably considerably later given the country's fragile security conditions. On the other hand, warnings from Bowker spoke of unwelcome political repercussions should the British refuse to help, for the regime and its capacity to resist its communist opponents, for relations with the UK, for British efforts to encourage settlement of the Karen dispute, and for the BOC itself, whose assets would probably be expropriated or looted should the rehabilitation programme stall.<sup>43</sup>

Unable to decide what to do, ministers deferred the problem by granting the BOC a guarantee against losses in its rehabilitation programme up to 7 April 1949. By the end of March, however, a decision was becoming pressing, and the issue returned to the EPC on 1 April 1949.<sup>44</sup> The Foreign Office view was that the BOC guarantee exempted the Burmese from their proper obligations, and should not be extended; 'on balance, it seems better to take the decision now to discontinue the guarantee and to place the responsibility firmly on the Burmese Government for its failure to bring about conditions at the oilfields in which the Company can usefully carry out its work'.<sup>45</sup> Nor was there any financial or productive justification for the subsidy. Politics in the end decided the issue within the EPC: the Burmese government was too precarious, and its stability too important, to allow the subvention to be discontinued. Thus the British found themselves in the paradoxical position of subsidising the Burmese oil industry, while refusing to lend the Burmese government the funds that would allow it to participate in the industry's rehabilitation.<sup>46</sup> 'Profoundly distasteful,'

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<sup>43</sup> Bowker to the Foreign Office, no. 204, 25 February 1949, FO371/75696/F2946/1151/79, UKNA.

<sup>44</sup> EPC 11<sup>th</sup> meeting, 1 April 1949, CAB134/220/11, UKNA.

<sup>45</sup> Scott, minute, 30 March 1949, FO371/75697/F5342/G, UKNA.

<sup>46</sup> Ledwidge, minute, 25 April 1949, FO371/75717/F4037/1531/79, UKNA.



noted Dening. 'Personally I would hope that the time will come – and come soon – when we shall decide to abandon what is a very expensive luxury.'<sup>47</sup>

Despite strenuous efforts by Bowker to keep it going, the subsidy was eventually discontinued in January 1950, prompting the BOC to lay off some 7,000 workers. Under labour union pressure, the Burmese government responded by declaring the redundancies illegal, and referring the case to the Industrial Court in Rangoon. For good measure, the Burmese also took the opportunity to restate their view that foreign firms like the BOC, grown rich on Burmese resources under the British, now had a debt to clear with independent Burma.<sup>48</sup> U Nu was, the BOC reported, 'very bitter'; the BOC problem was 'the outstanding issue between Britain and Burma subordinating every other consideration'.<sup>49</sup> Meanwhile, security at the oilfields deteriorated, with sabotage and looting. At the end of January, a European staff member was robbed at gunpoint.<sup>50</sup> The BOC was thinking of quitting Burma altogether. No wonder, remarked Rob Scott, the head of the South-East Asia Department (SEAD), given the 'inequitable and inept legal harrying to which they are being subjected'.<sup>51</sup>

The dispute came to a head in June 1950, just as the Commonwealth loan agreement was being finalised. At the end of May, the Industrial Court ruled the BOC's labour discharges illegal, ordered it to continue paying its workers for at least another three months, and told it to review its decision to suspend its rehabilitation work. This was,

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<sup>47</sup> Dening, minute, 29 April 1949, FO371/75717/F4037/1531/79, UKNA.

<sup>48</sup> BOC Rangoon to BOC London, 16 January 1950, FO371/83194/FB1531, UKNA.

<sup>49</sup> BOC Rangoon to BOC London, no. 36, 19 January 1950, FO371/83194/FB1531/26, UKNA.

<sup>50</sup> Bowker to the Foreign Office, no. 72, 30 January 1950, FO371/83195/FB1531/31, UKNA.

<sup>51</sup> Scott, minute, 7 February 1950, FO371/83195/FB1531/36, UKNA.

Bowker noted, 'most unsatisfactory'.<sup>52</sup> Should the decision be confirmed, this would 'make it impossible for industrial concerns in Burma to carry on, and reduce to a minimum any possibility of fresh foreign capital being invested in Burma'.<sup>53</sup> The Foreign Office saw in the decision the risk of 'a major crisis in Anglo-Burmese affairs'.<sup>54</sup> The principle that workers should be retained whatever the circumstances was 'obnoxious' and unacceptable. On the other hand, if the BOC refused to comply it would be acting illegally, and would probably decide to abandon Burma altogether. This the British government could not contemplate: it would involve the loss of some £9 million of British capital, plus the £1 million or so the government had spent in its guarantee to the BOC during 1949; it would weaken Burma economically; it would provide an ideal opportunity for a 'fierce wave of anti-capitalist propaganda which could seriously damage Anglo-Burmese relations and might even push Burma into the arms of Mao Tse Tung'; and it would do 'great damage to all the British business interests and perhaps danger to the lives of British subjects in the oil fields'. It would also, notably, 'expose HMG's policy of aid to Burma to widespread and serious criticism in this country'.<sup>55</sup>

The BOC's departure would also spell the effective end of Burma's oil industry, an outcome certainly not in line with the UK's broader goals of economic progress in Burma and South-East Asia more generally. The consequences of 'an unsatisfactory ending to this dispute might be so disastrous on the whole of our policy in South-East Asia that there are very strong political considerations for making representations now

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<sup>52</sup> Bowker to the Foreign Office, no. 462, 31 May 1950, FO371/83198/FB1531/89, UKNA.

<sup>53</sup> Bowker to the Foreign Office, no. 464, 31 May 1950, FO371/83198/FB1531/93, UKNA.

<sup>54</sup> Murray, minute, 6 June 1950, FO371/83198/FB1531/101, UKNA.

<sup>55</sup> Glass, minute, 7 June 1950, FO371/83199/FB1531/108, UKNA.

... it is therefore essential that we should bring our heaviest guns to bear while there is still time'.<sup>56</sup> Attlee duly wrote to U Nu on 21 June 1950 to express his 'personal concern'.<sup>57</sup> Although the BOC referred its case to the Supreme Court in July, the dispute was not resolved until the end of October, when the Court ruled that, while the original redundancies could stand, the BOC was liable to pay 'heavy compensation'. This was, officials decided, 'as good as we could have expected'.<sup>58</sup>

The BOC's legal problems over its retrenchment plans made it abundantly clear that the oil industry could not continue under exclusive British ownership; some form of joint venture would in the end have to be established, for political reasons if nothing else. U Nu duly revived the joint venture idea in November 1950, and in January 1951 the BOC was asked to prepare proposals for a partnership scheme.<sup>59</sup> As before, the Burmese were thinking along the lines of a one-third stake. Speaight was optimistic that, this time, a solution would be found: the BOC had become 'much more realistic' about the need for Burmese cooperation, while the government's more secure political and economic position allowed it greater latitude in facing down domestic opponents of foreign business. Hopefully, there was now an opportunity not only to establish the oil industry on a sound footing, but also to build 'the foundations for a better relationship between the Burmese Government and foreign enterprises more generally, on which the country will be dependent for some years to come for its development to be effective'.<sup>60</sup>

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<sup>56</sup> *Ibid.*

<sup>57</sup> Foreign Office to Rangoon, no. 453, 21 June 1950, FO371/83201/FB1531/196, UKNA.

<sup>58</sup> Glass, minute, 20 October 1950, FO371/83200/FB1531/190, UKNA.

<sup>59</sup> Speaight to the Foreign Office, no. 94, 24 November 1950, FO371/83201/FB1531/206; Speaight to the Foreign Office, no. 18, 23 January 1951, FO371/92176/FB1531/7, UKNA.

<sup>60</sup> Speaight to the Foreign Office, no. 18, 23 January 1951, FO371/92176/FB1531/7, UKNA.

The key problem remained who would foot the bill. Again the Burmese claimed penury: at the end of March 1951 U Nu wrote to Attlee, asking for a loan of £5 million. Strictly speaking, Speaight reported, the Burmese had no case. At least £17 million was available to the government, and there was no financial reason why it should not meet the costs of participation itself.<sup>61</sup> Herbert Morrison, Bevin's successor as Foreign Secretary, agreed, and wrote to Attlee advising that the loan be turned down, and the Burmese told to discuss any deal directly with the company.<sup>62</sup> This time, however, the issues at stake extended beyond Burma, to encompass Britain's much more significant oil interests in the Middle East. In May 1951, the Iranian government of Mohammad Mossadeq had nationalised the BOC's sister firm, the Anglo-Iranian Oil Company (AIOC). The British, having failed to browbeat Mossadeq into backing down, sought instead to paralyse the industry by withdrawing oil staff and taking legal action to prevent foreign sales of Iranian oil. Although partial control of the industry was regained following Mossadeq's removal in a British- and American-organised coup in 1953, the episode was acutely embarrassing; according to Anthony Eden, in opposition at the time of the takeover, it meant 'the collapse of British power and prestige in the East'.<sup>63</sup>

Burma was no Iran, strategically, politically, or in terms of its importance to global oil production. There were nonetheless enough similarities to suggest that a positive outcome in Burma might have beneficial effects in Iran and perhaps elsewhere – a tangible example of fruitful cooperation in the oil sector, to set against Mossadeq's

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<sup>61</sup> Speaight to the Foreign Office, no. 95, 11 April 1951, FO371/92177/FB1531/25, UKNA.

<sup>62</sup> Morrison to Attlee, 12 June 1951, FO800/631, UKNA.

<sup>63</sup> Darwin, *Britain and Decolonisation*, pp. 159–63.

antagonistic approach.<sup>64</sup> Conversely, failure to help raised the unwelcome possibility that U Nu would follow Mossadeq's example and simply nationalise the BOC outright, leaving the British with nothing but a claim on Rangoon that was unlikely to be met. While in private U Nu told the British that he disapproved of Mossadeq's tactics, the Burmese pointedly asked for copies of the agreements governing Anglo-Iranian oil relations (the documents were not released).<sup>65</sup> As Hartley Shawcross, President of the Board of Trade, put it to Attlee, 'there was so much to be said for the proposed association of the Burmese Government with the Company in respect of the oil operations in Burma that we should give at least some limited help if there was any chance of the scheme breaking down otherwise ... we should look at the arrangement as one which might help avoid a recurrence of the situation in Persia'.<sup>66</sup> Faced with competing arguments, ministers compromised: Burma was offered a loan of £2.5 million, with the BOC making the other £2.5 million-worth of shares available in exchange for a tax refund.<sup>67</sup>

This was the position confronting Foreign Secretary Eden and the new Chancellor, R. A. Butler, as the Conservative administration took office at the end of October 1951. As in other areas of Anglo-Burmese relations, there was little suggestion that the decisions reached by Attlee's government would be substantially reversed; indeed, withdrawing Attlee's offer of a loan was rejected in part precisely because doing so would imply to the Burmese that Churchill's government was intent on changing the

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<sup>64</sup> Minister of Fuel and Power to Attlee, 15 June 1951, FO371/92178/FB1531/53, UKNA.

<sup>65</sup> Paul Scott, minute, 6 July 1951, FO371/92178/FB1531/46, UKNA.

<sup>66</sup> Shawcross to Attlee, 18 June 1951, FO371/92178/FB1531/53, UKNA.

<sup>67</sup> Morrison to Attlee, 6 September 1951, FO800/631/PM/51/78, UKNA.

general lines of policy that had shaped relations since 1948.<sup>68</sup> Nonetheless, Churchill's ministers faced economic problems every bit as difficult as those that had confronted Attlee and his colleagues. At the same time, they lacked Labour ministers' personal ties with Burmese leaders, and their instinctive sympathy with Burma's socialist aspirations. For the Burmese, personal contact was a vital and living part of diplomacy, and U Nu and his senior colleagues felt themselves to enjoy a special rapport with the key Labour figures who had overseen the transition to independence, like Attlee and his Chancellor, Stafford Cripps. Although frowned on in the Foreign Office, senior Burmese figures regularly wrote directly to both to press a particular point, or argue a particular case.

While the Conservative victory did not materially change the main lines of British policy towards Burma, therefore, it did bring to power individuals less familiar to the Burmese, and less in tune with the socialist lines of Burmese policy-making. While in opposition, Churchill and Eden had both spoken against British financial assistance, and in favour of the insurgent Karen; Churchill in particular had made no bones about his belief that the transfer of power to Burma had been a mistake, and that the Karens in particular had been abandoned by a British government over-eager to wash its hands of imperial responsibilities. Under these circumstances, Conservative ministers were unlikely to view the decisions of their predecessors uncritically, and Butler in particular sought to stiffen the British position. Any loan, he told Eden, would be a purely political gesture 'against which there are powerful arguments of a practical kind'. While it would yield some political advantage, this was unlikely to be either 'great or lasting'. As such, although the loan offer could not now be rescinded, there

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<sup>68</sup> Olver, minute, 17 December 1951, FO371/92182/FB1531/143, UKNA.

was 'a very strong case indeed for not making it easier than we need for the Government of Burma'. In particular, the British should resist Burmese pressure for a loan on anything other than commercial terms.<sup>69</sup>

Butler's arguments were given added force by parallel Burmese attempts to defer repayment of the country's existing debt to the UK, which stood at some £27 million. Under the terms of the 1947 treaty of independence, monthly repayments were supposed to begin in April 1952.<sup>70</sup> For a variety of reasons – a sense that the repayment terms had been unfairly imposed on Burma in 1947; a belief that the independent government was not responsible for debts run up by the previous British administration; dissatisfaction with the level of war reparations Burma stood to receive from Japan; and a conviction that the priority for Burmese spending should be domestic development, not external obligations – Burma was not willing to settle its debts, and in February 1952 the government formally asked if repayments could be postponed.<sup>71</sup> This the British government could not accept: Burma had a legal responsibility to meet its obligations, whatever the moral case, and had already benefited from debt forgiveness at independence amounting to around £15 million. Moreover, to concede the principle that independent regimes could unilaterally wash their hands of colonial debts would set a dangerous precedent in Britain's remaining colonies in Asia and Africa. Defaulting would also undermine Burma's financial standing internationally, jeopardising any further development loans. In short, while 'the prospects of recovering the whole of these debts may not be good', it was 'essential to maintain fully our position in principle. Every effort should be made to

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<sup>69</sup> Butler to Eden, 29 December 1951, FO371/101035/FB1531/1, UKNA.

<sup>70</sup> Foreign Office to Rangoon, 6 November 1951, FO371/92166/FB1153/4, UKNA.

<sup>71</sup> Rangoon to the Foreign Office, 19 February 1952, FO371/101017/FB1112/5, UKNA.

persuade the Burmese to pay'.<sup>72</sup> If Burma defaulted on its obligations now, argued the Treasury, 'it is difficult to believe that she has any serious intention of ever honouring them'.<sup>73</sup>

One possible solution to the debt problem was to offset at least part of what Burma owed against the country's rice exports to British colonies. Although by the early 1950s Thailand had overtaken Burma as the world's largest rice exporter, the country still accounted for between a quarter and a third of the world market, and many British territories, Malaya and Hong Kong especially, but also North Borneo, Sarawak, Mauritius and Aden, still depended on imported rice to meet at least part of their basic consumption needs. Burma remained the primary supplier to Sri Lanka and India; India alone imported some 860,000 tons in 1949, equivalent to about a quarter of the world's supply.<sup>74</sup> As we have seen, for British planners in post-war South-East Asia, rice was more than a foodstuff: it was a political and strategic commodity. Hungry people were unhappy people: 'Rice is the staple food of South East Asia and a serious shortage in one country would, by upsetting the whole economy, have unfortunate political and indeed strategic results, which with the present rather delicate balance in South East Asia between the appeals of Communism and those of the democratic system, we simply cannot afford'.<sup>75</sup> According to the Commissioner-General's office in Singapore, should supplies fail British territories had between

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<sup>72</sup> Treasury brief, 'Burmese Negotiations April 1952', 31 March 1952, FO371/101017/FB1112/10, UKNA.

<sup>73</sup> Butler to Eden, 25 March 1952, FO371/101035/FB1531/18, UKNA.

<sup>74</sup> Foreign Office minute, 'Rice Situation in South-East Asia', 13 April 1950, FE(O)(50)14, CAB134/290; 'Report by Office of the Commissioner-General', 24 August 1950, FE(O)50/53, UKNA.

<sup>75</sup> 'Rice: Draft Brief for the Foreign Secretary', 14 September 1950, FE(O)(50)45, CAB134/290, UKNA.



three and six months' worth of rice stocks – insufficient to carry most through to their own rice harvests.<sup>76</sup>

Immediately after the Second World War, rice exports had been controlled by the Food and Agriculture Organisation under the International Emergency Food Committee, which allocated supplies according to each recipient's relative food needs. At the end of 1949, however, the Committee had been abolished, opening up the rice market and allowing major new buyers, primarily Japan, to bid for rice in what was essentially a monopoly trade dominated by the big two producers, Burma and Thailand. As a result, traditionally strong British buyers, like Hong Kong and Mauritius, found their purchases drastically reduced, and prices significantly raised. For the first six months of 1952, for example, the entire Burmese allocation to the UK and British colonies was 39,000 tons, against a request for 200,000; before the war, Malaya and Singapore alone had imported 250,000 tons, and Hong Kong over 60,000 tons. Meanwhile, non-traditional customers like Japan and the Philippines were negotiating successfully for amounts running into the hundreds of thousands of tons. 'I do not think', remarked a Hong Kong official, 'any of the British territories can feel satisfied with their treatment in rice matters in Burma'.<sup>77</sup>

The British were further disadvantaged by Burma's tendency to dispose of an increasing proportion of its rice exports through open tenders, rather than via bilateral negotiation with the British government, and by its decision to set up its own brokerage machinery, thereby excluding the British firms who had for years handled the country's rice exports. Burma was also, for the first time, selling its rice for dollars

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<sup>76</sup> 'Report by Office of the Commissioner-General', 24 August 1950, FE(O)50/53, UKNA.

<sup>77</sup> Grantham to the Colonial Office, 1 June 1952, FO371/99089/UES1301/60, UKNA.

to other Sterling Area countries; in July 1951, for example, Sri Lanka bought \$5 million-worth. For officials in the Bank of England in particular, struggling with balance of payments problems in the early 1950s, this was a notable blow. According to one official: 'It seems to us essential that the Burmese understand that one of the underlying principles of the sterling area is that one sterling area country does not accept dollars offered by another, and that they agree to follow the fundamental rule that trade between members of the sterling area takes place in sterling'.<sup>78</sup>

At the end of June 1952, Scott wrote to the embassy in Rangoon to see what could be done.<sup>79</sup> The reply was not encouraging. Representations and 'visits to the Prime Minister', the embassy reported, would do little good, nor would formal negotiations, 'personal busyness, journeyings to and fro and general intrigue'. Under current circumstances it was 'so much easier ... to think of something we want than to conceive what we might be able to offer in exchange and, as things are at present, a general diplomatic operation tends to grind to a halt with the realisation that nearly all the trump cards ... are in the other person's hand'. Burma produced a fixed supply of rice, and the UK 'and four or five avid and wealthy customers want that given supply for ourselves'. All were capable of making appeals 'ad misericordiam, or to the greater glory of the anti-communist cause, and I am not sure that our case for specially kind treatment, whether in Hong Kong, Malaya or elsewhere, is necessarily stronger than that say of Ceylon or the Philippines'. Old colonial connections or notions of special influence, in other words, meant little: 'the best way to have more rice than anybody else is to have more money than anybody else'.<sup>80</sup> The only real

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<sup>78</sup> Heasman to Bell, 19 July 1951, FO371/93093/FZ1301/169, UKNA.

<sup>79</sup> Scott to Boothby, 27 June 1952, FO371/99089/UES1301/61, UKNA.

<sup>80</sup> Boothby to Scott, 17 July 1952, FO371/99092/UES1301/79, UKNA.

sanction available to the British was to expel Burma from the Sterling Area, but this was rejected on the grounds that doing so would inflict unacceptable harm on Britain's own financial position. Once ejected, Burma would probably decide to conduct all its rice transactions in dollars; Thailand, the other main supplier, would follow suit, costing Sterling Area countries perhaps as much as \$200 million. Financial retaliation on this scale was plainly unacceptable. 'Burma,' complained the Treasury, 'is a classic example of the primary producer enjoying an invincible commercial position at a boom period ... Burma sells products which we must buy almost, it can be said, in any currency and at any price.'<sup>81</sup> The UK, complained Colonial Secretary Oliver Lyttelton, was on a 'very weak wicket'.<sup>82</sup>

In the event, the seller's market favouring Burma proved short-lived; by early 1953, as the Korean war drew to a close, market conditions had begun to swing against the Burmese; Britain's needs were more or less being met, and any notion of a barter deal linking rice with the country's debt was shelved. The debt problem still remained, however, and in October 1952 a Burmese financial mission arrived for talks in London. Although the Burmese made no attempt to deny their general obligation to repay their debt, evincing instead a gratifying concern for their future creditworthiness, it was clear that no agreement would be possible without substantial British concessions. On 5 November the Treasury proposed a cut of 50%, reducing the debt to £13.5 million. Of this, the Burmese would make an immediate down-payment of £5.8 million, offset by £3.3 million owed by Britain to Burma's central

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<sup>81</sup> 'The Possible Consequences of Expelling Burma from the Sterling Area', undated, FO371/93093/FZ1301/169, UKNA.

<sup>82</sup> Secretary of State for the Colonies to Hong Kong, no. 605, 19 June 1952, FO371/99091/UES1301/65, UKNA.

bank for currency redemption, plus the £2.5 million already offered under the joint venture plan. In effect, no money would change hands. The remainder of the debt (around £10 million, including the oil loan) would be repaid in 20 annual instalments, starting in April 1954.<sup>83</sup> Although this represented an obvious loss to the British, it was at least better than the likely alternative, which was no deal at all; moreover, argued officials hopefully, ‘a generous and freely negotiated settlement of this kind should have a beneficial effect on our relations with Burma generally’.<sup>84</sup>

Burma’s counter-proposals emerged in June, but they fell significantly short of the terms the British had put forward the previous November. Essentially, Burma was proposing to take over the £3.3 million the UK owed to the central bank, and would drop its request for £2.5 million for the joint venture. In return, the UK should cancel the remainder of the debt outright.<sup>85</sup> In effect, the Burmese had turned the problem on its head: at issue now was not Burma’s debt to the UK, but Britain’s debt to Burma. Speaight’s view was that, poor though the offer was, the wider health of Anglo-Burmese relations argued for its acceptance. The question of a financial settlement could not safely be separated from other issues of concern to the British, not least the broader position of British commercial interests and the future of the UK’s military ties. Neither, as we have seen, was secure. Outright rejection would ‘make our whole position here more difficult, by giving the impression that we do not appreciate Burma’s difficulties, and are more interested in getting our money back than in helping her to her feet again. Our attitude would be exploited by the left wing

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<sup>83</sup> Foreign Office to Rangoon, no. 415, 8 November 1952, FO371/101019/FB1112/65, UKNA.

<sup>84</sup> Tahourdin, minute, 8 November 1952, FO371/101019/FB1112/66(A), UKNA.

<sup>85</sup> Speaight to the Foreign Office, no. 233, 24 June 1953, FO371/106701/FB1113/8, UKNA.

socialists and the opposition would encourage the Anglophobe element in the government and administration'.<sup>86</sup>

Speaight's colleagues back in London were, however, less impressed. In particular, the argument that a British rebuff would expose the government to extremist attack 'was an old bogey which has been advanced by U Nu and his supporters whenever we have wanted him to do something which he did not wish to do'.<sup>87</sup> Further steps might perhaps be possible, but the 'very generous concessions' already made left little room for bargaining.<sup>88</sup> Britain's counter-proposals, delivered on 18 August, sought a cash payment of £6.5 million, plus £3.3 million to take care of the debt to Burma's central bank. Thus, in the year or so since substantive negotiations began in October 1952, Burma's obligations had been reduced from £27 million, repayable over 20 months, to under £10 million, a third of which was essentially an invisible transfer of a British debt. Even this reduced demand was, however, too much for the Burmese, who responded with an offer of £4 million.<sup>89</sup> This was, Speaight advised, the best the British were likely get, and the EPC accepted it on 28 October 1953. Payment was finally made in early May 1954.<sup>90</sup>

With the debt problem settled, albeit in Burmese, rather than British, favour, attention turned once again to the oil question. This had become a somewhat simpler issue in October 1953, when the Burmese had finally made up their minds that they did not

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<sup>86</sup> Speaight to the Foreign Office, no. 239, 27 June 1953, FO371/106701/FB1113/11, UKNA.

<sup>87</sup> Clemens, minute, 29 June 1953, FO371/106701/FB1113/11, UKNA.

<sup>88</sup> Foreign Office to Rangoon, no. 290, 29 July 1953, FO371/106701/FB1113/17, UKNA.

<sup>89</sup> Sarrell to the Foreign Office, no. 367, 23 September 1953, FO371/106702/FB1113/5, UKNA.

<sup>90</sup> O'Regan, minute, 28 October 1953, FO371/106702/FB1113/30(B); Chancery Rangoon to the Foreign Office, 12 May 1954, FO371/111973/DB1111/17, UKNA.

after all want British government help in acquiring a stake in the BOC. Lingered constitutional problems around ownership of assets, leases and exploitation rights had also been disposed of, and a survey of the BOC's holdings and future prospects had satisfied the Burmese government that the company was worth its £15 million valuation. On 12 January 1954, five years almost to the day after the Burmese had first approached the British government for help, the joint venture agreement was finally signed.<sup>91</sup> No British government loan had, in the end, been wanted. By happy chance, the joint venture agreement coincided almost exactly with Burma's formal notice that it was terminating the British military mission, and officials took it as welcome evidence that, in some areas at least, the Burmese still valued their British connections.<sup>92</sup> But it was also clear that continued British participation in the oil industry would be strictly on Burma's terms. While the Burmese had not pressed for a majority stake in the firm, settling instead for the one-third holding that had been on the table from the beginning, even BOC officials admitted that the deal represented only a stay of execution for Britain's oil interests in Burma, and that full nationalisation was in the end inevitable.<sup>93</sup>

## **Conclusion**

By the summer of 1954, some of the key issues that had dominated Britain's political, military and financial relations with Burma over the previous six years had been resolved. In important areas, notably the position of the military mission, the status of British business and the settlement of Burma's debt, developments had gone

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<sup>91</sup> Gore-Booth to the Foreign Office, no. 35, 12 January 1954, FO371/111999/DB1531/2, UKNA.

<sup>92</sup> Tahourdin to Gore-Booth, no. 12, 20 January 1954, FO371/111999/DB1531/4, UKNA.

<sup>93</sup> Gore-Booth to Eden, 13 January 1954, FO371/111999/DB1531/4, UKNA. The BOC joint venture was in fact wound up in January 1963.

decisively against the British. On other subjects, however, Britain's diplomats and politicians could point to some modest successes. Trade ties remained positive and political relations were generally cordial, if not exactly close. Most important of all, Burma had survived as an independent, non-communist state – no mean feat given the profound political, military, economic and social challenges the country had faced at independence.

As they took stock of these changes, British policy-makers looked again at what Burma meant to Britain, and what British policy towards the country should be. The process began with a lengthy appraisal from Gore-Booth, dispatched to the Foreign Office on 21 July 1954.<sup>94</sup> Admittedly, tangible British assets and interests in the country were not large. British economic and commercial interests amounted to perhaps £30 million, and Anglo-Burmese trade, while showing promise, made up only a very small part of Britain's global business. Britain's military presence in the country had been drastically curtailed with the removal of the BSM, and the UK generally faced growing political and economic competition from others, primarily the US, but also the Soviet bloc, Germany and Japan. At the same time, however, the UK still retained an important set of intangible interests in Burma, and the influence of British ideas, though weaker than it was, had not entirely dissipated. The question, Gore-Booth argued, was whether it was worth Britain's while to perpetuate that influence, or whether the UK should 'assume a rapid decline to be inevitable and cut our efforts and our expenditure accordingly'.

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<sup>94</sup> Gore-Booth to Eden, no. 154, 21 July 1954, FO371/111969/DB1051/5, UKNA. This dispatch, and the discussions that it stimulated in the Foreign Office, are also discussed in Ashton, 'Burma, Britain and the Commonwealth', pp. 83–86.

Gore-Booth's answer, unsurprisingly, was that the UK's connection with Burma was sufficiently valuable to warrant what he called 'special efforts' to maintain it. Burma's rice remained crucial to British territories in Asia, and the country's retention outside the communist orbit was no less important than it had been in 1948. Indeed, by the mid-1950s keeping Burma for the West was if anything a more pressing concern following the French defeat at Dien Bien Phu in May 1954, the partition of Vietnam at the Geneva Conference in July 1954 and the installation of a precarious non-communist government in South Vietnam. While there was no prospect of Burma joining the Commonwealth, the country's links with the organisation were close, and Burma could perhaps play an important role in educating Commonwealth members like India about the dangers of international communism. The country was also a potentially valuable link between the Commonwealth and Thailand, Indonesia and Indochina. In trade terms, Burma may have been a small market, but it was still a useful one, and government plans to introduce conscription into the armed forces promised a significant expansion in arms orders, which the British were in a good position to win despite the ejection of the BSM. This was not, Gore-Booth argued, a question of sentiment or a nostalgic yearning for a predominance that had gone for good; whether Burma deserved well of Britain was 'irrelevant'. What mattered was that, 'from the point of view of expediency and the interests of the United Kingdom, Burma would appear to justify a special effort to keep her friendly to the West and to help her to develop the strength and sureness which will enable her to resist Communism'.

Gore-Booth proposed no radical changes in British policies to meet these objectives. Clearly, some courses of action were impossible; substantially increased investment in



the country, for example, was unwise until such time as the Burmese had clarified their attitude towards foreign business. Nor could the British, still smarting from the expulsion of the BSM, contemplate a military commitment to Burma in the event the country was attacked. With the ever-present Chinese giant at their shoulders, Burmese leaders had since independence steadfastly maintained a studied neutralism in their international relations and, despite signs of increasing anxiety in Rangoon in the wake of Dien Bien Phu, U Nu and his colleagues had refused to join the US-led South-East Asia Treaty Organisation (SEATO) when it was formed in September 1954, regarding it, as many other Asian leaders did, as unnecessarily provocative to the Chinese and an unwarranted Western intrusion into Asian affairs. At the same time, however, practical steps could be taken to enhance relations. More visits and delegations could be arranged, greater efforts could be made to improve and deepen commercial links, and what remained of Britain's military relationship could be preserved by keeping up contacts with anglophile officers in Burma's armed forces. Educational and cultural links could be improved, and Burmese politicians could be encouraged to meet like-minded socialist counterparts in the West. Finally, there was the question of 'frills'; Britain may be much-impoverished, but there was nonetheless a level below which 'it was not wise to look threadbare'. The ambassador's official car had recently been upgraded to a Rolls-Royce, albeit an aged one, and this had had a favourable effect on his standing 'which I should not have believed if I had not experienced it'.

Gore-Booth's 16-page analysis stimulated considerable discussion inside the Foreign Office. On the whole, officials were not persuaded that Burma did indeed merit more energetic diplomatic or political engagement. Gore-Booth was right that keeping Burma – or, more accurately, its rice – out of communist hands was an important

objective, and the UK's propaganda machinery could do much to stiffen resolve by reminding the Burmese of the realities of life under communist rule. Beyond that, however, there was little that Britain could do to preserve what was left of its position. The UK's influence was bound to decline as the period of British rule receded, whatever policies were pursued; the challenge lay, not in reversing this process, but in adapting thinking to it.<sup>95</sup> Given the multifarious demands facing Britain in the world in the mid-1950s, a valuation of Burma's importance in Gore-Booth's intangible terms was not good enough: Burma's importance had to be weighed in material terms, and on that basis officials saw little to justify its elevation to a position of special concern.<sup>96</sup> Thus, while 'we may hope that Burma will settle down as a stable democratic state and will remain friendly towards this country, she cannot be regarded as being of the first importance to us'.<sup>97</sup> In this way, the British concluded that their days as the paramount outside power in Burma had ended. The real question now was whether the niche they had vacated would be filled by the Americans, or by the communists in Beijing and Moscow.

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<sup>95</sup> Minute, MacCleary, 24 August 1954, FO371/111969/DB1051/5, UKNA.

<sup>96</sup> Minute, Paterson, 3 January 1955, FO371/111969/DB1051/5, UKNA.

<sup>97</sup> Allen to Gore-Booth, 21 January 1955, FO371/111969/DB1051/5, UKNA. It is perhaps suggestive of Burma's waning importance to British planners that Gore-Booth's dispatch languished for several months in a dusty Foreign Office cupboard before being rediscovered in December 1954, partly explaining the six-month delay in answering it. Paterson, minute, 3 January 1955, FO371/111969, UKNA.

## Chapter 4

### The China crisis and the beginnings of American aid, 1948–1952

At Burma's independence in 1948, the US possessed few compelling ties with the country aside from the local educational and religious links formed through a century and a half of Baptist missionary work.<sup>1</sup> US troops had fought in Burma during the Second World War, but their main aim was to open a land route to China rather than liberate Rangoon, and the Burma campaign was in any case always a distant second to the much more significant conflict in the Pacific. Burma had fallen, the Americans felt, through British ineptitude and arrogance, and the Burmese themselves scarcely merited rescuing from the Japanese. 'I have never liked the Burmese,' US President Franklin D. Roosevelt told Churchill in April 1942, 'and you people must have had a terrible time with them for the last 50 years. Thank the Lord you have He-Saw, We-Saw, You-Saw under lock and key. I wish you could put the whole bunch of them into a frying pan with a wall around it and let them stew in their own juice.'<sup>2</sup>

American interest in Burma's affairs did not appreciably increase once the war was over. Although Washington exerted some pressure on the British to press forward with their plans for independence, and welcomed it when it came, the US had few if any important political, economic or trading interests in the country. As if to

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<sup>1</sup> John F. Cady, *The United States and Burma* (Cambridge, MA: Harvard University Press, 1976). American missionary assets in Burma were valued at more than \$20 million. Much of this property was requisitioned by the Burmese after independence. 'Burma', 16 June 1950, *Foreign Relations of the United States (FRUS)*, 1950, vol. 6, East Asia and the Pacific (Washington DC: USGPO, 1976), p. 237.

<sup>2</sup> Christopher Thorne, *Allies of a Kind: The United States, Britain and the War Against Japan, 1941–1945* (Oxford: Oxford University Press, 1979), p. 6. By 'He-Saw, We-Saw, You-Saw', Roosevelt meant the former Burmese prime minister U Saw, who spent the war in a Ugandan jail as punishment for his illicit contacts with the Japanese.

demonstrate the point, America's first ambassador to Burma, J. Klahr Huddle, was away from his post for months at a stretch serving on the UN commission on Kashmir – although given Huddle's undiplomatic opinion of the Burmese, his prolonged absences were perhaps a blessing in disguise.<sup>3</sup> For the US administration, thinking in Asia was preoccupied fundamentally by the far more potent communist challenge in China, the demands of reconstruction in Japan and the Dutch and French colonial crises in Indonesia and Indochina. Burma was a minor concern, its problems seemingly intractable, its prospects bleak and any meaningful improvement years, if not generations, away.<sup>4</sup>

This lack of attention for Burma within the American foreign policy-making establishment was part of a wider neglect of South-East Asia as a whole. To be sure, Dutch difficulties in Indonesia and the travails of the French in Indochina attracted important attention within the State Department, but this concern did not encourage extensive US engagement with the many and complex political and economic problems South-East Asia contained. Like the British, the Americans faced far more pressing strategic, economic and political challenges in the defence and reconstruction of Europe; unlike the British, they did not possess long-standing relations with South-

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<sup>3</sup> Russell H. Fifield, *Americans in Southeast Asia: The Roots of Commitment* (New York: Thomas Y Crowell Company, 1974), p. 102. Burmese politicians, Huddle told the State Department in May 1948, were unreasonably suspicious of foreigners, took decisions 'impulsively and on the spur of the moment, without due consideration of the results' and were generally ignorant, inexperienced and lacking in confidence. Huddle was also unimpressed by the way the Burmese were handling the British. While relations with the United States were progressing with 'reasonable satisfaction, everything considered', Burma's attitude towards Britain was 'a little like that of a truculent child who habitually kicks his father in the shins though dependent on him for support'. Huddle to the Secretary of State, 25 May 1948, 845C.00/5-2548, CDF, box 6120, RG59, US National Archives (USNA), College Park, MD.

<sup>4</sup> Huddle to the Secretary of State, 8 November 1949, 845C.00/11-849, CDF, box 6121, RG59, USNA.

East Asia outside of the Philippines, and regarded the region's difficulties, as they did Burma's, as primarily a European responsibility. As one historian of the period puts it, 'The United States could perhaps reshape Japan as it wished, but it had no control over Southeast Asia. It essentially had no policy there'.<sup>5</sup>

Why and how the US filled this policy void has been well explored, particularly by US writers interested in the roots of America's later entanglements in Vietnam. Andrew Rotter, for example, has shown how the communist victory in China during 1949 refocused US attention on China's vulnerable neighbours to the south.<sup>6</sup> South-East Asia's raw materials and markets were assuming a greater importance in US plans for Japan's economic rehabilitation, while Malaya's dollar-earning potential was increasingly recognised as crucial to Britain's post-war economic recovery. These concerns prompted a flurry of analytical and policy-making activity. Working groups were formed in Washington, and fact-finding missions were dispatched to examine the prospects for South-East Asian aid. By the end of 1949, the US had redefined its Asia policy in the shape of NSC 48, 'The Position of the United States with Respect to Asia', a blueprint for the containment of communism and a programme of political, economic and military assistance. By mid-1950, economic and military aid had been approved for Indonesia, Indochina and Thailand.

Although Indochina became the primary focus of American interest in South-East Asia, there were also important ancillary implications for the region's lesser states, including Burma. Beginning in September 1950, Burma received US assistance and

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<sup>5</sup> Andrew J. Rotter, *The Path to Vietnam: Origins of the American Commitment to Southeast Asia* (Ithaca, NY: Cornell University Press, 1987), p. 46.

<sup>6</sup> *Ibid.*

advice, valuable commodities in their own right, and important politically since American help was, to some extent at least, free from post-colonial stigma. America's deeper engagement in South-East Asia also had important implications for Britain's position, and for its aspirations to regional leadership. The British accepted that US resources were essential to their plans for regional development; Strang, for example, argued in early 1949 that American wealth was 'indispensable' to the success of any Western efforts in South-East Asia, and he and his colleagues expended considerable energy trying to convince the Americans to take greater interest in South-East Asian affairs.<sup>7</sup> At the same time, however, America's emergence as an actor in South-East Asia explicitly challenged Europe's long-standing primacy there. As one writer puts it, American policy-makers came to believe that 'it was now their turn to offer leadership in Asia, with all the political and commercial advantages that this might bestow'.<sup>8</sup>

### **The regional context: Britain and US planning in South-East Asia**

Just before Christmas 1948, Britain's ambassador in Thailand, Geoffrey Thompson, decided to get some things off his chest in a long memorandum to the Foreign Office entitled 'Siam and the Communist Threat to South East Asia'.<sup>9</sup> 'It is clear,' he wrote, 'that the frontiers of Malaya are on the MEKONG and that if we desire to establish a bastion against Communism in this area then we must be ready to give very substantial help to Siam.' This help would have to be provided in conjunction with the United States. However, 'signs of American assistance to Siam are so far meagre',

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<sup>7</sup> 'Sir William Strang's Tour in South-East Asia and the Far East', 27 February 1949, FO371/76028/F4447/1051/61, UKNA.

<sup>8</sup> Matthew Jones, *Conflict and Confrontation in South East Asia, 1961-1965* (Cambridge: Cambridge University Press, 2002), p. 4.

<sup>9</sup> Thompson to the Foreign Office, no. 836, 14 December 1948, FO959/23, UKNA.

and where the Americans were forthcoming, 'they are in competition with or encroaching on British interests':

*Since the end of the war they have suffered here in particular from a growing sense of frustration and irritation because they have not succeeded in ousting British influence either political or economic and supplanting it with their own. This Anglo-American rivalry, which derives primarily from the American disappointment with our commercial comeback, must go if we are to make a good job of strengthening this country. If the United States of America will not work with us, it should at least be guaranteed that they will not work against us.*

Here in a nutshell was the problem facing British policy-makers in South-East Asia in the late 1940s: how could the vital engagement of the US be secured, and how could this engagement be managed so that it supported, rather than challenged, Britain's ambitions to regional leadership in South-East Asia?<sup>10</sup>

Early signs, as Thompson had noted, were not encouraging. In the spring of 1948, Dening had been dispatched to Washington with a brief to widen Anglo-American discussion of Asia to encompass South-East Asian affairs, only to find that 'State

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<sup>10</sup> For a fuller discussion of Anglo-American exchanges on South-East Asia in the late 1940s and early 1950s, see Ritchie Owendale, *The English-Speaking Alliance: Britain, the United States, the Dominions and the Cold War* (London: George Allen and Unwin, 1985), pp. 144–184. British efforts to attract American attention to South-East Asia are also discussed in Mark A. Lawrence, *Assuming the Burden: Europe and the American Commitment to War in Vietnam* (Berkeley, CA: University of California Press, 2005).

Department planners have not yet gone into any detail on the broader range of Far Eastern policy'.<sup>11</sup> The following January, with British forces in action against the communists in Malaya, the Foreign Office tried stimulating American interest via an assessment of the impact of events in China on the Far East and South-East Asia.<sup>12</sup> What the British called 'desultory exchanges' with State Department officials duly followed, but these revealed only continued US caution over any public commitment. The State Department's response to the British paper on China, delivered in March, ruled out US material aid, and warned the British against encouraging South-East Asia to expect any; outside assistance 'may appear an easy and politically painless solution, [but] it can in no way take the place of soundly conceived measures of self-help. Quite apart from the heavy burden which would be placed on the American people, experience in China has shown that the extension of external aid under certain circumstances is not an effective means for encouraging a country to face squarely its problems with the determination to help itself'.<sup>13</sup> Having 'had their fingers burnt in China', concluded one British official, the Americans were 'unwilling to risk burning them further in South-East Asia'.<sup>14</sup>

Discussions resumed in April, when Bevin and Acheson touched on South-East Asian problems during Bevin's trip to Washington to sign the Atlantic Pact, but little concrete emerged beyond a general agreement that both sides wanted to 'clean things

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<sup>11</sup> Sargent to Wright, no. 2,183, 10 May 1948, FO371/69926/F6803/G, UKNA.

<sup>12</sup> 'Recent Developments in the Civil War in China', 9 December 1948, CP(48)299, CAB129/31/CP, UKNA.

<sup>13</sup> Washington to the Foreign Office, no. 114, 18 March 1949, CAB134/287/FE(O)(49)16, 4 April, 1949, UKNA.

<sup>14</sup> Graves to Scarlett, 7 February 1949, no. G47/49, FO371/76003/F2415; Scott, minute, 5 May 1949, FO371/76004/F5735/1017/61G; Dening to Syers, 18 March 1949, FO371/76023/F4486, UKNA.



up' there.<sup>15</sup> In another attempt to excite American interest, a second paper outlining British thinking was left with Acheson at the end of Bevin's meeting. In its emphasis on the need for Asian self-help, its downplaying of the potential costs of engagement to the US and its strategic linkage of South-East Asia with primary US geopolitical interests in the Middle East and Europe, the paper was clearly drafted to appeal to key American concerns. While the 'strategic necessities' of Europe and the Middle East should have priority, the paper concluded, South-East Asia's needs were of 'vital importance': 'We should therefore, parallel with our efforts in Europe and the Middle East, do our utmost to encourage a spirit of cooperation and self-reliance in South-East Asia with a view to the creation of a common front against Russian expansion in that area'.<sup>16</sup> Again, however, there was little American reaction 'beyond a general assent to the proposition that a spirit of cooperation and self-reliance should be encouraged'.<sup>17</sup> As one discouraged official put it, in response to articles in the British press speculating about possibly expanded US interest in South-East Asia: 'One day the Americans may wake up to the fact that they, as well as ourselves, ought to do something about South-East Asia, but until then I fear we can only make pious references in our dealings with the press to the desirability of Anglo/US solidarity in all parts of the world'.<sup>18</sup>

Inconclusive conversations on South-East Asia continued on and off throughout the latter half of 1949. In June, during a Council of Foreign Ministers meeting in Paris, Acheson told Bevin that he thought it 'very important that our two Governments

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<sup>15</sup> Memorandum of conversation, by the Secretary of State, 4 April 1949, *FRUS*, 1949, vol. 6, *The Near East, South Asia and Africa* (Washington DC: USGPO, 1977), pp. 50–54.

<sup>16</sup> 'Brief on South-East Asia and the Far East', 23 March 1949, FO371/76023/F4487/G, UKNA.

<sup>17</sup> Graves to Denning, 16 April 1949, no. G47/37/49, FO371/76023/F5743, UKNA.

<sup>18</sup> Lloyd, minute, 11 June 1949, FO371/76034/F8357/1073/61, UKNA.

should work together in South East Asia', and vouchsafed that the State Department was studying the problem. However, while 'entirely sympathetic ... he did not commit himself about a public declaration in support of our policy'.<sup>19</sup> Fresh talks in Washington in September evinced stronger interest, but this was still not enough to guarantee meaningful American assistance.<sup>20</sup> Nor, despite Dening's strenuous efforts at official level (he had, he reported, talked himself 'almost to a standstill'<sup>21</sup>), did the State Department accept the Foreign Office view that South-East Asia's economic development must precede political change. The US was 'fully aware of the importance of the economic factor in Southeast Asia', Dening was told, but officials were not convinced that 'a solution of the economic problems of the area was a general panacea for the general instability which has afflicted it'. Until the region's political problems were resolved, it was 'difficult to accept the desirability of extending economic and financial assistance'.<sup>22</sup>

Publicly, American officials refused to be drawn on South-East Asia. Privately, however, thinking on the region was gathering pace in line with the ever-worsening news coming out of China. By late 1948, American officials had all but given up on Chiang Kai Shek and his Nationalist regime. Communist armies in northern China secured Manchuria in November 1948, and Beijing was seized in January 1949. To the south, in one of the decisive battles of the civil war, Nationalist armies were routed, and some 600,000 troops killed. Complete communist victory, reported John

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<sup>19</sup> Bevin to Attlee, no. 33, 1 June 1949, FO800/462/FE/49/10, UKNA.

<sup>20</sup> Dening to MacDonald, 1 October 1949, FO371/76032/F14256/1072/61G, UKNA.

<sup>21</sup> Dening to Strang, 15 September 1949, FO371/76024/F14149, UKNA.

<sup>22</sup> Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth), 12 September 1949, *FRUS*, 1949, vol. 7, The Far East and Australasia, part 2 (Washington DC: USGPO, 1976), p. 1,198.

Leighton Stuart, America's ambassador to Nationalist China, was 'inevitable'.<sup>23</sup> According to George Kennan, the head of the State Department's Policy Planning Staff (PPS): 'The disappearance of the Chinese Nationalist Government, as now constituted, is only a matter of time and nothing that we can realistically hope to do will save it'.<sup>24</sup> Harry Truman's administration maintained its support for the Nationalist regime, and continued to send it economic and military aid, largely to counter Republican charges that Chiang had failed through lack of US help, rather than his own venality, incompetence and lack of popular appeal. Behind the scenes, however, officials began to take stock of the implications of a communist China for American interests elsewhere in Asia, including in the countries to China's south. Chinese communism, like Soviet communism before it, had to be contained. Since the end of the war, American policy-makers had by and large regarded South-East Asia as a European colonial problem, and had framed their policies accordingly. Now, with massive communist armies encamped on the region's borders, this passive posture no longer seemed enough.

Kennan's PPS addressed itself to the problem in March 1949, in a paper entitled 'United States Policy toward Southeast Asia' (known as PPS 51).<sup>25</sup> This began by outlining the region's importance to the West as a source of strategic raw materials, and as a link in global communications. South-East Asia, the paper argued, represented a 'vital segment on the line of containment'; its loss to communism would

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<sup>23</sup> Rotter, *The Path to Vietnam*, p. 24.

<sup>24</sup> *Ibid.*, p. 28.

<sup>25</sup> For a fuller discussion of PPS 51, see Rotter, *The Path to Vietnam*, pp. 76–78; Gary R. Hess, *The United States' Emergence as a South-East Asian Power, 1940–1950* (New York: Columbia University Press, 1987), pp. 337–40; and Wilson D. Miscamble, *George F. Kennan and the Making of American Foreign Policy, 1947–50* (Princeton, NJ: Princeton University Press, 1992), pp. 275–76.

constitute 'a major political rout the repercussion of which will be felt throughout the rest of the world, especially in the Middle East and a then critically exposed Australia'.<sup>26</sup> To prevent this, the paper recommended American pressure on the Dutch and the French to moderate their colonial policies, and urged steps to encourage collaboration among the region's non-communist states. What was needed was 'a constructive overall approach to the region as a whole', involving the US in a multilateral relationship with the French and the Dutch, the Commonwealth and the Philippines. Thailand should be strengthened, British authority in Malaya supported and the Philippines encouraged to play an 'active and constructive role'.<sup>27</sup> Efforts should also be made to supplement American private investment in South-East Asia with US government aid. A second PPS paper, entitled 'Suggested Course of Action in East and South Asia', followed in July.<sup>28</sup> With the US failure in China, American policy required 'a change of climate' to win the support and confidence of US voters, and to improve what the paper called the 'psychological atmosphere' in Asia, an atmosphere which was becoming 'surcharged with nervous apprehension'. America should institute 'comprehensive and closely-timed actions on a wide front', ranging from efforts to win domestic political backing for a more assertive US posture in Asia to the conclusion of a defence treaty with Australia and the Philippines and the signature of a peace treaty with Japan, all by October 1949.

PPS 51 was accepted within the State Department, and several of the detailed recommendations contained in the July paper were carried through. In August, for instance, the US released over \$40 million-worth of Japanese-held gold to Thailand as

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<sup>26</sup> Hess, *The United States' Emergence as a South-East Asian Power*, p. 336.

<sup>27</sup> PPS 51, 29 March 1949, *FRUS*, 1949, vol. 7, part 2, p. 1,128–1,133.

<sup>28</sup> 'Suggested Course of Action in East and South Asia', 7 July 1949, *ibid.*, p. 1,148.

payment for war-incurred expenses, a move advocated by the PPS as part of efforts to bolster the Thai government.<sup>29</sup> While Acheson was sympathetic to the arguments of the PPS, its papers did not, however, prompt an immediate change in broader US strategy. Instead, Acheson opted for further preparatory work by commissioning a team of external consultants to explore the options for an American Asia policy. Like the PPS, Acheson's consultants, headed by Philip Jessup, a Columbia University academic, agreed that the situation in South-East Asia was grave, and that US interests were threatened there.<sup>30</sup> Again like the PPS, and indeed like the British, Jessup's team viewed South-East Asia as a coherent unit, with common problems; US policy and planning should therefore be framed so as to address the region as a whole. South-East Asia's states were weak and vulnerable, and required both moral and material help, with the cooperation and partnership of Britain and the Asian Commonwealth states. In formulating its policies, Jessup argued, the US 'should emphasize and develop common action in and among the non-Communist nations of the area'. In particular, Jessup urged US pressure on India, Australia and New Zealand to persuade them to take greater responsibility for South-East Asia's welfare and stability.<sup>31</sup>

Other areas of the US government were also showing signs of interest in South-East Asia. In June 1949, Secretary of Defense Louis Johnson asked staff in the National

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<sup>29</sup> Rotter, *The Path to Vietnam*, p. 78.

<sup>30</sup> 'Recommended Steps toward Meeting Situation in Far East', Memorandum to the Secretary of State, 29 August 1949, *FRUS*, 1949, vol. 7, part 2, p. 1,195; Rotter, *The Path to Vietnam*, p. 118.

<sup>31</sup> Memorandum by the Ambassador at Large (Jessup) to the Secretary of State, 16 November 1949, *ibid.*, pp. 1,209–1,214.

Security Council (NSC) for a comprehensive appraisal of US policy in Asia.<sup>32</sup> Between August and October, NSC analysts developed a 40-page study calling for robust US action. Moscow, the draft claimed, was intent on building up its own 'Co-Prosperty Sphere', working through proxies in China and, if it should fall to the communists, Taiwan. To counter this threat, the NSC paper called for the deployment of Japanese technical expertise in South-East Asia, to replace the departing Europeans, a renewed campaign against Chinese communism, and a fresh commitment to the defence of Taiwan. Through the 'aggressive and effective' backing of 'indigenous forces', the United States could begin the 'rollback of Soviet control'. Trade with China should be halted, private contacts banned and US control established over Taiwan.<sup>33</sup>

In their focus on China, and their calls for an aggressive policy against the new communist regime there, the NSC's proposals went significantly beyond State Department thinking, and Acheson responded by having them watered down. The fruits of this revision emerged on 23 December 1949, in the shape of NSC 48/1, 'The Position of the United States with Respect to Asia'.<sup>34</sup> Although elements of the original NSC analysis remained, as did its anti-communist rhetoric, NSC 48/1 reflected the State Department's belief that additional efforts in China or on Taiwan would be pointless and counter-productive. Limited support to Taiwan would

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<sup>32</sup> Rotter, *The Path to Vietnam*, p. 120. On the development of NSC 48, see also Michael Schaller, *The American Occupation of Japan: The Origins of the Cold War in Asia* (Oxford: Oxford University Press, 1985), pp. 195–211.

<sup>33</sup> Schaller, *The American Occupation of Japan*, pp. 202–203.

<sup>34</sup> 'The Position of the United States with Respect to Asia', NSC 48/1, 23 December 1949, in *United States–Vietnam Relations, 1945–1967*, Book 8 (Washington DC: Department of Defense, 1971), pp. 225–65.

continue, but Washington should be prepared to recognise the government in Beijing when it was 'clearly in the US interest to do so'. As far as South-East Asia was concerned, US policy should seek the resolution of the region's remaining nationalist conflicts 'in such a way as to satisfy the fundamental demands of the nationalist-colonial conflict, lay the basis for political stability and resistance to communism, and avoid weakening the colonial powers who are our western allies'.

The conclusions of NSC 48/1 were rejected by the Joint Chiefs of Staff as insufficiently detailed and robust, necessitating a second, expanded paper, NSC 48/2. This defined four basic security objectives for US policy in Asia: the development of stable, self-sufficient states 'in conformity with the purpose and principles of the United Nations Charter'; the development of sufficient military power in non-communist Asia to maintain internal security and to prevent further encroachment by communism; the reduction and eventual elimination of Soviet influence in Asia; and the prevention of 'power relationships' threatening to US security, or to the 'peace, national independence and stability of the Asiatic nations'. In keeping with America's main preoccupations in Asia, NSC 48/2 focused most closely on the Philippines, Korea, China and Taiwan, with a nod to the conflict in Indochina. Nonetheless, general references to military aid, economic assistance and political support held important policy implications for all of South-East Asia's non-communist states, including Burma. In the two NSC 48 documents, the US government had equipped itself with both the intellectual justification and the policy framework to support a significantly deeper political, economic and strategic engagement in South-East Asia.

Truman approved NSC 48/2 as US government policy on 30 December 1949. Two weeks later, on 13 January 1950, Acheson delivered his often-quoted speech on Asia to the National Press Club in Washington. In it, he stated that the US was 'organizing the machinery through which we can make effective help possible'. While the US would only assist where it was wanted, and was in any case not primarily concerned with South-East Asia, Americans possessed techniques of administration and agriculture that could benefit the region's predominantly agrarian economies. The US would, he concluded, supply aid where it was the 'missing component' for economic success.<sup>35</sup> Privately, Acheson told the British that the 'world across the Pacific' would be the State Department's 'principal preoccupation' in 1950; he and his colleagues had changed their minds about the likely consequences of the communist victory in China, and expected 'early expansion south and east'.<sup>36</sup>

Two possible sources of economic aid for South-East Asia were available to the US administration. The first, known as Point IV after the position the proposal occupied in Truman's inaugural address in January 1949, provided for some \$35 million in technical assistance to all 'economically underdeveloped countries', potentially including South-East Asia. Legislation authorising the appropriation, however, remained stuck in Congress in late 1949. The second source of aid came from unspent provisions under the China Aid Act, amounting to some \$100 million. For military aid, the US government could take advantage of \$75 million as part of the Mutual Defense Assistance Act of 1949.<sup>37</sup> The financing – and by January 1950 the political

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<sup>35</sup> Rotter, *The Path to Vietnam*, p. 123.

<sup>36</sup> Franks to Bevin, no. 5,855, 17 December 1949, FO800/462/FE/49/40, UKNA.

<sup>37</sup> Rotter, *The Path to Vietnam*, p. 116; Samuel P. Hayes (ed.), *The Beginning of American Aid to South-East Asia: The Griffin Mission of 1950* (Lexington, MA: Heath Lexington Books, 1971).



will – for a limited programme of economic, technical and military aid for South-East Asia were thus in place; the question remained how these dollars should be spent.

To help provide an answer, two diplomatic missions were dispatched to South-East Asia and the Far East in late 1949 and early 1950.<sup>38</sup> The first, led by Jessup, left the US in mid-December 1949, and spent six weeks in the region, visiting 14 countries and territories from Japan to Afghanistan. Jessup's findings, reported to the State Department on 23 March, painted a bleak picture: there were wars in Indochina, Malaya and Burma, a state of 'near-war' existed between India and Pakistan, while violence in the Philippines and Indonesia was retarding recovery there. Asian governments were unrepresentative, undemocratic, corrupt and inefficient; they lacked trained personnel and the military capacity to confront armed communism, and were wracked by economic and financial weakness. Psychologically, Asia was unprepared to commit to the West, preferring to 'wait and see who is winning', and in any case distrusted Western motives. Finally, the Western countries with interests in Asia had failed to coordinate their policies effectively. The US and Britain were at odds over China, the US, Britain and France disagreed over Indochina, and a 'hard core' of Dutch colonials wanted Indonesia back; 'we are not', Jessup concluded, 'pooling our skills'. What was needed was a coordinated Western effort to help

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<sup>38</sup> A military survey mission headed by John Melby, a State Department official, was also dispatched, but it bypassed Burma because Ne Win, apparently irritated that he had not been consulted, refused to receive it. This may have been a fortunate chance given the manner of the mission's senior military official, Marine General Graves Erskine. According to the Legation in Saigon, Erskine 'decidedly does not have the personality and judgement to maintain decent working relations with either military and civilian officials of the Southeast Asian States', and was prone to 'fits of rudeness and irascibility'. Heath to Lacy, 3 January 1950, records of the Director, Office of Philippine and Southeast Asian Affairs, Correspondence File, 1949–1955, Lot 58D201, box 3, RG59, USNA.

South-East Asia resist communist expansion. The position, Jessup told Acheson, was bad, but not desperate: 'The area cannot be written off. We are committed'.<sup>39</sup>

The second mission, designed to look more closely at the possibilities for economic assistance, was dispatched at the end of February 1950. It was led by R. Allen Griffin, a California newspaper publisher, a Republican and a former official with the Economic Cooperation Administration in China. Griffin and his team spent between ten days and two weeks each in Indochina, Singapore, Malaya, Burma, Thailand and Indonesia, returning to the US on 22 April. Like Jessup, Griffin found Asians ambivalent about US aid: appreciative on the one hand of America's own record as a former colonial state and of its action in granting Philippine independence; on the other, suspicious of Washington's long-term intentions, and wary of the implications for their independence of accepting American aid and advisors.<sup>40</sup> Nonetheless, Griffin and his team did not return 'in a pessimistic frame of mind'; a 'small group of good men and the expenditure of small amounts of money could accomplish wonders'.<sup>41</sup> In all, Griffin's recommendations called for a programme of technical and economic assistance to South-East Asia worth about \$66 million for the 15 months to June 1951.

### **Developing an aid programme for Burma**

By the end of January 1950, the US government had made up its mind that America was going to establish some form of economic aid programme for South-East Asia.<sup>42</sup>

For strategic and political reasons, US engagement – and US aid – was primarily

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<sup>39</sup> 'Oral Report by the Ambassador-at-Large Philip C. Jessup Upon His Return from the East', 3 April 1950, *FRUS*, 1950, vol. 6, pp. 68–76.

<sup>40</sup> Hayes (ed.), *The Beginning of American Aid to South-East Asia*, p. 33.

<sup>41</sup> 'Record of an Interdepartmental Meeting on the Far East', 11 May 1950, *FRUS*, 1950, vol. 6, p. 87.

<sup>42</sup> Rotter, *The Path to Vietnam*, p. 191.

concerned with Indochina: \$10 million in military assistance to the French was authorised on 1 May, followed by further aid in June, immediately after the outbreak of fighting in Korea. Another \$3 million was earmarked for Indonesia.<sup>43</sup> By October 1950, Congress had appropriated half a billion dollars for military assistance to the Far East, a major part of which was intended for Indochina.<sup>44</sup> At the same time, however, American policy-makers understood that the problems of South-East Asia were somehow interconnected. Action was needed across the region, including in Burma.

Officials began discussing an aid programme for Burma in late 1949. In October, Jessup's group recommended the 'unstinted application' of measures to reinforce U Nu's government, including 'administrative, economic and security help'. George McGhee, the Assistant Secretary of State for Near Eastern, South Asian and African Affairs, was also pressing for action; Burma, he told Acheson, merited 'particular attention' from the State Department. 'Urgent positive assistance' was needed if U Nu's government was to face down the communists and improve Burma's parlous economic condition. The key, McGhee thought, lay in 'identifying the common interests or common objectives of all the peoples of Burma and then assisting the present Government to demonstrate that, given popular support, it can realize these objectives'.<sup>45</sup> While admittedly there was insufficient evidence that 'Burma either

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<sup>43</sup> 'Status of Problems Considered at the Foreign Ministers' Meetings', 22 May 1950, records of the Director, Office of Philippine and Southeast Asian Affairs, 1951-1955, Lot 58D207, RG59, USNA.

<sup>44</sup> Rotter, *The Path to Vietnam*, p. 210.

<sup>45</sup> McGhee to Acheson, 'Attainment of United States Objectives in Burma', 21 October 1949, 845C.00/10-2149, CDF, box 6121, RG59, USNA.

wants or can be saved, the important thing is that it is not yet lost'.<sup>46</sup> More to the point, perhaps, by the end of 1949 embassy officials in Rangoon were noticing increasing Burmese irritation at America's failure to act; Burmese attitudes towards the United States, the embassy reported in February 1950,

*oscillated between expressions of friendship and confidence apparently designed to attract American interest to Burma in the hope that substantial material and military assistance would follow, and annoyance at the lack of a definite move by the United States to aid Burma in the latter country's present plight. Many informed Burmans reproached the United States for leaving Burma to the mercies of the British while uttering pious platitudes as to its benevolent interest.*<sup>47</sup>

Others were less sanguine about the possibilities for US aid. The PPS, for example, believed that the situation in Burma was so chaotic that it defied external resolution; the best the US could do was keep an eye on things, and cooperate with British and Indian attempts to support the regime in Rangoon.<sup>48</sup> George Kennan, the director of the PPS, warned Acheson early in January 1950 that getting involved in Burma would be 'sheer madness': 'Burma is [a] typical example of [a] country where US aid and

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<sup>46</sup> McGhee to Acheson, 'US Policy for Burma', 25 January 1950, 611.90B/1-2550, CDF, box 2856, RG59, USNA.

<sup>47</sup> Martin to the State Department, 'Review of Events in Burma 1 December 1949 to January 31, 1950', 20 February 1950, 790B.00/2-2050, CDF, RG59, USNA.

<sup>48</sup> PPS 51, 29 March 1949, *FRUS*, 1949, vol. 7, part 2, pp. 1,128–1,133.

effort have very little to tie into'.<sup>49</sup> Kennan's arguments did not, however, carry weight, and aid for Burma was formally approved on 13 February 1950. The United States, Acheson instructed, should 'take steps to complement Brit[ish] and Commonwealth efforts to stabilize Burma and forestall Commie subversion'.<sup>50</sup>

Detailed proposals for an aid programme were worked out by Griffin and his team during their two-week stay in Rangoon, between 23 March and 4 April. The mission consulted widely during its visit, meeting cabinet ministers, government officials, business leaders, students and representatives of Burma's minority groups.<sup>51</sup> Progress was, however, difficult, and Griffin's stay in Burma appears to have been significantly bumpier than Jessup's the month before. Jessup had been given strong hints that the Burmese government would welcome American aid, and in April the Burmese foreign minister, Sao Hkun Hkio, wrote to him asking for an American loan to finance a series of education projects and a 'rehabilitation corps'.<sup>52</sup> Griffin, by contrast, found the Burmese 'pathologically suspicious', the only people he had encountered in South-East Asia 'who did not believe in Santa Claus'. Griffin and his team were treated 'as a band of pickpockets'.<sup>53</sup> Burmese sensitivities forced him to send away his mission's military members, and Griffin himself had great difficulty in persuading Burmese officials to put forward viable proposals for the spending of American aid. Nonetheless, Griffin concluded that US assistance was possible, and could prove the

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<sup>49</sup> Memorandum by Kennan to the Secretary of State, 6 January 1950, *FRUS*, 1950, vol. 1, National Security Affairs; Foreign Economic Policy (Washington DC: USGPO, 1977), p. 131.

<sup>50</sup> Secretary of State to Rangoon, 13 February 1950, *FRUS*, 1950, vol. 6, p. 233, fn. 4.

<sup>51</sup> Hayes (ed.), *The Beginning of American Aid to South-East Asia*, p. 197.

<sup>52</sup> 'Memorandum of Conversation with Prime Minister Thakin Nu', 8 February 1950, *FRUS*, 1950, vol. 6, p. 229; Hare to Jessup, 31 May 1950, 611.90B/5-3150, CDF, box 2856, RG59, USNA.

<sup>53</sup> Bowker to the Foreign Office, no. 278, 3 April 1950, FO371/84555/FZ1108/20; Bowker to Bevin, 6 April 1950, FO371/84555/FZ1108/23, UKNA.

‘necessary element which would lead to [a] rapid improvement in the whole situation in Burma’.<sup>54</sup> His proposals envisaged aid worth around \$12 million.<sup>55</sup> What was needed, officials thought, was a ‘positive and vigorous program’ with a ‘quick tangible impact on the masses of the people, demonstrating the effective interest of the US in their welfare’.<sup>56</sup>

A policy framework to support US assistance emerged in mid-June.<sup>57</sup> American efforts in Burma could not by themselves solve the country’s problems, and as such should be regarded ‘merely as a technique whereby we may be able to contribute to the gradual overcoming of these weaknesses in Burmese national life’. Nonetheless, officials hoped that the provision of American help would alleviate Burmese suspicions of the motives behind foreign assistance more generally. US aid could also enhance the Burmese government’s domestic standing. There were also strategic considerations, linked to US assessments of the expansionist nature of the communist threat in Asia. The ‘basic question’ confronting the US in Burma, the June paper argued, was whether ‘a reasonably stable political situation and the reorganization under the Burmese leadership of an adequately functioning economy can be completed soon enough to make possible successful Burmese resistance to the

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<sup>54</sup> ‘Record of an Interdepartmental Meeting on the Far East at the Department of State, 11 May 1950’, *FRUS*, 1950, vol. 6, pp. 87–91; Bowker to the Foreign Office, no. 278, 3 April 1950, FO371/84555/FZ1108/20, UKNA.

<sup>55</sup> Griffin’s proposals for Burma included projects in agriculture (\$4 million), power (\$2.4 million), public health (\$2.3 million), education (\$1.8 million), industry, transport and communications (\$1.4 million), \$1.4 million for commodities, \$1.2 million for help with Burma’s economic planning, and a small provision to finance increased contacts between Burmese and American politicians. Hayes (ed.), *The Beginning of American Aid to South-East Asia*, p. 37.

<sup>56</sup> ‘Notes on Assistance to Thailand and Burma’, 15 May 1950, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.

<sup>57</sup> ‘Burma’, 16 June 1950, *FRUS*, 1950, vol. 6, pp. 233–244.

impending Communist effort to bring Burma under Communist domination'. This in turn had regional implications. Holding Burma against communism was essential for the West's position in South-East Asia: hold Burma and Indochina, and South-East Asia would probably be secure; lose either Burma or Indochina and Thailand would follow, leaving South-East Asia 'practically defenceless against the onrush of communism'. According to McGhee:

*Control of Burma would represent a major strategic victory for Chinese and International Communism. Control over Burma's rice would give the Communists a significant economic weapon in Southern and South-eastern Asia, and a Communist Burma would divide free South and Southeast Asia, actually and psychologically, and in addition would provide international Communism with new frontiers with India, Pakistan, Indo-China, Malaya and Siam.*<sup>58</sup>

Negotiations on an aid deal began in Rangoon in July 1950. The key sticking-point (and one that would become all too familiar to American officials) centred on the extent of the conditions the US sought to impose on its assistance. Unlike, for instance, European recipients of American aid, the Burmese were 'unwilling to place [their] full confidence [in the] good faith and reasonableness [of the] US'; Burmese officials were, negotiators reported, 'mistrustful and ignorant', and wary of any indication that the provision of aid afforded the US a 'blank check in deciding [the] extent of [the] obligations to be imposed on Burma ... and in deciding [the] extent to which [the] US will intervene in economic life in order [to] assure [the] successful

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<sup>58</sup> McGhee to Acheson, 'US Policy for Burma', 25 January 1950, 611.90B/1-2550, CDF, box 2856, RG59, USNA.

execution [of the] aid program'.<sup>59</sup> 'We must bear in mind that [the Burmese government] is not actively soliciting aid'; U Nu had made it clear, in a speech to parliament on 19 July, that 'under Burmese national policy foreign aid [was] acceptable only if no strings [were] attached'.<sup>60</sup> Progress was nonetheless made, and a bilateral economic cooperation agreement – the first such arrangement concluded by the United States with a South-East Asian government – was signed on 13 September 1950.<sup>61</sup> Under the deal, the country stood to receive around \$10 million in grant aid.

Detailed proposals for the spending of US aid were worked out in mid-December, covering the health sector, agriculture, industry and communications, housing and education.<sup>62</sup> The following February, the Burmese government announced plans to hire an American consulting firm to help it with its economic planning, and in September 1951 a contract worth \$3 million was signed with the US company Knappen, Tippetts and Abbot. There was also talk of appointing an American financial expert to advise the central bank. Early plans for assistance up to June 1952 contemplated a programme worth up to \$25 million.<sup>63</sup> In all, aid officials thought the Burmese would need over \$100 million in American assistance in the five years to

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<sup>59</sup> Key to the ECA Administrator, 27 July 1950, part 1 of 2, CDF, records of the US foreign assistance agencies 1948–1961, Far East Geographic Files, Burma, box 2, RG469, USNA.

<sup>60</sup> Key to the ECA Administrator, 27 July 1950, part 2 of 2, CDF, records of the US foreign assistance agencies 1948–1961, Far East Geographic Files, Burma, box 2, RG469, USNA.

<sup>61</sup> The ECA Administrator to Rangoon, 14 September 1950, CDF, records of the US foreign assistance agencies 1948–1961, Far East Geographic Files, Burma, box 2, RG469, USNA.

<sup>62</sup> 'View of STEM on STEM Burma Program Allotments, financial year 1951', 15 December 1950, FO371/92164/FB11345/1, UKNA.

<sup>63</sup> Economic Cooperation Administration Far East Program Fiscal 1952 Budget, Burma, 20 February 1951, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.



1956.<sup>64</sup> American help for Burma, the British embassy reported, 'was running into quite big money'.<sup>65</sup>

Plans for military aid were also taking shape. The Burmese had first approached the US for military help in April 1948, just after the start of the communist insurrection, but their requests had been politely rebuffed and they had been told to look to private sources for supplies.<sup>66</sup> A year later, however, the very different regional environment occasioned by the communist victory in China prompted a rethink. In December 1949, a State Department report advised 'as a matter of urgency' the use of military assistance funds for Burma, and the following March a proposal was put forward to supply the Burmese with ten second-hand Coast Guard cutters, to improve the security of the country's inland waterways. Provision of these boats, the State Department argued, would 'increase the Government's capability for offensive military operations against Communist-held territory in the Irrawaddy valley; and their very presence in the country would raise the morale of the people and the prestige of the Burma Government'.<sup>67</sup> The plan was approved in May 1950, and the agreement transferring the ten vessels to the Burmese navy, worth just under \$3 million, was concluded the following November.<sup>68</sup>

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<sup>64</sup> 'Burma: Summary', undated, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.

<sup>65</sup> Rangoon Chancery to the Foreign Office, no. 1168/2, 30 January 1951, FO371/92164/FB11345/1, UKNA.

<sup>66</sup> 'Appraisal of US National Interests in South Asia', SANACC 360/4, 19 April 1949, *FRUS*, 1949, vol. 6, p. 26.

<sup>67</sup> Hare to Merchant, 3 March 1950, records relating to the Mutual Security Assistance Program (Far East), 1949–1954, Lot 57D472, box 1, RG59, USNA.

<sup>68</sup> Hickson, minute, 26 December 1950, records relating to the Mutual Security Assistance Program (Far East), 1949–1954, Lot 57D472, box 1, RG59, USNA. The precise value, including spares, transit and training for Burmese crews, was \$2,838,000. 'Proposed Assistance Project Under Section 303 of

## US aid and British policy

British officials watched the development of American interest in Burma, and in South-East Asia as a whole, with a mixture of relief and trepidation. Broadly speaking, US thinking was gratifyingly in tune with British analyses of the position; PPS 51, for example, was on the whole well-received in the Foreign Office when it found its way there towards the end of 1949.<sup>69</sup> In particular, the paper's calls for a collaborative, region-wide approach, and its cautious arguments in favour of limited US government aid, were thought to fit well with British views. Acheson's public and private statements in late 1949 and early 1950 were also greeted positively. His obvious caution – January's Press Club speech, for example, is cited mainly for what it ruled out, rather than what it ruled in – was 'regrettable', and the US clearly still did not contemplate playing a 'leading role' in Asia.<sup>70</sup> There was nonetheless agreement that, by the spring of 1950, an important threshold had been crossed. American interest in South-East Asia – and, more to the point, American money – had been secured.

US engagement with South-East Asia also raised obvious problems. How would the US act, now that it was acquiring an interest and a stake in South-East Asia's non-communist states? What effect would the arrival of US capital and US advisors have on Britain's aspirations to regional leadership? Would America compete with Britain for Asia's resources, markets and friendship, or would the two countries succeed in

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the Mutual Defence Assistance Act', 4 January 1950, records relating to the Mutual Security Assistance Program (Far East), 1949–1954, Lot 57D472, box 1, RG59, USNA.

<sup>69</sup> PPS 51 was released to the British in exchange for August's policy statement on regional cooperation, PUSC(53). For British discussion of Kennan's paper, see FO371/76025, UKNA, and Owendale, *The English-Speaking Alliance*, p. 165.

<sup>70</sup> Washington to Bevin, no. 69, 30 January 1950, FO371/84528/FZ10345/2, UKNA.

developing complementary policies and plans? According to Strang, in his expositions of British policy in the summer of 1949, Britain had little to fear. While the United States could certainly overmatch the UK in economic terms, Strang argued, it did not enjoy similar prestige and lacked Britain's vital historical connections with the region.<sup>71</sup> More fundamentally, American officials did not possess the kind of detailed understanding of South-East Asian problems, and their potential solutions, that long contact had given the British. Thus, while the arguments advanced in PPS 51 were broadly welcomed as evidence of a useful congruity of view, the Foreign Office concluded that the paper glossed over the 'fissiparous trends' in South-East Asia, and worried that America's emphasis on the Philippines, rather than India, as a potential regional power was a mistake. Having the Philippines as America's 'stalking horse' in South-East Asia was bad enough; that it was 'weak at the knees' and suffered from 'internal complaints' was worse.

British diplomats closer to the sharp end of American interest in South-East Asia were less sanguine about the implications of US engagement for Britain's position there. According to Bowker, reporting in March 1950, US officials in Rangoon were beginning to ask:

*whether they should now revise the policy they have hitherto adopted of regarding Burma as primarily Great Britain's preserve. They are, I think, beginning to wonder whether the suspicions which the Burmese still harbour about us as a result of our former domination here ... make it difficult for us to carry out our*

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<sup>71</sup> 'The United Kingdom in South-East Asia and the Far East', PUSC(32), 28 July 1949, FO371/76030, UKNA.

*predominant role here, which might better be taken over by the Americans.*

Bowker's advice was clear: 'while we should continue to encourage the Americans to take an active and positive interest in Burma we should disabuse them of any idea that we ourselves are no longer able to play a useful role here. We should on the contrary try to convince them of what I am sure is the truth, namely that our former associations with the Burmese and our policy of giving them their independence give us still a special position here which is not enjoyed by any other power'.<sup>72</sup>

Formally, the State Department accepted this view. It was, the British were told, a 'fundamental concept of United States policy' that the UK and the Commonwealth 'should accept the primary responsibility for assistance [to Burma] and, in light of this, United States aid should be complementary to British and Commonwealth plans'.<sup>73</sup> The State Department's June policy statement on Burma emphasised the UK's primary responsibility for Burma's financial and military assistance, and officials took great care to discuss their river boat project with their British counterparts before embarking on negotiations with the Burmese.<sup>74</sup> According to one paper, 'The British, through long experience in ruling Burma, have a long knowledge and understanding of the Burmese ... It is probably only through Britain that Burma can be saved for the Western world'.<sup>75</sup>

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<sup>72</sup> Bowker to Scott, 2 March 1950, FO371/83122/FB10345/4, UKNA.

<sup>73</sup> Root to Scott, 1 March 1950, FO371/83122/FB10345/2, UKNA.

<sup>74</sup> Memorandum of conversation, 'United Kingdom Views of Additional River Patrol Vessels', 6 January 1950, records relating to the Mutual Security Assistance Program (Far East), 1949-1954, Lot 57D472, box 1, RG59, USNA.

<sup>75</sup> 'Policy Considerations: Burma', 24 January 1950, 611.90B/1-2550, CDF, box 2856, RG59, USNA.

At the same time, however, US officials were uneasy with the direction of events in Burma, and concerned that the UK was not doing enough to rescue the position there. During a meeting with a British embassy official in January 1950, for example, Donald Kennedy, the deputy director of the State Department's Office of South Asian Affairs, remarked that the British 'had forsaken their proper task of bringing the Burmese government to shoulder its responsibilities with resolution', even if there was 'no chance of the United States Government taking up the burden if Britain laid it down'.<sup>76</sup> During his stay in Rangoon, Jessup had made reference to the difficulties the British were having in establishing an effective relationship with the Burmese government, and wondered whether 'some other power, e.g. the United States, might not be able to make more headway'.<sup>77</sup> The following May, during official discussions ahead of Anglo-American ministerial talks in London, Dening was asked whether Britain could defend its policies and say that it had 'used its imagination and ingenuity to the utmost' in finding ways to help U Nu's government.<sup>78</sup>

Privately, views were more trenchant. In November 1949, for example, the ever-forthright Huddle complained to the State Department of Britain's 'defeatist complex' towards Burma. The UK, Huddle argued, bore a significant share of the responsibility for independent Burma's problems thanks to the 'tragic political, economic and social errors' it had made while running the country. Unfortunately, however, 'the attitude and effort' of the British government did not 'justify any hope that material aid in Burma's extremity is to come from that source':

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<sup>76</sup> Note of a meeting between H. E. Graves and Donald Kennedy, 9 January 1950, FO371/83168/FB1193/1, UKNA.

<sup>77</sup> Foreign Office brief, 10 March 1950, FO371/84514/FZ1022/5, UKNA.

<sup>78</sup> Fourth bilateral official meeting, 4 May 1950, *FRUS*, 1950, vol. 3, Western Europe (Washington DC: USGPO, 1977), p. 1,000.

*The Burmese profess to have no faith in British intentions and too often flatly refuse British advice and practical assistance. Their well-intentioned advances spurned or ignored, the British, having no longer the national urge for domination, are hurt and bewildered and are at a loss for a practical approach and remedy for a bad situation.<sup>79</sup>*

Huddle's criticism was probably overstated, and strenuous British efforts in 1949 and 1950 to tackle the Karen conflict and arrange Commonwealth financial aid belied the defeatism he detected in British policy-making. Nonetheless, the general burden of his views struck a chord, and Huddle was not alone in believing that the British had somehow failed in Burma. Griffin, another American official with first-hand experience of the state of relations between the British and the Burmese, warned in March 1950 that the US had to 'modify [its] thoughts re backstopping [the] British here or considering Burma their primary responsibility':

*If the US is effectively to assist [the] Burma Government, which at best will be difficult due to temperamental conditions, it must be on [a] straight and mutually acceptable Burma-US basis. Association with [the] British in any obvious common plan or effort here will bring on Americans the mistrust already held of [the] British ... [The] problem is not of accepting too much US responsibility here but of securing sufficient responsibility in US hands independent of*

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<sup>79</sup> Huddle to the Secretary of State, 8 November 1949, 845C.00/11-849, CDF, box 6121, RG59, USNA.

*any British influence to cause a useful program to be carried into effect.*<sup>80</sup>

The State Department agreed: while officials were careful to remind Griffin that their main objective was not replacing the British in Burma, but rather persuading them to 'carry [the] main load', any 'obvious' association with the UK in aiding Burma would be 'unwise', and approaches to the Burmese would be on a 'detached and independent basis'.<sup>81</sup> Clearly, Bowker was right to be concerned.

The modalities of US aid also cast British efforts to help in an unflattering light. The US deal was drawn up and signed in weeks, compared to the months of tortured negotiations involved in the Commonwealth loan. It contemplated a free grant and promised visible and tangible results, whereas the Commonwealth offered a loan which had to be repaid, and which could only be used for the limited (and invisible) purpose of currency backing. Despite Burmese concerns during the negotiation of the aid agreement, there appeared to be no political conditions attached to American help beyond the stipulation that the money was effectively and transparently used. Unlike the Commonwealth, the US did not try to interfere in the Burmese government's handling of the Karen dispute, nor did it insist on a general improvement in the security situation as a precondition for help.<sup>82</sup> Finally, the deal enjoyed prominent

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<sup>80</sup> Griffin to the Secretary of State, 30 March 1950, records relating to the Economic Survey Mission to South East Asia, 1948–1950, Lot M46, RG59, USNA.

<sup>81</sup> Secretary of State to Griffin, 1 April 1950, records relating to the Economic Survey Mission to South East Asia, 1948–1950, Lot M46, RG59, USNA.

<sup>82</sup> Rangoon to the Foreign Office, 12 October 1950, FO371/83149/FB11345/9, UKNA.

media and political support in Rangoon: senior government figures spoke in its favour, and only one MP opposed it when it was ratified on 9 October 1950.<sup>83</sup>

The arrival of American aid also complicated British efforts to persuade Burma to join the Commonwealth's regional development programme, the Colombo Plan for Cooperative Economic Development in South and South-East Asia.<sup>84</sup> The Colombo Plan began life as a set of proposals for economic and technical aid to Asia, presented by Spender to the Commonwealth meeting in Colombo in January 1950. Commonwealth leaders met again in Sydney the following May, and by September 1950, following a third meeting in London, the Plan's basic objectives and management structure were in place. According to the report that emerged from the London meeting, the Colombo Plan would 'involve the application of modern technology and skills to the under-developed and traditional economies of the countries of South and South-East Asia'.<sup>85</sup> In all, the Plan envisaged aid worth over £1 billion in its first six years, to Commonwealth and non-Commonwealth states alike.<sup>86</sup>

Ironically, the signature of Burma's aid agreement with the US in September 1950 coincided with the London meeting at which the Colombo Plan took concrete form. It also coincided with a visit to Rangoon by British experts to explain the workings of

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<sup>83</sup> Speaight to Bevin, no. 376, 9 October 1950, FO371/83149/FB11345/8, UKNA.

<sup>84</sup> See on this Ademola Adeleke, 'The Strings of Neutralism: Burma and the Colombo Plan', *Pacific Affairs*, vol. 74, no. 4, Winter 2003–2004.

<sup>85</sup> Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra: Pandanus Books, 2004), pp. 87–88.

<sup>86</sup> Foreign Office to Washington, no. 214, 18 January 1951, FO371/93037/FZ1102/178, UKNA.



the Plan to the Burmese.<sup>87</sup> These coincidences neatly encapsulated the dilemma American aid posed, both for the British and for the Burmese. For the British, the fact of US help, and the genuine prospect of more, was bound to reduce Colombo's appeal in the eyes of the Burmese; as Speaight put it, the existence of a US aid programme did not obviate the need for Colombo assistance, but it did imply that 'we should be coming in as a sort of junior partner' to ECA [the Economic Cooperation Administration, the agency that managed America's overseas economic aid], whose contribution in money, material and manpower is always likely to exceed anything the Commonwealth can put up'.<sup>88</sup> For the Burmese, participation in Colombo raised the risk that American help might be curtailed in response, with no guarantee that Colombo aid would be on a similar scale, and provided in a similar way. Politicians and officials also balked at the bureaucratic demands of membership. Like the Marshall Plan in Europe, Colombo's rules required applicant states to submit detailed multi-year reports and proposals for how they intended to spend their aid. Burma, with its inadequate bureaucracy, partial statistical base and generally poor levels of security, could not hope to provide plans of the depth and completeness Colombo appeared to demand. Persuading Burma into the Colombo Plan was clearly going to be tricky.

Burma, along with Thailand, Indonesia and the three Indochinese states, was invited to take part in the Colombo Plan in May 1950, and again the following October, after the London meeting of the Plan's Consultative Committee. Neither approach elicited a reply, and Speaight was asked to press the question with U Nu in January 1951. The problem, Speaight reported, was practical and political. The government did not

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<sup>87</sup> Freese-Pennefather to Bevin, 21 September 1950, FO371/83149/FB11345/7, UKNA.

<sup>88</sup> Speaight to Scott, 21 February 1951, FO371/92164/FB11345/1163/61, UKNA.

possess the competent officials it needed to develop detailed development plans, and could make no guess as to costs. More fundamentally, there was a 'deep-rooted suspicion that there are strings attached and that the Commonwealth would only grant aid in return for some limitation on its use which would be incompatible with Burma's independent status'. There was also a not-unreasonable fear that the acceptance of Commonwealth help would jeopardise aid from America, 'from whom they expect early benefits on a liberal scale and with no strings attached'.<sup>89</sup> Nonetheless, there was a 'good chance' of bringing Burma in 'provided she can participate in her own way and does not feel she is being made to toe the line'.<sup>90</sup> The Foreign Office conceded the practical point, exempting Burma from the need to produce detailed plans, and asked the US to reassure Rangoon that American aid would be unaffected if Burma signed up. As for the attachment of strings, Burma should be told that no other Asian participant had regarded participation as imposing unacceptable restrictions on their freedom of action.

The real stumbling-block, at least as far as the British were concerned, was Burma's demand that the Colombo countries announce in advance how much assistance the country would receive once it had joined.<sup>91</sup> In the British view, this in effect reversed Colombo's logic: instead of formulating a development plan and then negotiating the finance to implement it, the Burmese were asking for an unspecified up-front commitment, without any detailed proposals as to how the funds would be spent. As one official argued, 'it is clear that the Burmese have no idea of what they want to

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<sup>89</sup> Speaight to Bevin, no. 29, 7 February 1951, FO371/93040/FZ1102/178, UKNA.

<sup>90</sup> Speaight to the Foreign Office, no. 41, 23 January 1951, FO371/93038/FZ1102/114, UKNA.

<sup>91</sup> Speaight to the Foreign Office, no. 66, 2 February 1951, FO371/93038/FZ1102/154, UKNA.

plan or how to set about it'.<sup>92</sup> Burma's demand was accordingly rejected when the Consultative Committee met at the end of February, and the British decided to let the matter drop; while it would be nice to have Burma in Colombo, noted one official, it would be no tragedy if the country stayed out.<sup>93</sup>

### **The impact of the Korean war on American aid planning**

While the British grappled with the Burmese over Colombo, American officials were reassessing their own plans in the light of China's entry into the Korean war in November 1950. The Chinese, US officials believed, were flexing their muscles, and Burma, with its pool of domestic communist insurgents, its inadequate armed forces and its long, disputed border, looked an obvious target.<sup>94</sup> Although the Chinese were certainly capable of overrunning Burma (US analysts estimated that up to 50,000 troops were available for operations in the country, far more than the Burmese army could hope to repel), and neither the Americans nor the British were prepared to commit troops to stop them, the prevailing view within the State Department was that the risk of an outright Chinese communist attack was small.<sup>95</sup> There were, however, worrying signs of growing Chinese material and tactical support for Burma's

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<sup>92</sup> Merrells, minute, 9 February 1951, FO371/93038/FZ1102/178, UKNA.

<sup>93</sup> Merrells, minute, 3 March 1951, FO371/93042/FZ1102/247, UKNA.

<sup>94</sup> 'Situation in Burma', 4 June 1951, 790B.00/6-451, CDF, box 4137, RG59, USNA; State Department to Rangoon, 14 April 1951, 790B.001/4-1151, CDF, RG59, USNA.

<sup>95</sup> British officials discussed Burma's defence during the latter half of 1951. They concluded that 'we should concentrate on holding on to Siam and Indochina and leave Burma to her fate ... to pour troops into Burma – even if the Burmese wanted them – would be a mistake'. It was also 'very unlikely that the Americans would respond favourably to any suggestion from us that they might be ready to send troops to Burma'; any efforts to involve the US in Burma beyond the provision of economic and technical aid would be 'premature', and 'politically ... more of an embarrassment than otherwise'. Draft to Wallinger, 18 December 1951, FO371/92155/FB1071/1, UKNA; Scott, minute, 26 November 1951, FO371/92155/FB1071/1, UKNA; Olver, minute, 27 November 1951, FO371/92155/FB1071/1, UKNA.

communist insurgency. In June 1951, the US ambassador in Burma, David McKendree Key, reported collaboration between the CPB and Chinese communists; Chinese military advisors were attached to Burmese formations, and the CPB was receiving Chinese military aid.<sup>96</sup> US intelligence suggested that the regime in Beijing had established a centralised administration to manage a coordinated aid effort for communist groups in Burma, Thailand and Indochina. Chinese diplomatic pressure on the Burmese government too seemed to be increasing, and the Chinese embassy in Rangoon was active within the city's minority Chinese population.<sup>97</sup>

Concerns about China's intentions in Burma prompted officials to look again at the prospects for the government in Rangoon.<sup>98</sup> While on their own, Burma's communists had proved too weak to seize control of the government, with sufficient outside assistance analysts believed that they were easily capable of establishing *de facto* control over large areas of the north, creating a kind of 'People's Republic of Burma' from where they could mount 'stronger military and psychological attacks against the government'. Should they succeed, the Burmese would be faced with 'a situation too serious to be ignored'.<sup>99</sup> Continued Chinese aid would probably cause U Nu's government to fall, which would in turn 'drive a wedge between India-Pakistan and Southeast Asia, facilitate Communist penetration into Indochina and the other countries of South and Southeast Asia, and in a psychological sense give impetus to

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<sup>96</sup> Key to Acheson, 28 June 1951, *FRUS*, 1951, vol. 6, Asia and the Pacific, part 1 (Washington DC: USGPO, 1977), p. 274.

<sup>97</sup> Perkins to Merchant, 1 August 1951, *FRUS*, 1951, vol. 7, Korea and China, part 2 (Washington DC: USGPO, 1983), p. 1,765.

<sup>98</sup> 'Prospects for the Survival of a Non-Communist Regime in Burma', NIE-36, 1 August 1951, *FRUS*, 1951, vol. 6, part 1, pp. 279-285.

<sup>99</sup> 'Situation in Burma', 13 July 1951, records relating to the Mutual Security Assistance Program (Far East), 1949-1954, Lot 57D472, box 1, RG59, USNA.

the claim that Communism in Asia is an irresistible force'. American officials also worried that greater Chinese support for Burma's communists would enhance the prospects of an effective anti-government coalition among the country's various insurgent groups.<sup>100</sup> In October 1951, the US embassy in Rangoon reported that the CPB was 'openly wooing' Karen insurgents; should they succeed in winning Karen support, the communists could gain access to thousands of additional fighters, posing a 'serious threat' to the government's survival.<sup>101</sup>

American assessments of the communist threat facing the Burmese government both justified and made more urgent the need for US political and economic engagement and aid. If it was going to survive, officials thought, Burma needed more outside aid, and needed to learn how to make the most effective use of it. Whether the Burmese would – or indeed could – accept significantly increased amounts of US help was, however, another matter. Already, in June 1951, hints were reaching the British that the aid programme was not going well. US aid officials were pessimistic about its prospects, and were concerned that the Burmese were relying almost exclusively on American efforts, while doing little themselves to address the country's development problems. Hla Maung, the head of Burma's economic planning committee and a later critic of American aid, had become 'so over-confident that he thinks he can talk his way out of any difficulty and that consequently it is increasingly difficult to bring him down to realities'.<sup>102</sup> By the end of the year, Key was warning his colleagues in Washington that Burma was already receiving as much aid as it could use, and did not

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<sup>100</sup> *Ibid.*

<sup>101</sup> Day to the State Department, 23 October 1951, 790B.00/10-2351, CDF, box 4137, RG59, USNA.

<sup>102</sup> Curran to Bell, 5 June 1951, FO371/92164/FB11345/4, UKNA.

have the capacity to take more even if more was made available.<sup>103</sup> It was, the US embassy reported, 'questionable whether the aid program contributes to our political objectives at this time', if it ever would: 'to reach the masses and lift the dead weight of centuries of low living standards is a tremendous undertaking. The benefits may not be very widely felt for years'.<sup>104</sup> What political gains the programme had achieved, noted one official, had been confined to the country's senior politicians, and there was 'no evidence' that American aid 'has had an effect upon the political opinions of the Burmese people'.<sup>105</sup> Publicity had been reduced to a 'trickle of official handouts'; the aid programme was neither widely known nor understood.<sup>106</sup>

The challenges facing the US in Burma were partly practical, but fundamentally political. As the British knew well, insecurity meant that little development work was possible outside Rangoon; in the city itself, there were problems with accommodation and personnel. Although the aid mission was led by a relatively senior official, Abbot Low Moffat, a former head of South-East Asian affairs at the State Department, other posts remained unfilled. The inadequacies of Burmese officialdom, and the Burmese government's habit of modifying American project proposals in ways the Americans did not always like, also imposed constraints, while the Burmese government found it difficult to muster the counterpart funds required to meet the programme's local currency costs. More fundamentally, accepting US assistance implied an unwelcome proximity to Washington, an outcome resisted in Burma partly because of post-colonial sensitivity, and partly for the sound strategic reason that any indication of a

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<sup>103</sup> Key to Battle, 13 November 1951, *FRUS*, 1951, vol. 6, part 1, p. 308.

<sup>104</sup> 'American Aid Program in Burma', 11 December 1951, *ibid.*, p. 320.

<sup>105</sup> 'Increased Stress on the Political Aspects of the ECA Program in Burma', 10 October 1951, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.

<sup>106</sup> 'American Aid Program in Burma', 11 December 1951, *FRUS*, 1951, vol. 6, part 1, p. 322.

closer relationship between Burma and the West risked provoking a reaction from China. 'Any close association with the more powerful countries of the free world,' reported the US embassy in Rangoon, 'could not offer advantages to counterbalance the dangers from the hostility the association would provoke in Peking.' Burma's best hope of escaping disaster 'lies in maintaining the friendliest possible relations with Communist China. This is not a sentiment based on ideological sympathies but a conviction founded on instinct to survive'.<sup>107</sup>

For all their public support for the aid deal, Burmese leaders had from the start been uneasy about the implications of accepting American aid. They had tackled US negotiators in detail about the provisions of the agreement signed in September 1950, and the ink was barely dry on the aid documents before Burmese politicians were complaining to the British that the Americans were overdoing things with the high profile and large volume of visitations to their country.<sup>108</sup> Matters came to a head in January 1952, when the US requested an exchange of notes to meet the new requirements for American aid embodied in the Mutual Security Act, a piece of legislation passed in October 1951 which sought to tie US aid recipients more closely to the country's strategic objectives. Under the Act, governments receiving US aid were required to 'join in promoting international understanding and goodwill, and in maintaining world peace, and to take such action as may be mutually agreed upon to eliminate causes of international tension'.<sup>109</sup> This was rejected by the Burmese as an unwarranted infringement of their country's sovereignty and politically unacceptable.

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<sup>107</sup> Day to the State Department, no. 679, 15 February 1952, *FRUS*, 1952-54, vol. 12, East Asia and Pacific, part 2 (Washington DC: USGPO, 1984), p. 12.

<sup>108</sup> Speaight to Bevin, no. 29, 7 February 1951, FO371/93040/FZ1102/178, UKNA.

<sup>109</sup> Adeleke, 'The Strings of Neutralism', p. 602.

The fiction that American aid was somehow divorced from Washington's political and strategic objectives in Asia had been exposed: US aid had strings of its own.

These unwelcome developments in the aid relationship with the United States encouraged in the Burmese second thoughts about the Colombo Plan, and on 9 January 1952, the day after the US had delivered its request for an exchange of notes, the British government was told that Burma wanted to join. Although U Nu had hinted in December that he was reconsidering Burma's position on Colombo, this *volte-face* took the British by considerable surprise, though its cause seemed clear. As one official reasoned: 'The explanation lies in the outbreak of a noisy press campaign directed to preventing the country from participating in further US aid on the plea that the assurances demanded under the Mutual Security Act endanger the country's neutrality'. The move was a bid for 'reinsurance against present uncertainties'.<sup>110</sup> In 1950, American assistance had been preferred to Commonwealth help because it appeared less encumbered with political or bureaucratic freight and post-colonial baggage. Now, two years on, the position had reversed. With the conditions imposed under the Mutual Security Act, Burma's acceptance of aid openly linked it to American policies in Asia. Colombo, by contrast, now seemed to make much less onerous political demands, while its multinational, consensual and decentralised architecture suited Burma's preference for loose, informal association. Unlike the Mutual Security Act, no national legislation underpinned it, and it reflected no single country's foreign policy. The fact that, in theory at least, Colombo made no distinction between donors and recipients, preferring instead to see its membership as

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<sup>110</sup> Boothby to Murray, 23 January 1952, FO371/101244/FZ1105/7, UKNA.



engaged in a project of mutual self-help, may also have appealed to the Burmese sense of *amour propre*.<sup>111</sup> The country formally joined in March 1952.

## Conclusion

Burma's accession to Colombo did not mean the end of American aid, and a compromise formula was reached in February 1952 that enabled Rangoon to meet the Mutual Security Act's requirements without committing itself quite so obviously to America's strategic aims in Asia. The Burmese also remained interested in US military supplies. Ne Win discussed Burma's military needs with American officials during a visit to Washington in October 1952, for instance, and spoke in detail about his plans for reinforcing the Burmese military. He also hinted that he would like to send Burmese officers to the United States for training.<sup>112</sup> For their part, American planners continued to regard the aid programme, and the US relationship with Burma more broadly, as valuable. A policy paper prepared by the NSC in June 1952, for example, called for military aid and advice, along with continued economic and technical assistance; despite Burmese sensitivities, the US should seek to encourage the Burmese 'to cooperate fully with the anti-communist nations', and arouse Burma to 'the dangers of Chinese Communist expansion and to the need for effective military defense against it'.<sup>113</sup> Aid officials contemplated continued assistance of up to \$12 million a year as part of a 'long-range rehabilitation and economic development

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<sup>111</sup> Adeleke, 'The Strings of Neutralism', p. 602.

<sup>112</sup> 'General Ne Win's Activities in the United States', 7 November 1952, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence, 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>113</sup> 'United States Objectives and Courses of Action with Respect to Southeast Asia', NSC 124/2, 25 June 1952, *FRUS*, 1952–54, vol. 12, part 2, p. 132.

program'.<sup>114</sup> Even while officials drew up their aid plans, however, other parts of the US government were pursuing a contradictory set of policies against China which would, within a year, help to bring the American aid programme to an end.

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<sup>114</sup> 'Technical Cooperation Program – FY 1954: Burma', 13 October 1952, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.

## Chapter 5

### The Kuomintang crisis and the termination of American aid, 1952–1954

The previous chapter has explained how apprehensions of an increasing regional threat from communist China encouraged American officials to develop a far-reaching programme of economic and military assistance for the states of South-East Asia, including Burma. In developing their aid plans, US foreign service officers hoped to strengthen the Burmese government, increase its legitimacy in the eyes of the Burmese people and tie it more closely to the West. At the same time, however, Burma's position on the borders of China made the country strategically valuable to American planners seeking to strike at the new regime in Beijing. In the later stages of the Chinese civil war, remnants of the Nationalist Kuomintang (KMT) armies in southern China had fled across the border into north-eastern Burma. These forces, US planners believed, constituted an important military and political asset, and a covert network was established to support them with arms and personnel ferried out of Japan and Taiwan.

The corrosive effects of the KMT occupation of Burma were felt both locally and internationally. Locally, the KMT's presence exemplified and exacerbated the Burmese government's crisis of control. As a military actor, the KMT participated in the country's rebellions, trading arms, briefly allying with the Karen, and forcing the government to deploy such a large portion of its scarce military resources that, by the spring of 1953, serious operations against the country's other insurgent groups had become virtually impossible.<sup>1</sup> As a political actor, the KMT displaced what local

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<sup>1</sup> Sarell to the Foreign Office, no. 378, 28 September 1953, FO371/106690/FB1041/22, UKNA.

authority and prestige the government and its agents possessed by setting up a *de facto* administration, levying 'taxes', preying on local communities for recruits and supplies and exposing the government to debilitating attack from its domestic opponents in Rangoon. As a criminal actor, the KMT was heavily involved in Burma's opium trade, where its access to weapons and transport into northern Thailand transformed what had been a relatively minor opium-producing region at the end of the Second World War into one of the world's major sources of the drug.<sup>2</sup>

The KMT's occupation also raised significant problems for British and US policy-makers. In London, analysts clearly understood the potential damage the West stood to incur; even if U Nu's government pulled through, which officials periodically had cause to doubt, US complicity in supplying the KMT's illegal occupation was felt to be sufficiently well-established as to imperil the Anglo-American position, not only in Burma, but in the region more widely. This fear dictated a straightforward response, and throughout this period British diplomats sought to inveigle the US into curtailing its covert activities in Burma and exerting pressure in Taiwan to force the KMT's removal. For the United States, the KMT problem was more complex and difficult. Avowed American policy aimed to encourage Burma's friendship and stabilise its regime through economic and military aid and political support. Against this, important links with the Nationalist regime on Taiwan, the increasingly perilous strategic environment occasioned by China's entry into the Korean war in 1950 and the shrill tenor of domestic politics in Washington all argued in favour of support for a clandestine campaign against the communist Chinese. As this chapter explains, however, the pursuit through covert means of one objective – confronting and

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<sup>2</sup> Alfred McCoy, *The Politics of Heroin in South-east Asia* (New York: Harper and Row, 1973).

containing communism in Asia – had precisely the opposite effect by alienating the Burmese and forcing them into closer relations with Beijing.

### **The KMT crisis and Burma's relations with the US and China**

KMT troops first entered Burma's north-east early in 1949, when some 2,000 troops crossed into Kengtung from Yunnan.<sup>3</sup> Despite Burmese attempts to round them up and disarm them, the Nationalists gave every impression of planning for a long-term occupation. According to a press conference he gave in Bangkok in June 1950, their commanding officer, former Yunnan Governor Li Mi, declared that his troops had no intention of joining the Nationalist regime on Taiwan, but would remain in Kengtung, from where they would 'continue the struggle against the Communists'.<sup>4</sup> Militarily, however, these troops posed an insignificant threat, and periodic incursions across the border into Yunnan were easily repulsed.<sup>5</sup> The main effect of their presence was to destabilise the Burmese government, and expose Burma to possible Chinese reprisals. In November 1949, Chinese Foreign Minister Chou En Lai warned that his government reserved the right to pursue Nationalist remnants wherever it found them; any country 'which gives shelter to the Kuomintang reactionary armed forces must take responsibility in this regard and moreover must accept all consequences arising therefrom'.<sup>6</sup> The KMT presence in Kengtung, reported the British embassy in July

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<sup>3</sup> 'Chinese Nationalist Troops in Burma: Chronology of Developments, 1949–April 1951', DRF Information Paper no. 424, 28 May 1951, records relating to the Mutual Security Assistance Program (Far East), 1949–1954, Lot 57D472B, box 1, RG59, USNA.

<sup>4</sup> Bowker to the Foreign Office, no. 520, 30 June 1950, FO371/83113/FB10110/8, UKNA.

<sup>5</sup> John Prados, *Presidents' Secret Wars: CIA and Pentagon Covert Operations from World War II Through the Persian Gulf* (Chicago: Elephant Paperbacks, 1996), p. 75.

<sup>6</sup> 'Chinese Nationalist Troops in Burma: Chronology of Developments, 1949–April 1951', DRF Information Paper no. 424, 28 May 1951, records relating to the Mutual Security Assistance Program (Far East), 1949–1954, Lot 57D472B, box 1, RG59, USNA.

1950, was 'extremely embarrassing to the Burmese'. Even if the government in Beijing were not 'anxious to add Burma to their many other preoccupations, and even if they are genuinely anxious to avoid being implicated in accusations of international aggression, there is an obvious danger that the Nationalist deserters, in their present aggressive mood, will provoke their Communist enemies across the border into some offensive move'.<sup>7</sup>

Having failed to dislodge the Nationalists by force, the Burmese turned to the US for diplomatic help, and several times during 1950 the American government was asked to bring pressure to bear in Taiwan to rein in the KMT elements roaming around Kengtung.<sup>8</sup> Interviews by US officials with the Nationalist ambassador in Washington, and two formal calls on Foreign Minister George Yeh in Taipei, met with prevarication, prompting U Nu to threaten to internationalise the issue through recourse to the UN (a ploy he would use several more times to good effect). Meanwhile, both the Burmese and the British were beginning to suspect US and Thai involvement in supporting the irregulars as a local area force against the communist Chinese. In early May 1951, British military intelligence in Hong Kong reported that the US army was ferrying arms, ammunition and medical supplies from Okinawa to Nationalist guerrillas in southern China and Burma, and US and Thai personnel were known to be active in north-eastern Burma.<sup>9</sup> There was 'little doubt' that the KMT was receiving American encouragement, and that a large amount of modern US

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<sup>7</sup> Freese-Pennefather to the Foreign Office, no. 275, 7 July 1950, FO371/83113/FB10110/9, UKNA.

<sup>8</sup> Hare to Rusk, 1 July 1950, *FRUS*, 1950, vol. 6, p. 244.

<sup>9</sup> SO(I) Hong Kong to the Admiralty (Director of Naval Intelligence), 6 May 1951, FO371/92140; Foreign Office to Franks, no. 3,898, 4 August 1951, FO371/92141/FB1019/B4G, UKNA.

equipment had been supplied; 'certain agencies' of the US government were 'actively involved'.<sup>10</sup>

The covert US operation to support the KMT in Burma was code-named Operation Paper.<sup>11</sup> It was coordinated by Alfred Cox, Hong Kong station chief for the Office of Policy Coordination (OPC), a short-lived covert action group established by the NSC in June 1948. Also involved was Sherman B. Joost, who ran the Bangkok-based Sea Supply Company, a Central Intelligence Agency (CIA) front whose ostensible function was to equip and train the Thai police. Transport was provided by Civil Air Transport (CAT), whose founder, Claire Chennault, a friend of Taiwanese leader Chiang Kai Shek, had extensive links with the CIA and with Richard Stilwell, the head of the Far East Division of OPC. Via CAT, weapons, ammunition and personnel were transported from Japan and Taiwan to Bangkok, and then on to Chiangmai and Chiangrai in northern Thailand, from where Thai border troops arranged onward transport to Nationalist forces in Burma. In return, the KMT shipped significant amounts of opium to northern Thailand, where it was purchased by agents acting for Lieutenant-General Phao Sriyanon, the director-general of the Thai police and a CIA client. The opium was then shipped to Bangkok for local consumption and export.

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<sup>10</sup> Murray to Ewbank, 7 May 1951, and Speaight to the Foreign Office, no. 197, 28 April 1951, FO371/92140/FB1019/80, UKNA.

<sup>11</sup> This description of US covert activity in Burma is drawn from Prados, *Presidents' Secret Wars*; McCoy, *The Politics of Heroin in South-east Asia*; Evan Thomas, *The Very Best Men* (New York: Simon and Schuster, 1995); John W. Garver, *The Sino-American Alliance: Nationalist China and American Cold War Strategy in Asia* (Armonk, NY: M. E. Sharpe, 1997); William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia* (University, AL: University of Alabama Press, 1984); William M. Leary (ed.), *The Central Intelligence Agency: History and Documents* (University, AL: University of Alabama Press, 1984); and Stephen E. Ambrose, *Ike's Spies: Eisenhower and the Espionage Establishment* (Garden City, NY: Doubleday, 1981).

American planning for a secret war against the communist Chinese predated the Nationalist retreat from the mainland, as did clandestine aid to non-communist groups around and within China, including Li Mi's forces. However, events in Korea – specifically China's entry into the conflict at the end of 1950 – provided the crucial impetus for a massive expansion in covert action by OPC. The growth in resources and investment was remarkable: between 1949 and 1952, OPC's budget increased from under \$5 million to \$82 million, and its staffing from 302 to almost 3,000, with a further 3,000-plus contract personnel. A supporting policy framework was also established. On 17 January 1951, the NSC recommended an increase in defence assistance to Taiwan and Thailand, together with the provision of 'all practicable covert aid to effective anti-communist guerrilla forces in China'.<sup>12</sup> The following May, Truman approved NSC 48/5 as the administration's policy statement on Asia. While this stopped short of an explicit endorsement of covert action, it did nonetheless permit the taking of 'acceptable risks' in specific areas in pursuit of US security interests, and committed the US to supporting anti-communist Chinese

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<sup>12</sup> William O. Walker, *Opium and Foreign Policy: The Anglo-American Search for Order in Asia 1912–54* (Chapel Hill, NC: University of North Carolina Press, 1991), p. 200. The possibility that the US would seek to widen the Korean conflict was deeply concerning to the British. In January 1951, Attlee told Truman that 'I am left with the impression that the United States Government may wish to substitute for a policy of localising the conflict in Korea a policy aimed at developing limited action against China'. There was, Attlee warned, 'little doubt that a campaign of subversion of or guerrilla warfare against China involving the use of Chiang Kai Shek's men would certainly have that effect. I do not know whether such a project is intended by the United States Government, and I should like to know whether they would intend to recommend such action by the United Nations'. Truman replied on 9 January: 'We do not intend to recommend to the United Nations a campaign of subversion or guerrilla warfare against the mainland of China by Chinese national forces ... my chief concern is that [UN action in Korea] should be honest and honourable and directed to preserve the very essence of the great principle for which the United Nations was created – the principle of collective security'. Foreign Office to Washington, no. 87, FE/51/3, 8 January 1951, FO800/462, UKNA; Washington to the Foreign Office, no. 76, FE/51/6, 9 January 1951, FO800/462, UKNA.



elements 'both outside and within China with a view to developing and expanding resistance in China to the Peiping regime's control'.<sup>13</sup>

Clandestine support for Li Mi's Burma irregulars was consistent with this broad objective. With American troops under pressure in Korea, and with Truman's administration reeling from domestic criticism of its handling of Asian problems, any effort to divert Chinese attention from the Korean war must have seemed attractive to planners in Washington. US diplomats in Rangoon, however, were distinctly less enthusiastic. On 21 June 1951, Key told Acheson that 'positive action' was urgently needed to 'dissociate the US Government from any Americans who may be operating with Chinese troops on Burmese soil'.<sup>14</sup> By August, Key was warning the State Department that American participation in KMT operations constituted a 'serious impediment' to relations with the Burmese and made a 'mockery in Burmese eyes of our officially expressed desire to aid in the restoration of internal stability and to strengthen Burmese independence'. The KMT 'adventure', he reported, 'has cost us heavily in terms of Burmese goodwill and trust', and was 'prejudicing everything which we are trying to accomplish and threatens all our future prospects. Whatever the original justification may have been for these operations, it now seems obvious that they have failed to achieve useful results commensurate with the harm they have done our interests in Burma'.<sup>15</sup>

Worse was to come at the turn of the year, when China publicly charged the US with aiding the KMT, with allegations in the communist Chinese press and radio that US

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<sup>13</sup> NSC48/5, 'Statement of Policy on Asia', 17 May 1951, *FRUS*, 1951, vol. 6, part 1, pp. 33–39.

<sup>14</sup> Key to Acheson, 21 June 1951, *FRUS*, 1951, vol. 6, part 1, 1951, pp. 273–74.

<sup>15</sup> Key to Acheson, 15 August 1951, *ibid.*, p. 288.

warships were ferrying Nationalist reinforcements from Taiwan to Thailand and northern Burma.<sup>16</sup> On 3 January 1952, Soviet Foreign Minister Andrei Vyshinsky took the matter up in the UN General Assembly: China was the victim of aggression from the US and its allies; America was 'busily transferring Kuomintang troops from Taiwan to Thailand and to the western part of Burma on ships of the Seventh Fleet', was preparing large-scale military operations on the border of China through the 'military occupation' of local states and was planning to maintain Chinese Nationalist troops on the border of Thailand, Burma and China in preparation for 'new aggressive acts'.<sup>17</sup> The State Department issued an immediate rebuttal, and sought allied support for a more elaborate statement at the UN, which denied US involvement and claimed that Vyshinsky's allegations were aimed at justifying potential communist expansion in East Asia.<sup>18</sup> Despite British reservations (and outright opposition from the British delegation at the UN, which thought that Vyshinsky's claims of US complicity were quite justified<sup>19</sup>), the statement was delivered at the General Assembly on 28 January, where it was supported by the British and French. At the same time, the Burmese government was told that the 'supply of arms and equipment to these troops has been entirely eliminated or reduced to insignificant quantities'. After thorough investigation, the State Department had concluded that no US citizens 'are or have been involved'.<sup>20</sup>

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<sup>16</sup> Day to Acheson, 10 January 1952, *FRUS*, 1952–54, vol. 12, part 2, p. 1.

<sup>17</sup> A transcript of Vyshinsky's statement is in FO371/101008/FB1041/11, UKNA.

<sup>18</sup> USIS Daily Wireless Bulletin, 4 January 1952, FO371/101008/FB1041/2, UKNA.

<sup>19</sup> Hope, minute, 25 January 1952, FO371/101008/FB1041/23, UKNA.

<sup>20</sup> Day to U Tun Shein, Permanent Secretary, Burmese Foreign Office, 17 January 1952, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948–1955, Lot 58D3, box 1, RG59, USNA.

Publicly, the response from the Burmese was, if not exactly supportive, then at least more moderate than either the British or the Americans might reasonably have expected.<sup>21</sup> Privately, however, the Burmese representative at the UN, Myint Thein, was much less diplomatic: the Americans had 'lost the propaganda battle', he told Britain's ambassador, Sir Gladwyn Jebb. His government 'knew for a fact' that the bulk of the supplies reaching the KMT were passing through Thailand, and that they were being organised 'by American officers with the knowledge of the Pentagon, if not the State Department'.<sup>22</sup> Meanwhile, on 25 January, Burmese Foreign Minister Sao Hkun Hkio told Speaight that some 10,000 KMT troops were now present in Kengtung. The situation had become 'intolerable': the local authorities had no control outside Kengtung town itself, and the state faced a food crisis brought on by forced requisitioning by the KMT.<sup>23</sup> The opposition, reported the US embassy in Rangoon, was 'flailing' U Nu's government over its handling of the crisis, while Burma's communists were 'taking full advantage of the opportunity the question provides for anti-American propaganda'.<sup>24</sup>

By the start of 1952, therefore, the official US line on the KMT's presence in Burma faced open contradiction from America's enemies, private scepticism from its friends and continued unease among its own foreign service officials; one of them, Key, was so agitated that he resigned over the issue.<sup>25</sup> Other, more senior posts were also

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<sup>21</sup> Minute, Paul Scott, 1 February 1952, FO371/101008/FB1041/33, UKNA.

<sup>22</sup> Selwyn Lloyd to the Foreign Office, no. 68, 28 January 1952, FO371/101008/FB1041/19, UKNA.

<sup>23</sup> Speaight to the Foreign Office, no. 37, 25 January 1952, FO371/101008/FB1041/9, UKNA.

<sup>24</sup> Day (?) to Acly, 26 February 1952, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948-1955, Lot 58D3, box 1, RG59, USNA.

<sup>25</sup> Day to Acly (?), undated, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948-1955, Lot 58D3, box

voicing concern. The US ambassador in London, Walter Gifford, reported that the flood of complaints, which by now included a French protest over KMT-bound aircraft staging through Indochina, was rendering official US denials 'ineffective'. Unless the KMT problem was resolved and rumours of US complicity definitively scotched 'some of Vyshinsky's mud will stick'.<sup>26</sup> Gifford's counterpart in Delhi, Chester Bowles, was 'profoundly disturbed'; US assistance to KMT guerrillas would, he argued, jeopardise the US position in Korea, convince the Indian government that the US was intent on attacking China and igniting a wider regional war and place his personal credibility with the Indians at risk. The government was 'playing with fire'.<sup>27</sup>

Against this, there were countervailing arguments in favour of continued clandestine support. In March 1952, for instance, the US Joint Chiefs of Staff wrote to the Secretary of Defense, Robert A. Lovett, noting 'the military potential inherent in the Chinese Nationalist forces along the northern frontier of Burma'.<sup>28</sup> Diplomatic posts in Indochina, Taiwan and Hong Kong also pressed for US assistance for what was after all perhaps the only remaining source of armed opposition to the communist Chinese on the mainland. On 4 February Donald Heath, minister and later ambassador in Saigon, told Acheson that, if the US was not supporting guerrilla action against the communist Chinese, then it ought to be: 'we must be very certain of definite advantages in abandonment of ChiNat guerrillas before we let slip one of [the] few remaining area forces with some will to resist ChiComs'; the dangers of communist consolidation in South-East Asia, he concluded, far outweighed those posed by the

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1, RG59, USNA. Acly reports that the first official news of Key's 'retirement' had come in a telegram summarising Key's travel orders on 11 February 1952.

<sup>26</sup> Gifford to Acheson, 1 February 1952, *FRUS*, 1952-54, vol. 12, part 2, p. 5.

<sup>27</sup> Bowles to Acheson, 18 March 1952, *ibid.*, p. 21.

<sup>28</sup> Garver, *The Sino-American Alliance*, p. 154.

'affronted sensibilities of some Asian opinion or [the] professional hysterics of Sov[iet] spokesmen'.<sup>29</sup> Absolutely right, cabled Karl Rankin, America's staunchly pro-Nationalist ambassador in Taipei. The belief that US support for anti-communist forces in Asia would somehow provoke communists into aggressive action that they would otherwise not take was a 'common error ... fostered by Commie propaganda [which] simply plays into enemy hands by delaying or preventing effective US action while they perfect arrangements for [their] next aggression'.<sup>30</sup>

This was dismissed by Acheson. Any American assistance to irregular forces in Asia's independent states would have a 'most harmful effect in our relations with those nations'; the State Department 'firmly oppose any material assistance to them', and would take 'all feasible steps toward a final solution of this serious problem'.<sup>31</sup> In the absence of cooperation from Taipei, four main options appeared to present themselves: 1) the KMT remnants could be left in Burma, but this meant that they would remain 'a source of annoyance' to the Burmese government, would 'continue [to] offer [a] standing pretext for Chi[nese] Comm[unist] intervention and w[ou]ld become increasingly difficult to manage and restrain from provocative action'; 2) the troops could be disarmed and interned inside Burma, but how was unclear since the Burmese lacked the military capacity to do it; 3) they could be repatriated to Taiwan via Rangoon, but this was opposed by the Burmese Foreign Office for fear of offending Beijing; or 4) they could be repatriated to Taiwan via Thailand, but this was opposed by both the Thais and by the State Department because it would expose Thailand to possible Chinese attack. Given these complexities, Acheson concluded

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<sup>29</sup> Heath to Acheson, 4 February 1952, *FRUS*, 1952-54, vol. 12, part 2, p. 8.

<sup>30</sup> Rankin to Acheson, 16 February 1952, 790B.00/2-1652, CDF, box 4137, RG59, USNA.

<sup>31</sup> Acheson to New Delhi, 19 March 1952, 790B.00/3-1952, CDF, box 4137, RG59, USNA.

that the problem was 'essentially one for Burm[a] to solve'; the US conscience at any rate was clear, and its position 'beyond reproach'.<sup>32</sup>

While the US was clearly not as blameless as Acheson claimed, there were indications during the latter half of 1952 that, in official US circles at least, the appeal of the KMT in Burma may have begun to pall. In early September, the US army attaché in Taipei told the British consul that the Nationalist troops had been 'more or less' abandoned and 'now had to shift for themselves'. This was consistent with reports reaching the British from other sources suggesting that these forces no longer enjoyed 'enthusiastic' American support.<sup>33</sup> The following month, the acting director of the Office of South-East Asian Affairs, Bill Gibson, told a member of the British embassy in Washington that the KMT forces in Burma had received 'little or no reinforcements in arms or men for many months'. As a cohesive force, the Kuomintang amounted to 'next to nothing', and the US government regarded the resolution of the problem as a 'top priority' in its policy towards Burma.<sup>34</sup> Meanwhile, increased pressure was being brought to bear in Taipei. In October 1952 John Allison, the Assistant Secretary of State for Far Eastern Affairs, told Chiang directly that the KMT contingents in Burma were a 'liability to the anti-Communist cause and a disruptive factor in Southeast Asia, and that an effort should be made to withdraw them'.<sup>35</sup> The following December, Ne Win was told that the US was 'fully aware of the dangerous

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<sup>32</sup> Acheson to Saigon, 12 February 1952, *FRUS*, 1952-54, vol. 12, part 2, p. 9.

<sup>33</sup> Paul Scott, minute, 24 September 1952, FO371/101012/FB1041/114, UKNA.

<sup>34</sup> Tomlinson to Tahourdin, 21 October 1952, FO371/101012/FB1041/118, UKNA.

<sup>35</sup> Taipei to the State Department, 21 May 1952, *FRUS*, 1952-54, vol. 12, part 2, p. 35.

potentialities' of the KMT problem, and was 'thinking about ways and means' to resolve it.<sup>36</sup>

This apparent hardening in US attitudes was maintained as Eisenhower's government took office in January 1953. Ten days into its term, on 29 January, the new administration spelt out its position on the KMT in Burma in a lengthy dispatch to Taipei. The US 'must make a vigorous attempt to eliminate the explosive situation resulting from the presence of Chinese Nationalist troops in Burma'. The Taipei embassy was instructed to convey to Chiang the 'view of the United States Government that the Chinese Nationalist troops in Burma are a disruptive influence in Burma and Southeast Asia and consequently a threat to security', and to urge on him 'measures to put an end to the activities of these troops in Burma and make it possible for them to return to Formosa'. The US 'wishes to make suggestions looking toward a solution with the knowledge that President Chiang concurs in the desirability of supporting measures which improve the stability of independent states and strengthen their sovereignty'. American plans envisaged the evacuation of around 3,000 KMT troops – the minimum deemed necessary to convince the Burmese that the US had tried its best – via Thailand or, failing that, by air from Rangoon.<sup>37</sup>

Chiang had already rejected repatriation when Allison had broached the possibility during his interview in Taiwan the previous October.<sup>38</sup> There was little reason to

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<sup>36</sup> Memorandum of conversation between Sebald and Ne Win, 18 December 1952, 790B.00/12-1852, CDF, box 4137, RG59, USNA.

<sup>37</sup> State Department to Taipei, 29 January 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>38</sup> Taipei to the State Department, 21 May 1953, *FRUS*, 1952–54, vol. 12, part 2, p. 35.

suppose that he had changed his mind since, and the January statement offered no fresh ideas as to how he might be made amenable other than a vague appeal to Burmese sovereignty, a consideration unlikely to carry much weight in Taipei. For all the evident worthlessness of Li Mi's troops as a military force, Rankin warned the State Department, Chiang remained convinced that their presence constituted 'a useful guard against the Communist threat to Indo-China and possibly an actual deterrent to systematic infiltration southward by Chinese Communist forces'. In any case, neither the government in Taiwan nor commanders on the ground in Burma exercised effective control over the bulk of the KMT irregulars, and would be unable to extract them even if they agreed to do so.<sup>39</sup>

In Burma, meanwhile, Eisenhower's arrival in office coincided with a marked increase in KMT military activity. In January, the Burmese War Office reported clashes with KMT troops near Lashio in the Shan State and further north around Bhamo, in Kachin State.<sup>40</sup> The KMT also reached a local agreement with Karen insurgents, and KMT troops began to move into KNU-held territory along the Thai border, pushing as far south as Thaton on the Indian Ocean. In February 1953, a joint Karen-KMT operation was launched against the Karenni capital Loikaw.<sup>41</sup> Thanks to the KMT, the US embassy reported, the security situation had been 'thrown back to

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<sup>39</sup> Rankin to Allison, 18 December 1952, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949-55 and miscellaneous, 1950-56, Lot 58D207, box 4, RG59, USNA.

<sup>40</sup> Rangoon to the State Department, 16 January 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949-55 and miscellaneous, 1950-56, Lot 58D207, box 4, RG59, USNA.

<sup>41</sup> Smith, *Burma*, p. 153. Contacts between the KMT and the Karen were not new; the two had carried on an arms trade since at least April 1950 in south-west Kengtung, and they are also likely to have collaborated in the area's opium business. Bowker to the Foreign Office, no. 275, 7 July 1950, FO371/83113/FB10110/9, UKNA.



where it was three years ago ... the advances in security which the Burmese government succeeded in making during its first five years of independence have been nullified'. Burma was fighting 'what amounts to an international war, with the aggressor on her own soil. The KMT activity has laid all parts of Burma open to such attacks as the communists and minorities may desire to make, since the bulk of the Burmese Army is required to fight the KMT'.<sup>42</sup> Politically, the effect was just as serious 'since the [Burmese] Communists can now, with more reason than ever before, call for the Government to unite with the commie insurgents to repel the KMTs'.<sup>43</sup>

This escalation appears to have had a galvanising effect in Washington. On 19 February, Secretary of State John Foster Dulles told Rankin that the situation in northern Burma was deteriorating so badly that 'it does not admit of further delay'. Rankin was instructed to extract from Chiang an assurance that Li Mi would be ordered out of Burma forthwith, and that arrangements for the evacuation of his forces would be made without delay.<sup>44</sup> At the time, Chiang was in Kaohsiung in southern Taiwan, but such was the pressing nature of the problem that it could not wait, and Rankin was told to fly directly there to see him. Despite this demonstration of resolve, Chiang proved no more receptive than he had previously: asking him to order Li Mi's

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<sup>42</sup> According to a Rangoon newspaper, the KMT mustered more troops than the communist and Karen insurgencies combined. *The Nation*, Rangoon, 16 April 1953, cited in Robert H. Taylor, *Foreign and Domestic Consequences of the KMT Intervention in Burma* (Ithaca, NY: Cornell University Press South-east Asia Program, 1973). Estimates of the KMT's total troop strength in Burma vary from around 12,000 (the figure most contemporary observers appear to have settled on) to 18,500 (given in Garver, *The Sino-American Alliance*, p. 154).

<sup>43</sup> Franklin to Blancke, 3 March 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>44</sup> Dulles to Taipei, 19 February 1953, *FRUS*, 1952–54, vol. 12, part 2, p. 53.

troops out was 'asking the impossible', and in any case did not, he argued, correspond with stated US policy towards 'Free China' more broadly.<sup>45</sup> This gambit did not fly: the US, Dulles replied, 'cannot believe [that the] free Chinese policy supports hostile acts against [a] non-Communist Government in utter disregard [of] its sovereignty. Moreover, [the] US does not see how troops engaged in marauding acts deep within Burma are providing effective support [to the] Yunnanese resistance against Communists and thus fails to see how [the] withdrawal [of] these troops from Burma would significantly weaken such resistance'.<sup>46</sup>

Continued pressure in Taipei finally produced results on 7 March, when Yeh told a member of the US embassy that Li Mi had agreed that a fact-finding mission of US, Chinese and Burmese officers should pay a visit to his troops in Burma to investigate the practicability of their removal. In the meantime, Taipei would seek to persuade Li Mi to confine his forces where they were currently deployed, and to refrain from offensive action against the Burmese. The Nationalist government also promised to suspend its monthly payments to Li Mi (for medical supplies, it was claimed), would do its best to prevent the raising of fresh private finance and would not allow further supply flights from Taiwanese airfields.<sup>47</sup> While the Nationalists restated their belief that Li Mi's contingents could still serve a useful purpose and should be retained, the offer was nonetheless better than nothing, and it was conveyed to the Burmese government on 10 March. By now, however, U Nu had taken matters into his own hands. On 3 March, he told the Burmese parliament that he intended to raise the KMT problem at the United Nations. Two weeks later, on 17 March, the US government

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<sup>45</sup> Rankin to the State Department, 22 February 1953, *ibid.*, p. 57.

<sup>46</sup> Dulles to Taipei, 24 February 1953, *ibid.*, p. 59.

<sup>47</sup> Taipei to the State Department, 7 March 1953, *ibid.*, p. 66, fn. 1.

was given notice that Burma was terminating its economic cooperation agreement 'until such time as the Government of the Union of Burma are able to settle the KMT issue completely'.<sup>48</sup>

### **The effects of the KMT crisis on US economic and military relations**

Burma was the first (and, with Cambodia, seemingly the only) country to unilaterally sever an aid agreement with America, and the decision appears to have badly wrong-footed US officials. A National Intelligence Estimate (NIE) issued barely three weeks beforehand, covering possible developments to the end of 1953, saw no reason why Burma should not continue to accept US economic and military aid. Aid officials in Burma were as active as ever (the agricultural advisor, for instance, had stood as a judge in a flower show in Rangoon in February), and planners in Washington were busy developing programmes covering US assistance into 1955.<sup>49</sup> At the same time, however, US observers freely acknowledged the corrosive effects the increase in KMT activity was having on Burma's security and political life, and on America's reputation for integrity. The KMT problem, the Rangoon embassy reported, 'dominated the political scene'; Burmese politicians were 'frustrated and disillusioned at not being able to find a quick, satisfactory solution through diplomatic channels'. Press criticism of the United States had become 'unremitting', and the credibility of US propaganda work in Rangoon had been 'seriously jeopardised'. Until the problem was resolved, US relations with the Burmese would remain 'precarious'.<sup>50</sup>

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<sup>48</sup> Sebald to the State Department, 17 March 1953, *ibid.*, p. 74.

<sup>49</sup> NIE-74, 'Probable Developments in Burma Through 1953', 20 February 1953, *FRUS*, vol. 12, part 2, 1952-54, p. 54; 'Comments on ECA's Proposed FY54 Program for Burma', undated, records relating to the Mutual Security Assistance Program (Far East), 1949-1954, Lot 57D472, box 1, RG59, USNA.

<sup>50</sup> Rangoon to the State Department, 23 April 1953, 790B.00/4-2353, CDF, box 4138, RG59, USNA; 'KMT Troops in Burma', 5 March 1953, records of the Director, Office of Philippine and Southeast

The US embassy dispatched its assessment of the motives for and implications of the termination of the aid agreement on 19 March. Clearly, the tensions generated by the KMT issue were instrumental. Even so, the decision to cancel aid had been taken with the 'utmost reluctance', and was the result of a 'serious crisis' within the AFPFL, 'some of whose members have in effect accused the Prime Minister and some of his colleagues of accepting "hush money" in the guise of United States aid for their complacency in the matter of the KMT troops'. The step was 'clearly not thought through' and 'shows ignorance of the consequences such a move might have with respect to United States public opinion'. Nonetheless, caution was required: the US must not 'lose sight of the important objective of keeping Burma out of the Communist camp – a process which might be accelerated by too hasty a reaction on our part'.<sup>51</sup>

Officials in the State Department agreed. Anything other than a 'sympathetic view' risked 'losing the confidence of the GOB ... and in the long run perhaps even losing Burma to the Free World'.<sup>52</sup> U Nu's 'factitious' linkage of aid with the KMT problem could not, however, be allowed to stand, and Sebald was instructed to tell the prime minister that, unless the two issues were separated, US diplomatic efforts to resolve the crisis would have to end. U Nu was also told that American aid 'could not be turned on and off like a faucet'; if the current agreement was curtailed 'it would be

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Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>51</sup> Day to Bonsal, 19 March 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>52</sup> *Ibid.*

very doubtful that there would be anything for Burma in 1954'.<sup>53</sup> The Burmese conceded the first point, and references to the KMT were deleted in a revised document giving notice of the termination of aid.<sup>54</sup> The decision itself was not, however, rescinded, and the aid programme was officially ended on 30 June 1953. Although several ongoing projects continued, and the Burmese later asked if they could have all of the outstanding \$31 million in aid allotted to them, some \$10 million-worth of programmed assistance was pointedly cancelled by the United States in an effort to make the Burmese 'suffer somewhat the consequences' of their decision.<sup>55</sup>

Burma's concerns about the KMT were part of wider unease over the trajectory of American policy more generally in the early months of 1953. In particular, Burmese politicians worried that Eisenhower's arrival in the White House might signal a new and more belligerent US posture in Asia. Eisenhower's inaugural address, which cast the confrontation with communism in apocalyptic terms that spoke of freedom 'pitted against slavery' and 'lightness against the dark', was criticised in parts of the Burmese press as dangerously provocative, and Burmese officials expressed deep concern at the president's early decision to withdraw the US Seventh Fleet from the Taiwan

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<sup>53</sup> 'Political Developments in Burma as a Result of the KMT Crisis', 27 March 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>54</sup> 'Transmittal of Documents Concerning Termination of Economic Cooperation Agreement', 26 March 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>55</sup> 'Status of Burma Program', 24 September 1953, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 14, RG469, USNA.

Strait.<sup>56</sup> On 4 February, Sao Hkun Hkio told Sebald that his government was 'gravely concerned' that China might now move against the KMT in Burma on the pretext that the Nationalists, no longer constrained by the presence of American warships, were preparing an attack across the Burmese border in coordination with strikes on the mainland from Taiwan.<sup>57</sup> The fact that Burma was receiving progressively less in American aid may also have influenced the decision to end it. In 1952, general cuts in the overseas aid budget reduced assistance from an estimated \$18 million to just over \$12 million for the 1953 financial year, and further reductions of around 30% were planned for 1954.<sup>58</sup> A post-mortem on the end of the aid deal, written in December 1953, suggested that a contributory factor may also have been political complications arising from tensions between the two senior aid officials in Rangoon, Abbot Low Moffat, the head of the aid mission, and his deputy, Frank Trager.<sup>59</sup>

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<sup>56</sup> Rangoon to the State Department, 17 June 1953, 611.90B/6-1753, CDF, box 2856, RG59, USNA. The deployment of the Seventh Fleet was authorised by Truman in the opening days of the Korean conflict in June 1950. It was designed to prevent communist moves against Taiwan, and to discourage Nationalist attacks on the mainland. Like much else in US China policy, Eisenhower's redeployment of the fleet owed more to domestic political pressures and tensions within the administration than to any significant change in overall US strategy, and neither Eisenhower nor Dulles were any more supportive of a Nationalist invasion of the mainland than Truman had been. On the so-called 'unleashing' of Chiang, see Nancy Bernkopf Tucker, 'A House Divided: The United States, the Department of State and China', in Warren Cohen and Akira Iriye (eds), *The Great Powers in East Asia, 1953-1961* (New York: Columbia University Press, 1990), pp. 43-45.

<sup>57</sup> Sebald to the State Department, 4 February 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 51.

<sup>58</sup> 'Burma FY53 Allocation', 17 October 1952, records relating to the Mutual Security Assistance Program (Far East), 1949-1954, Lot 57D472B, box 1, RG59, USNA; Rangoon to the State Department, 10 June 1952, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-1961, box 14, RG469, USNA.

<sup>59</sup> 'Why Did Burma Pull Out of ECA?', 11 December 1953, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-1961, box 14, RG469, USNA.

Difficulties over US economic aid increased the political significance of military assistance. American planners had begun to think about the provision of military aid towards the end of 1952, ahead of Ne Win's visit to the United States that October. Burma, officials believed, certainly seemed to need urgent military help, and did not appear to be getting enough of it from the British. According to Sebald, Ne Win and his officers were becoming increasingly impatient with what they considered a 'dragging of feet and a lack of forthrightness' from the BSM; the UK was supplying 'just enough material to keep their campaign moving but *not* enough to risk the capture of important quantities by a possible aggressor'. British planners were 'treading too softly and too slowly, when in Southeast Asia time is of the essence and the Burmese Government sorely needs encouragement in its determination to defend itself'. The British, Sebald concluded, had to be 'awakened to the necessity for giving more realistic satisfaction if Burma is to be developed into a free world bulwark'.<sup>60</sup>

This was a ticklish problem. On the one hand, Burmese interest in military aid, evinced by Ne Win's visit, was 'a favourable indication of [the] Burmese attitude toward the US' – a particularly valuable commodity given the strains the KMT crisis was causing.<sup>61</sup> On the other, the US did not wish to usurp the British as Burma's principal source of arms, partly out of sympathy for British sensitivities, and partly because it suited US planners to let someone else do the work.<sup>62</sup> Officials were also

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<sup>60</sup> 'Reimbursable Military Assistance for Burma', 29 September 1952, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>61</sup> 'Random Observations on US Military Assistance to Burma', undated, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>62</sup> *Ibid.*

aware that Britain's conservative supply policy stemmed at least in part from legitimate concerns about the general proliferation of uncontrolled arms in South-East Asia, many of which were finding their way to communists in China and Malaya.<sup>63</sup> Accordingly, while 'we should not be stampeded into running to the British with inordinate exhortations, we should take counsel with them to ensure that Burma gets what it needs'.<sup>64</sup> Copies of correspondence with the Burmese on arms questions were passed on to the Foreign Office, and British officials were assured that the United States regarded Britain as Burma's primary source of military supplies, had no wish to compete and would seek British advice as soon as the Burmese came up with a definite request.<sup>65</sup> Privately, however, American officials were contemplating a larger role; as one put it, if the UK did not 'sharpen up its diplomacy and [manage] its British Services Mission in such a manner as to give the Burmese at least an impression of satisfaction, the US may have to step in by default'.<sup>66</sup>

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<sup>63</sup> *Ibid.* The problem of arms-trafficking in South-East Asia had been one of the subjects discussed at the tripartite conference of American, British and French defence officials in Singapore in May 1951. The conference had concluded that steps should be taken to 'prevent the smuggling of arms and military equipment' and to stop 'the creation or building up of stocks of arms' on the periphery of South-East Asia; to that end, the Burmese government 'should again be asked to exercise a greater degree of control over facilities for the export of arms'. 'Report of the Tripartite Talks Held at Phoenix Park, Singapore, 15-18 May 1951', FO371/93081/FZ1197/91, UKNA.

<sup>64</sup> Foster to Aclay, 24 October 1952, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949-55 and miscellaneous, 1950-56, Lot 58D207, box 4, RG59, USNA.

<sup>65</sup> Scott to Bancroft, 18 December 1952, FO371/101023/FB1194/71, UKNA.

<sup>66</sup> Minute, undated, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949-55 and miscellaneous, 1950-56, Lot 58D207, box 4, RG59, USNA.



The Burmese made their approach on 10 March 1953, with an order for materiel including artillery, tanks, radar, ammunition, guns, grenades and mines.<sup>67</sup> This was just before the economic aid agreement was cancelled, and the KMT problem was very much on Burmese minds. A generous response, the Americans were told, would be taken in Rangoon 'as a test of sincerity and goodwill'; failure or 'inordinate delays' would be interpreted as 'a desire to protect their friends the Chinese Nationalist troops and to deny help to the Burmese in disposing of them'.<sup>68</sup> Unless aid was forthcoming, Sebald warned, Burma might seek a 'political accommodation' with the communist Chinese.<sup>69</sup> This American planners could not countenance, and the Burmese government was accordingly told that any requests for military assistance would be received 'with sympathy'. Negotiations began at the end of April, and an agreement providing for reimbursable military aid was signed on 9 June 1953.<sup>70</sup>

The signature of the aid deal prompted a lively discussion on the implications of US military assistance between Sebald and the US ambassador in London, Winthrop W. Aldrich. Aldrich was strongly opposed to the provision of aid; however tactful the approach, the British were 'bound [to] resent US participation and competition in [a] field heretofore largely monopolized by [the] UK'. Britain regarded Burma as one of its 'few remaining spheres of influence' in South-East Asia; once the US started to play an 'active and independent role in giving military assistance to a country, we

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<sup>67</sup> Rangoon to the Department of the Army, 10 March 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>68</sup> Rangoon to the Foreign Office, 6 May 1953, FO371/106712/FB1193/26, UKNA.

<sup>69</sup> Sebald to the State Department, 22 October 1952, *FRUS*, 1952–54, vol. 12, part 2, p. 34.

<sup>70</sup> State Department briefing paper, 5 August 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

undermine already sadly depleted British prestige to [the] point that [the] British are no longer able to carry effectively [a] significant share of the burden'. On balance, Aldrich argued, the 'junior partnership' with the British should be maintained, even if it meant 'playing second fiddle' to a less powerful nation.<sup>71</sup> Not so, argued Sebald; to be sure, it was not in the United States' interest to weaken British prestige in Burma, nor to replace Britain 'in [a] position of proctorship'. The fact remained, however, that the British had 'exhausted their once ample reservoir of prestige in Burma through their propensity to use their preferred position as [a] lever with which to exercise [a] measure of control over these highly nationalistic people'. Any suggestion that the US, by refusing to supply military aid itself, was in tacit agreement with this policy would 'gratuitously offend Burma's aspirations for freedom of action, lend credence to charges of American support for colonial practices by metropolitan powers [a reference, presumably, to US backing for the French in Indochina] and discard [the] opportunity to demonstrate [the] avowed American desire [to] assist free Asian countries [to] maintain their freedom in [the] face [of] Communist pressures'.<sup>72</sup>

Sebald's arguments prevailed, and in late October 1953 the State Department decided that 'prompt and favourable action' should be taken to meet Burma's arms requests. Problems with the British were not, however, easily overcome. The BSM thought many of the items the Burmese were asking for were simply duplicated in requests the British themselves were fielding; others, jet planes for example, were 'absurd' and far beyond Burmese capacities to use.<sup>73</sup> According to Speaight, both the US and the UK 'want to see the Burmese forces become more efficient and realise that they have an

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<sup>71</sup> Aldrich to the State Department, 17 September 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 141.

<sup>72</sup> Sebald to the State Department, 28 September 1953, *ibid.*, p. 149.

<sup>73</sup> Ward to the Foreign Office, 29 July 1953, FO371/106713/FB1193/31, UKNA.

important role to fill in the fight against Communism in South-East Asia. But I fear that the Americans may easily go a long way towards defeating our common object unless they are willing to accept advice from us'.<sup>74</sup> To that end, the State Department was told that Britain was prepared to supply the bulk of the items the Burmese had requested from the United States; American assistance was justified only in cases where no British equivalents existed, or where delivery dates could not be met.<sup>75</sup> Jet planes and the like may well be unwise purchases, Speaight advised the Foreign Office, but 'we need not worry unduly so long as the new toys do not interfere with the proper development of the Burmese armed forces'.<sup>76</sup>

According to Sebald, reporting from Rangoon, continued British opposition to US military aid left the State Department in an 'invidious position'. There were, he reported, three alternatives. The US could refuse to sell anything at all, sell selected items approved by the British or, if agreement was impossible, ignore the British and go ahead unilaterally. Of the three, Sebald much preferred unilateral action, a position strengthened by the termination of the BSM in January 1954.<sup>77</sup> Meanwhile, Burmese irritation at continued procrastination in Washington appeared to be growing; in December 1953, Ne Win told the US army attaché in Rangoon that he had lost confidence in the United States and was 'resigned to getting along without American

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<sup>74</sup> Speaight to the Foreign Office, 30 July 1953, FO371/10671/FB1193/31, UKNA.

<sup>75</sup> Minute, 2 October 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>76</sup> Speaight to the Foreign Office, 30 July 1953, FO371/10671/FB1193/31, UKNA.

<sup>77</sup> Sebald to the State Department, 30 October 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

arms'.<sup>78</sup> In response, diplomatic pressure increased in London, and in March the two sides reached agreement on a list of items that the US should supply.<sup>79</sup> While 'we well recognise that our friends the British have been something less than cooperative in the matter of arms', remarked the Deputy Assistant Secretary of State for Far Eastern Affairs, Everett Drumright, in April, 'at least we have finally got to the point where the Burmese are free to put in a bid for certain equipment – if they still wish to do so'.<sup>80</sup>

The main problem now, officials thought, was cost. In all, Burma's requests amounted to just under \$70 million, well out of reach of the country's limited finances; Ne Win, Drumright reported, 'was talking of bargain basement specials despite all efforts to disabuse him'.<sup>81</sup> Since the Burmese could not buy everything they wanted, and for legal reasons prices could not be cut to accommodate them, some portion of their request had to be given gratis, and at the end of October 1954 the US government approved grant aid. The following February, the Burmese were told that America was prepared to supply military equipment, and to defray some of the cost by furnishing a portion of it as grant assistance.<sup>82</sup> In parallel, the long-standing policy of consultation

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<sup>78</sup> 'Burma Facing Serious Arms Supply Problem', 22 January 1954, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>79</sup> Sarell to the Foreign Office, 24 March 1954, FO371/111988/DB1193/37, UKNA.

<sup>80</sup> Drumright to Sebald, 1 April 1954, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>81</sup> 'Memorandum for the Director, Office of Military Assistance', 9 December 1953, and Drumright to Sebald, 1 April 1954, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>82</sup> 'Proposed Sale of Arms and War Materials to Burma', 22 February 1955, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

and coordination with the British was revised. Writing in January 1955, a Foreign Office official noted that 'the Americans do not seem to be as cooperative with us about military matters in Burma as they have been in the past'. With the departure of the BSM 'they no doubt feel that they have an opportunity now to move in on our former preserve'.<sup>83</sup>

### **A problem deferred**

The progress American officials made in discussing military aid indicated that Burma's military leaders at least were not prepared to let the KMT problem damage other important areas of bilateral concern. The termination of the aid agreement was nonetheless an embarrassment for the new administration in Washington, and Dulles responded by increasing the diplomatic pressure in Taiwan.<sup>84</sup> American assistance to Chiang's regime, he told Rankin on 18 March, the day after the news that the Burmese were cancelling their aid deal, was 'predicated on close cooperation. If such cooperation in essentials is not forthcoming, [the] foundation of the program is weakened'.<sup>85</sup> Rankin saw Chiang again on 21 March, and put to him the suggestion that Taiwanese refusal to give way could prompt Washington to rethink its aid

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<sup>83</sup> Minute, MacCleary, 4 January 1955, FO371/111990/DB1193/80, UKNA.

<sup>84</sup> The termination of the aid deal, and the KMT debacle more broadly, received widespread critical attention in the US press. See, for instance, 'Burma Drops Aid From US In Protest', *Washington Post*, 29 March 1953, p. M12; 'Halt Financial Aid This June! Burma Tells US', *Chicago Daily Tribune*, 29 March 1953, p. 28; and 'Burma Aid Action Dilemma for the US', *New York Times*, 31 March 1953, p. 3 (the subtitle of which read: 'Feeling Is Nothing Can Be Done About Rejection of Help, But It Is Causing Concern'). In an editorial on 1 April 1953, the *Washington Post* told its readers that the 'American escutcheon in the eyes of Asia, if not the free world, is badly smudged by the charges that the Burmese are making. If these charges [of US complicity] have even a grain of truth in them, they betray an odd notion of how to influence people and make friends Asia': 'Here's a Pretty Mess', *Washington Post*, 1 April 1953, p. 14.

<sup>85</sup> Dulles to Taipei, 18 March 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 73, fn. 3.

plans.<sup>86</sup> Three days later, Yeh gave Rankin an informal letter stating that his government had agreed in principle to the withdrawal of Li Mi's forces. Taipei could not, however, be held responsible for failing to accomplish 'more than was feasible and reasonable under the circumstances'. Moreover, news of Taipei's agreement was to be kept secret until ways had been found to implement the evacuation.<sup>87</sup> Although Rankin accepted this as adequate, his colleagues did not: the caveats Yeh had appended rendered Taipei's agreement to the principle of evacuation 'virtually meaningless and unsatisfactory as [a] basis for settlement', while Taiwan's refusal to make a public statement nullified the key immediate object of securing such an agreement, namely inducing the Burmese to think again about their appeal to the UN. Yeh's approach was accordingly rejected, and Rankin was instructed to press for a straightforward, formal statement of agreement that the US could pass on to Rangoon.<sup>88</sup>

Whether this would have been enough to keep the matter out of the UN is, however, doubtful. Having publicly committed his government to action, U Nu had little choice but to press ahead, and on 25 March the Burmese government formally requested that Burma's complaint be placed on the General Assembly agenda. The resolution Burma proposed charged the KMT with violating international law, called on the Assembly to condemn the KMT government in Taiwan as an aggressor and requested member states to 'take all necessary steps to ensure the immediate cessation' of hostile acts against the Burmese state.<sup>89</sup> In London, meanwhile, British officials were beginning

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<sup>86</sup> Rankin to the State Department, 21 March 1953, *ibid.*, p. 79.

<sup>87</sup> Rankin to the State Department, 24 March 1953, *ibid.*, p. 84.

<sup>88</sup> Dulles to Taipei, 26 March 1953, *ibid.*, p. 84.

<sup>89</sup> The text of the Burmese resolution is in FO371/106685/FB1041/62, 26 March 1953, UKNA.

to wonder whether they should get involved. Since the Burmese plainly would not be deterred from pressing their resolution, the primary aim was to ensure that its wording was as innocuous as possible.<sup>90</sup> The British alternative called on the KMT troops in Burma to surrender, requested the authorities in Taipei to use their influence to arrange for the removal of these troops to Taiwan and suggested the appointment of a conciliator to negotiate along these lines with the governments and authorities concerned. These alternative suggestions were passed to the ambassador in Washington, Oliver Franks, who was told to discuss them with the State Department to see whether the US could support them.

The reaction from officials in Washington was lukewarm, particularly over the proposal to appoint a conciliator to manage negotiations. Appointing a conciliator, the British were told, would do more harm than good, and was no more than 'window dressing'.<sup>91</sup> This rebuff was not well received in London, where it was deemed scant thanks for an initiative that was, after all, designed to help the US out of a problem that the British unanimously thought was largely of its own making.<sup>92</sup> Nonetheless, doing nothing was unacceptable: the Burmese had asked for British support in the UN and for advice on how to handle the debate, and Eden was not in any case prepared to leave the floor open to the communist delegations without making some form of supportive statement as an earnest of British good faith.<sup>93</sup> The West's relations with

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<sup>90</sup> Tahourdin, minute, 2 April 1953, FO371/106686/FB1041/72, UKNA.

<sup>91</sup> Makins to the Foreign Office, no. 729, 7 April 1953, FO371/106686/FB1041/71, UKNA.

<sup>92</sup> Paul Scott, minute, 9 April 1953, FO371/106686/FB1041/71, UKNA.

<sup>93</sup> Speaight to the Foreign Office, no. 144, 9 April 1953, FO371/106686/FB1041/77; Foreign Office to Washington, no. 1,600, 11 April 1953, FO371/106686/FB1041/71, UKNA.

Burma and Asia more generally, Jebb was told on 16 April, 'will be prejudiced if we do not display considerable sympathy and readiness to help'.<sup>94</sup>

The committee debate on Burma's draft resolution began on 17 April. It lasted for four days, with a final plenary session of the General Assembly on 23 April. The Burmese representative, Myint Thein, opened proceedings with what the British regarded as a convincing and well-documented case.<sup>95</sup> Little in it was new, though Burmese estimates of the increase in KMT strength, from 1,500 in 1950 to 12,000 by 1952, were significantly higher than expected. Much of the Burmese statement concerned links between Li Mi's forces and the authorities on Taiwan: US involvement escaped mention beyond a reference to three 'Caucasians' found among the dead from the fighting in early 1953, and Myint Thein contented himself with an attack on Thailand for its involvement in cross-border trafficking. Over the following days, delegations from Poland and the Soviet Union all hinted at American involvement, but no direct charges were made. Jebb met his brief to support the Burmese complaint against Li Mi, but not the further charge of Taiwanese aggression, and the US representative, Henry Cabot Lodge, concentrated on the efforts the US had been making to secure the troops' withdrawal. Behind the scenes, the US and British delegations prevailed upon Mexico to table an alternative resolution, which stopped short of condemning Taiwan and instead recommended that existing efforts to secure the evacuation of 'foreign forces' from Burma should continue. This was accepted unanimously in the General Assembly, and officials in London congratulated themselves on a diplomatic job well done.<sup>96</sup>

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<sup>94</sup> Foreign Office to UK UN delegation, no. 370, 16 April 1953, FO371/106686/FB1041/85, UKNA.

<sup>95</sup> Scott, minute, 23 April 1953, FO371/106687/FB1041/103, UKNA.

<sup>96</sup> Scott, minute, 23 April 1953, FO371/106687/FB1041/106, UKNA.



The Burmese were in fact decidedly unhappy with the outcome of their appeal, to the point that, later in the year, senior figures openly contemplated withdrawing from the UN altogether.<sup>97</sup> Nonetheless, the public ventilation of the KMT problem did at least seem to breathe some new life into efforts to resolve it. On 22 April, Sebald was told that the Burmese government was prepared to suspend military operations against the KMT to enable the US to 'exercise its good offices'.<sup>98</sup> On the same day, the Nationalist government publicly announced its intention to cooperate in the withdrawal of Li Mi's troops.<sup>99</sup> Meanwhile, the US pressed ahead with efforts to set up a mechanism to oversee the evacuation via a multinational commission based in Bangkok. On 27 April, the Thai government indicated its willingness to participate, and the following day the Burmese told Sebald that, although they could not deal directly with the Nationalist Chinese because of their diplomatic links with Beijing, indirect contacts were acceptable via the committee's US and Thai representatives.<sup>100</sup>

Whether the Burmese actually expected anything concrete to result was, however, doubtful: on 5 May, Sao Hkun Hkio told Speaight that his government had 'abandoned hope of a peaceful withdrawal and had gone back to the belief that the KMT question is only going to be solved by force of their own arms'.<sup>101</sup> Rejecting the commission before its work had even begun seems nonetheless to have been judged impolitic, and a Burmese representative, Colonel Aung Gyi, was duly appointed. After some chivvying in Taipei, the Chinese Nationalists nominated their

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<sup>97</sup> Speaight to the Foreign Office, no. 355, 17 September 1953, FO371/106690/FB1041/201, UKNA.

<sup>98</sup> Sebald to the State Department, 22 April 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 98, fn. 5.

<sup>99</sup> Speaight to the Foreign Office, no. 160, 23 April 1953, FO371/106690/FB1041/108, UKNA.

<sup>100</sup> Sebald to the State Department, 22 April 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 99, fn. 2.

<sup>101</sup> Speaight to Tahourdin, no. 1091/119, 6 May 1953, FO371/106688/FB1040/131, UKNA.

representative, Colonel I Fu-de, on 6 May. Li Mi refused to participate and no representative of the KMT in Burma was present at the committee's meetings.

The 'Joint Military Committee for the Evacuation of Foreign Forces from Burma' met for the first time on 22 May, in Bangkok.<sup>102</sup> Progress was slow, partly for procedural reasons (the Burmese refusal to deal directly with the Chinese necessitated alternating meetings between the two delegates), and partly because the Nationalist delegates did their best to delay. The main early sticking-point was a Nationalist demand for a general ceasefire prior to evacuation, which the Burmese rejected on the reasonable grounds that this would benefit not only the KMT, but also the government's various other insurgent opponents. Confidence in the committee's prospects was not helped by reports that groups within the Nationalist government were lobbying not only to prevent the withdrawal of Li Mi's contingents, but also for supplies to them to continue. According to the British consulate at Chiangmai, CAT planes were still ferrying arms and ammunition to Li Mi's irregulars; one flight, on 28 June, had apparently been photographed by the Burmese.<sup>103</sup>

Preliminary agreement within the committee on a US-drafted evacuation plan was reached on 22 June, a month after the talks had first convened. This stipulated that, once arrangements for evacuation were in place, the Burmese would establish a ceasefire and safety zones to allow KMT troops to assemble and hand over their

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<sup>102</sup> 'Approval of Draft Agreement Submitted by Bangkok Committee on Evacuation of Chinese Irregulars from Burma', 3 July 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>103</sup> Clemens, minute, 16 July 1953, FO371/106689/FB1041/172; Stewart to Tahourdin, FO371/106689/FB1041/172; Stewart to Tahourdin, 25 July 1953, FO371/106689/B1031/167/53G, UKNA.

weapons. They would then be evacuated by air from Myitkyina, Lashio and Moulmein in the south; other groups would go by road via Tachilek, from where they would cross into Thailand for eventual airlift to Taiwan from Chiengmai.<sup>104</sup> This necessarily complex scheme did little to improve outside expectations. In London, officials thought that, while some of the 'mess' may well be cleared up, a 'residual problem' would remain, which US exhaustion would compel the British to tackle themselves.<sup>105</sup> The Americans too did not expect complete success, partly because by now they accepted Taipei's contention that its control over the semi-autonomous Burma contingents was indeed incomplete.

Opposition to the evacuation scheme among commanders on the ground in Kengtung (what officials called the 'jungle generals') coalesced around the 'recalcitrant' figure of General Li Tse-fen. At the end of June, he and his associates held a lengthy if unproductive meeting with Edwin Stanton, the US ambassador in Bangkok, during which the general repudiated the UN's April resolution as illegal, rubbished the prospects for evacuation and insisted on extensive Burmese guarantees for the protection of the KMT's non-Chinese 'allies' in Kengtung.<sup>106</sup> These demands were duly rejected by the US, and on 8 July a group of senior officers was dispatched from Taipei to encourage the cooperation of Li Tse-fen and his group.<sup>107</sup> Far from the advertised knocking together of heads, however, the arrival of these reinforcements,

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<sup>104</sup> Stanton to the State Department, 22 June 1953, *FRUS*, 1952–1954, vol. 12, part 2, p. 114.

<sup>105</sup> Selby, minute, 18 June 1953, FO371/106688/FB1041/144, UKNA.

<sup>106</sup> Stanton to the State Department, 29 June 1953, *FRUS*, 1952–54, vol. 12, part 2, p. 114; 'Telegram Urging Chinese Nationalist Irregular Leader To Accept Repatriation from Burma', 30 June 1953, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–55 and miscellaneous, 1950–56, Lot 58D207, box 4, RG59, USNA.

<sup>107</sup> Rankin to the State Department, 3 July 1953, *FRUS*, 1952–54, vol. 12, part 2, p. 118, fn. 3.

led by Li Mi's deputy chief of staff Li Wen Pin, appears merely to have added to the procrastination and confusion surrounding the Bangkok talks; on 23 July the Bangkok embassy told Dulles that the jungle generals and the leadership in Taipei were 'throwing [the] ball back and forth in [an] endeavour [to] postpone positive action'. The delegation dispatched from Taipei purportedly to secure the cooperation of Li Tse-fen and his clique in fact comprised 'strawmen who lack authorization [to] make firm decisions and whose actions are inhibited by what appear to be instructions to delay'.<sup>108</sup>

The British watched the continued lack of progress in Bangkok with mounting alarm. Nothing short of the outright suspension of US aid, officials thought, would now be enough to coerce the government on Taiwan into full cooperation with the evacuation, but such a move was not conceivable within the existing framework of US policy, and pressing it in Washington risked raising suspicions about British attitudes towards Chiang's regime more broadly.<sup>109</sup> In any case, it was not guaranteed that suspending aid would be sufficient to persuade the jungle generals into accepting evacuation. At the end of July Gordon Whitteridge, the UK's ambassador in Thailand, raised the unwelcome possibility that, thanks to its involvement in opium trafficking, the KMT in Burma had achieved financial and material independence from Taipei; 'we may', he thought, 'be up against a lucrative racket in which the peddling of "black gold" [opium] is the chief incentive, while military operations have been reduced to a sideline'. Whitteridge also suspected that covert opium-related links still existed between the KMT, senior figures in the Thai police, the Sea Supply Company and CAT, and

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<sup>108</sup> Brown to the State Department, 23 July 1953, *ibid.*, p. 118.

<sup>109</sup> Selby, minute, 31 July 1953, FO371/106689/FB1041/183, UKNA.

was convinced that private American citizens, if not an official US agency, were still 'running a racket':

*Any gang of adventurers which is willing to take large risks for high profits is comparatively impervious to governmental sanction. And in this particular case, where CAT will presumably always have a sanctuary in Formosa, and both it and the Sea Supply Company are well-established in Siam, it seems even more difficult than usual to suppress their activities. If this is so, there seems nothing to prevent Li Mi from continuing to cock a snook at the 59 nations who voted for the UN resolution last April.<sup>110</sup>*

Much the same thought appears to have occurred to the Burmese. On 24 July U Kyaw Nyein told Sebald that the Bangkok committee had reached an impasse; the Burmese were on the point of withdrawing from it, and issuing a public denouncement of Nationalist bad faith. Sebald was also informed that the regime was toying with the idea of a non-aggression pact with Beijing, and asking the communist Chinese army into Burma to solve the KMT problem once and for all. Although Sebald did not take the suggestion of an accommodation with Beijing entirely seriously, to raise the idea at all was a clear signal that the Burmese government was nearing the end of its patience.<sup>111</sup> On 12 September, after several more weeks of inconclusive talks, U Nu appealed directly to Eisenhower.<sup>112</sup> The Bangkok committee, he told the president,

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<sup>110</sup> Whitteridge to the Foreign Office, no. 113, 30 July 1953, FO371/106689/FB1041/180; Whitteridge to Tahourdin, no. 1024/173/53, 5 August 1953, FO371/106689/FB1041/183, UKNA.

<sup>111</sup> Sebald to the State Department, 24 July 1953, *FRUS*, vol. 12, part 2, 1952–54, p. 119.

<sup>112</sup> U Nu to Eisenhower, 12 September 1953, *ibid.*, p. 136.

was a sham; the Nationalist Chinese were not acting in good faith, and had no intention of carrying through their obligations to the UN. No reply was immediately forthcoming, and four days later, on 16 September, the Burmese delegate in Bangkok issued an ultimatum: unless a final agreement was reached by 23 September, providing for the withdrawal of at least 5,000 KMT troops (around half of the estimated total) within 21 days, the Burmese government would pull out of the four-power talks.<sup>113</sup> Although the evacuation period was subsequently extended to 35 days, this was rejected by the Chinese Nationalist representative and, despite a last-ditch attempt by the US to keep the talks alive, the Burmese withdrew from the committee on 17 September.

Although the State Department did not regard the Burmese figure of 5,000 as reasonable or for that matter achievable, Rangoon's withdrawal from the Bangkok talks did nonetheless inject fresh energy into efforts to find a compromise. Immediately after the Burmese pulled out, Smith told Rankin that the evacuation issue was now of 'top urgency', and demanded an undertaking from the government on Taiwan that at least 2,000 troops would be across the Thai frontier by the end of October, as well as a commitment that 'every effort' would be made to induce as many as possible to leave thereafter.<sup>114</sup> Taiwan responded with a counter-proposal on 22 September: Taipei would sign up to the evacuation plan hammered out at Bangkok in June, but could not order these troops out and would not guarantee that any more than 2,000 in all would withdraw.<sup>115</sup> Given that most observers by now accepted Burma's figure of 12,000 as the total number of KMT troops in the country, 2,000 did

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<sup>113</sup> Donovan to the State Department, 16 September 1953, *ibid.*, p. 140.

<sup>114</sup> Smith to Taipei, 17 September 1953, *ibid.*, p. 144.

<sup>115</sup> Taipei to the State Department, 22 September 1953, *ibid.*, p. 145, fn. 2.

not represent a significant reduction. Yeh was told that it was not enough, and Eisenhower wrote personally to Chiang to warn him that the time had come 'when concrete results must be produced'; without meaningful progress 'a situation will be created which the communists will not fail to exploit'.<sup>116</sup>

Eisenhower also took the opportunity to reply to U Nu's earlier appeal for help. Although sympathetic in tone, in content it merely restated Taiwan's position that, while a limited number of KMT troops would accept evacuation, nothing could be done to compel the unwilling to leave. Eisenhower also argued that Burma's insistence on anything more was unrealistic, and rejected as unfounded Burmese accusations that the US was not trying as hard as it might to force a solution on its allies in Taipei.<sup>117</sup> Given the requirements of wider policy towards Taiwan, it is doubtful that Eisenhower could have offered the Burmese a statement any more critical of the Taipei regime's behaviour; even had he done so, it is not obvious that this would have salvaged Burmese participation at Bangkok. According to British reports, U Nu was by this stage 'depressed', 'disillusioned' and convinced that, 'whatever the American Embassy in Formosa was saying, other American influences there were inciting the KMT to maintain their foothold in Burma'; anti-American feeling was 'very strong'.<sup>118</sup>

With Western efforts apparently compromised and exhausted, the Burmese again raised the possibility of accepting communist bloc help. In September, U Pe Kin, Burma's ambassador in Thailand, told the British that Rangoon had received an offer

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<sup>116</sup> Eisenhower to Chiang, 28 September 1953, *ibid.*, p. 153.

<sup>117</sup> Eisenhower to U Nu, 28 September 1953, *ibid.*, p. 151.

<sup>118</sup> Wallinger to Tahourdin, no. 1024/212/53, 23 September 1953, FO371/106690/FB1041/220, UKNA.

of assistance from the Soviet Union.<sup>119</sup> Like Kyaw Nyein's earlier hints to Sebald about a possible non-aggression pact with the communist Chinese, this latest sally was taken less as a serious proposition than an attempt to provoke. Nonetheless, 'the possibility cannot be discounted that if no other solution is offered the Burmese may invoke Chinese Communist help'. Even if Rangoon were prevailed upon to keep faith with the United States, relations were 'bound to suffer from the continuation of this anti-American attitude and from the Burmese disillusionment with the UN'.<sup>120</sup> On 3 October, Dulles told the US embassy in Rangoon that America's efforts to assist in the removal of the KMT had reached a 'critical and decisive stage'. While privately officials still hoped for a figure closer to 3,000, Taiwan's maximum of 2,000 troops was now presented to the Burmese as a 'tangible offer' that Rangoon would be well advised to accept. Rejection would mean that the 'prospect of any progress through international good offices will have been lost because of [the] Burmese refusal [to] face facts'.<sup>121</sup> Meanwhile, Chiang was urged to issue 'as strong a public commitment as possible' to evacuation so as to strengthen Taiwan's international position and thereby 'shift responsibility to [the] Burmese for [the] breakdown of negotiations'.<sup>122</sup>

The US, Thailand and Taiwan finally signed the evacuation agreement in Bangkok on 12 October, with the withdrawal slated to begin in the first week of November. By the end of the month, some 1,104 troops and 174 dependants had been evacuated, and 55

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<sup>119</sup> Mackenzie to Tahourdin, 22 September 1953, no. 11024/209/53, FO371/106690/FB1041/219, UKNA.

<sup>120</sup> Foreign Office to the UK UN delegation, no. 675, 1 October 1953, FO371/106690/FB1041/231, UKNA.

<sup>121</sup> Dulles to Rangoon, 29 September 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 153; Dulles to Rangoon, 3 October 1953, *ibid.*, p. 155.

<sup>122</sup> Jones to the State Department, 5 October 1953, *ibid.*, p. 159.



rifles, only 11 of them serviceable, had been surrendered.<sup>123</sup> Just over 1,100 troops in three weeks represented an evacuation rate of about 50 troops a day, many of them unfit. This was not sterling progress, and prompted officials once again to ask questions about Taiwanese good faith. On 23 November, Sebald told Dulles that the evacuation was a 'smokescreen for [the] continuation [of] KMT operations'; Li Mi, 'possibly aided and abetted by certain segments [of the] Chinese Government', was intent on maintaining his control over the KMT remnants with a view to 'continuing nefarious operations in Burma and Thailand including [the] opium smuggling racket'. The time had come, he declared, when the US should 'squarely face [the] issue whether it should continue [to] bear [the] brunt [of] criticisms over this affair in Burma in particular and SEA in general when [the] party most directly involved fails [to] exert its utmost in bringing about [a] reasonable solution'. The argument that Chiang had no influence over Li Mi was 'patently transparent': if he wanted to do so, he could 'cleanse this sordid affair without undue difficulty'.<sup>124</sup> Sebald was blunter still in conversation with his British colleagues in Bangkok: the jungle generals had no intention of evacuating their best troops but, with the connivance of Li Mi, were organising 'phoney' operations; the Nationalists were 'completely discrediting themselves', and Chiang himself was 'double crossing'.<sup>125</sup>

The evacuation's bumpy progress was as important internationally as locally: Burma's complaint of KMT aggression remained before the UN, and the US remained preoccupied with the damage the KMT crisis threatened to Taiwan's international standing, as well as to its own. The debate at the UN reopened at the end of October,

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<sup>123</sup> Wallinger to the Foreign Office, no. 394, 28 November 1953, FO371/106693/FB1041/314, UKNA.

<sup>124</sup> Sebald to the State Department, 23 November 1953, *FRUS*, 1952-54, vol. 12, part 2, p. 173.

<sup>125</sup> Wallinger to the Foreign Office, no. 399, 29 November 1953, FO371/106694/FV1041/315, UKNA.

and had its final plenary session at the General Assembly on 8 December. It was by all accounts a more bruising encounter than the April discussion, though again the US and its allies escaped serious damage. The Burmese government, represented once more by Myint Thein, declared itself 'unimpressed' by moves to evacuate the KMT, which it regarded as a 'token response to lull the United Nations'. Myint Thein was, according to the British report of the proceedings, 'more embittered' than at the previous session, and 'definitely critical' of the UN for its apparent reluctance to condemn the Chinese Nationalists.<sup>126</sup> He also dealt robustly with his Nationalist counterpart, Tingfu Tsiang, and there was a sharp exchange between the two over what Tsiang called Burma's 'obnoxious' policy of neutrality. Although the US representative, Archibald J. Cary, did what he could to present the Nationalists in a favourable light, allegations of aggression and US connivance therein were again produced by Soviet bloc delegates, albeit the British at least thought that they made 'no more trouble than expected'.<sup>127</sup>

By the time the UN session closed, the first phase of evacuation had ended. In total, 1,923 individuals had been removed, just shy of the 2,000 target, plus over 300 dependants.<sup>128</sup> After further delays occasioned by haggling between the US and Burma over Rangoon's reluctance to bear a larger share of the costs of the evacuation, and between the US and Taipei over payments to departing KMT troops, a second phase in February and March 1954 saw the evacuation of another 2,962 troops and

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<sup>126</sup> UK UN delegation to the Foreign Office, 5 November 1953, FO371/106693/FB1041/299, UKNA.

<sup>127</sup> Clemens, minute, 8 December 1953, FO371/106693/FB1041/326, UKNA.

<sup>128</sup> 'Burma Evacuation: Latest Figures', 8 March 1954, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948-1955, Lot 58D3, box 1, RG59, USNA.

513 dependants.<sup>129</sup> This marked the end of efforts in the north, and attention turned to the 1,500-strong KMT contingent further to the south. This third phase of evacuation finally began in early May, and by 9 May 764 people had been removed.<sup>130</sup> Although the embassy in Rangoon raised the possibility of further action, officials in Washington were by now becoming disenchanted with the Burmese government's lack of gratitude for American efforts, and the authorities in Taipei were adamant that enough was enough.<sup>131</sup> The Joint Commission wound itself up on 1 September, marking the formal end of the evacuation process. The operation had lasted almost a year; in all, around 7,000 people, both fighters and dependants, had been removed.

## Conclusion

Later writers have tended to agree with U Nu's assessment of the Nationalist evacuation as more-or-less a sham. It certainly had its share of chaos, duplicity and fraud, at least during the first phase up to December 1953, with locals smuggled in to make up the numbers, worthless weapons surrendered and irregulars simply melting away into the jungle, preferring banditry and the opium traffic to an uncertain future in the alien surroundings of Taiwan. For all the thousands removed, several thousand more – perhaps 5,000, if Burmese pre-evacuation estimates of 12,000 were accurate –

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<sup>129</sup> 'Statistics on Burma-China Evacuation', 25 March 1954, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948–1955, Lot 58D3, box 1, RG59, USNA.

<sup>130</sup> Gore-Booth to the Foreign Office, 30 June 1954, FO371/111967/DB1041/47, UKNA.

<sup>131</sup> Warner to Day, 12 May 1954, and Drumright to Warner, 23 July 1954, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948–1955, Lot 58D3, box 1, RG59, USNA. 'We often find it annoying,' remarked Sebald sniffily, 'when the Burmese sit back and let the rest of us solve their problems for them.' Sebald to Warner, 4 March 1954, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948–1955, Lot 58D3, box 1, RG59, USNA.

remained in Burma, and their presence would trouble America's relations with Burma again in the early 1960s. Yet for all that, there was a sense among officials that, though partial and difficult, the evacuation had at least taken some of the venom out of the KMT problem. According to Gore-Booth, the Americans had achieved, 'by their generosity and patience, the removal of a dangerous source of trouble'.<sup>132</sup>

Had this 'generosity and patience' also salvaged America's relations with the Burmese? US officials thought so: just before he left his post in July 1954, Sebald told the State Department that 'the evacuation of a goodly portion of the KMT's from Burma appears to have satisfied the Burmese Government and people that at least the United States Government has done its utmost to bring about a successful evacuation'.<sup>133</sup> According to Sebald's charge d'affaires, Bob Acly, the exertions the US had made had convinced the Burmese that 'we are sincere in our efforts to help them, and some part of their deep suspicion had been removed thereby'.<sup>134</sup> Counterparts in Washington agreed: relations were now, it was felt, back to where they would have been had the KMT problem never intervened.<sup>135</sup> These perhaps complacent conclusions failed fully to understand the almost visceral response that the KMT crisis had generated within Burmese politics. In June 1953 a Burmese journalist, Maung Maung, published an account of a visit to the Burmese front lines. 'The war against the KMT,' he wrote, 'is a grim war and a lonely war ... The KMT have waged open brutal war against the hill peoples in the Shan State, against the

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<sup>132</sup> Gore-Booth to the Foreign Office, 30 June 1954, FO371/111967/DB1041/47, UKNA.

<sup>133</sup> Sebald to Bonsal, 29 April 1954, *FRUS*, 1952-54, vol. 12, part 2, p. 221.

<sup>134</sup> Acly to Blancke, 11 March 1954, records of the Bureau of Far Eastern Affairs, Office of Philippine and Southeast Asian Affairs, Officer in Charge of Burma Affairs Subject Files 1948-1955, Lot 58D3, box 1, RG59, USNA.

<sup>135</sup> Day to Sebald, 26 May 1954, *FRUS*, 1952-54, vol. 12, part 2, p. 224.

Union of Burma. They have pillaged and plundered, slaughtered innocent people and committed atrocities ... It has been a grim, bitter war.'<sup>136</sup> Eisenhower's Vice-President, Richard Nixon, came as close as anyone to an appreciation of what the KMT conflict meant to the Burmese: 'without exception', he noted in November 1953, it was their 'primary preoccupation ... It permeates their thinking to the point of obsession and vitiates their ability to act on other domestic and foreign matters'.<sup>137</sup>

By any measure, US involvement with the KMT in Burma was an unmitigated political and military disaster, part of a series of botched covert operations in the early 1950s: 'of agents betrayed; dropped into the waiting arms of the communist security apparatus; dragged before people's tribunals; interrogated, tortured and shot'.<sup>138</sup> It failed dismally in its ostensible aim of diverting Chinese troops from the Korean theatre, was thoroughly penetrated – Li Mi's radio operator at the Sea Supply Company in Bangkok was apparently a communist agent – and left an ugly legacy of KMT-sponsored heroin trafficking in the Golden Triangle between Burma, Laos and Thailand. It also embroiled two US administrations in a very public series of propaganda embarrassments, further undermining America's already diminished standing in Asia. As MacDonalld put it to Eden in February 1955, America's reputation in South-East Asia had suffered a 'deplorable decline'. Thanks mainly to its confrontational China policy – of which the KMT adventure was a part – and the

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<sup>136</sup> Maung Maung, *Grim War Against the KMT*, Rangoon, June 1953.

<sup>137</sup> Nixon to Dulles, 30 November 1953, *FRUS*, 1952–54, vol. 12, part 2, p. 178. There is every indication that the pressure American officials exerted on Taipei to extract the guerrillas had an equally corrosive effect on US relations with the Nationalist government; Rankin regarded his dealings with Chiang over the issue as 'among the least pleasant of my China experiences'. Garver, *The Sino-American Alliance*, p. 155.

<sup>138</sup> Thomas, *The Very Best Men*, p. 60.

militarised containment of the SEATO pact, the United States was seen by much of Asian opinion, not as the guardian of peace and the champion of freedom, but as a narrow-minded, intolerant bully, resented for its wealth and feared for its power:

*instead of being liked as generous benefactors of small, under developed countries, they are resented as a rich power attempting to buy the allegiance of poorer states; and instead of being respected as the staunchest guardians of world peace they are suspected as the most likely provokers of a third World War.*<sup>139</sup>

MacDonald's complaints are testimony to the extent to which fears about US policies and actions across a wide range of issues, from nuclear testing and arms control to the unruly behaviour of US personnel overseas, were making even America's friends doubt its commitment to responsible and constructive leadership.<sup>140</sup> It is therefore not surprising that, when Soviet and Chinese leaders launched a concerted diplomatic

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<sup>139</sup> Macdonald to Eden, no. 6, 8 February 1955, FO371/116911/D1011/2, UKNA. On perceptions of the United States abroad during this period, see Kenneth Osgood, *Total Cold War: Eisenhower's Secret Propaganda Battle at Home and Abroad* (Lawrence, KS: University of Kansas Press, 2006). The negative attitudes engendered by the conduct of Americans overseas were dramatised in William Lederer and Eugene Burdick's novel *The Ugly American*, published in 1958. Set largely in a fictional South-East Asian country, Sarkhan, the book was strongly critical of US aid programmes in Asia, and portrayed the American officials charged with implementing them as living in privileged ghettos, isolated from the local people they were meant to be helping and ignorant of local culture. 'Poor America,' says one character, a Burmese journalist called U Maung Swe. 'It took the British a hundred years to lose their prestige in Asia. America has managed to lose hers in ten years.' Lederer and Burdick, *The Ugly American* (New York: W. W. Norton and Co., 1958), p. 144.

<sup>140</sup> American nuclear tests in the Pacific provoked strong opposition in Asia throughout the 1950s, especially, for obvious reasons, in Japan, where it was a major domestic political issue and an important source of tension in relations with the United States. See Robert Divine, *Blowing On the Wind: The Nuclear Test Ban Debate 1954-1960* (New York: Oxford University Press, 1978).

offensive in Asia in the mid-1950s, they found a ready audience among the region's politicians, including in Burma.

## Chapter 6

### Communist intervention and the resumption of American aid, 1955–1958

In the years immediately after Burma's independence, policy-makers, first in London and then in Washington, were concerned largely with the problems of regime stability stemming from conflict and economic weakness. Accordingly, the main features of Anglo-American policy – attempts to extend economic assistance through the Commonwealth loan, American technical aid or via the Colombo Plan, favourable treatment in military supplies, or political support for the government against Karen claims to autonomy, for example – were all intended to bolster the government's ability to stave off economic crisis and maintain its capacity to resist its Karen and, in particular, communist opponents. Although planners acknowledged the more hazardous regional environment created by the emergence of the communist regime in China, the assumption remained that the primary threat to the Burmese government was domestic, not international.

By the mid-1950s, it appeared that, in large part, the objective of stability had been achieved. British officials in Rangoon were reporting the effective end of major Karen armed opposition in the Delta.<sup>1</sup> The communist insurgency, while undefeated, appeared to be in retreat, and the period ended with a series of mass surrenders in which perhaps 10,000 communist and PVO fighters laid down their arms.<sup>2</sup> Burma's third main source of instability – the KMT troops encamped on its eastern border – had also lost much of its venom following the evacuations of 1953 and 1954.

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<sup>1</sup> Gore-Booth to the Foreign Office, no. 142, 29 March 1955, FO371/117032/DB1017/5; Sarell to the Foreign Office, no. 580, 24 November 1955, FO371/117032/DB1017/16, UKNA.

<sup>2</sup> Smith, *Burma*, p. 163.



Operations against the irregulars that remained, by now in tandem with the Thai armed forces, were making solid, if modest, progress, and American observers had concluded that the government in Rangoon no longer considered them a serious security threat.<sup>3</sup> Politically too, Burma seemed to have reached a new level of maturity. The country's second parliamentary elections since independence went ahead as planned in 1956. Although the AFPFL retained its hold on power, competing parties won about a third of the vote, suggesting that a constitutional opposition was beginning to emerge.

These apparent improvements in the political and security spheres were not, however, matched by comparable progress in tackling Burma's economic problems, and the government's primary source of weakness during the period remained its economic dependence on a single commodity, rice. When Asian rice was in short supply, as it was in the early 1950s, prices were buoyant and the dangers inherent in this dependency were masked. By the mid-1950s, however, the rice market was turning against the Burmese. Traditional customers such as India were becoming self-sufficient, forcing down prices and leaving the Burmese with huge surpluses they could not sell. Unable to find customers in its old rice markets, the Burmese government sought out new ones, and a series of barter deals were agreed with China and the Soviet bloc in 1954 and 1955.

Burma's trade agreements were part of a pattern of Soviet and Chinese diplomatic initiatives in the Third World in the mid-1950s. Similar trade and aid deals were

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<sup>3</sup> Minute, MacCleary, 17 February 1955, FO371/117038/DB1041/1, UKNA; 'Political Situation', 21 September 1955, records of the Assistant Secretary of Far Eastern Affairs, 1954-1956, Lot 56D206, RG59, USNA.

concluded with India, Afghanistan, Egypt and Cambodia, all accompanied by a flurry of diplomatic activity as high-profile delegations streamed out of Moscow and Beijing, heading for Delhi, Kabul, Rangoon and Cairo. To analysts in Washington and London, accustomed to the belligerent diplomacy of the Stalin years, these overtures constituted an important and worrying change in communist foreign policy, and planners responded with a significant reappraisal of the nature of the communist threat, and of the significance of the countries at which it appeared to be aimed.<sup>4</sup> The Soviet Union, officials concluded, was engaged in a concerted offensive aimed at displacing Western influence in the Third World.

This broader analysis invested Burma's trade ties with the communist bloc with an importance that in themselves they perhaps did not merit, and efforts to frame a response constituted the defining factor in British and, especially, American relations with the country during this period. The rice deals, officials in Washington and London argued, were the thin end of a dangerous wedge, portending communist economic, and through that political, predominance. Apprehensions of a communist threat to the Burmese government had of course been central to British and American thinking about Burma since independence, but this threat had primarily been understood as a domestic one; although officials acknowledged the risks of Chinese subversion, and the lesser risk of Chinese invasion, the most urgent danger seemed to stem from the country's communist insurgency. Burma's independence from communist control no longer seemed to rest on its ability to counter the political and military challenge of its own communists, but on its ability to resist the economic advances of Moscow and Beijing. As Gore-Booth put it to the Foreign Office at the

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<sup>4</sup> Robert J. McMahon, 'The Illusion of Vulnerability: American Reassessments of the Soviet Threat, 1955-1956', *International History Review*, vol. 18, no. 3, August 1996, pp. 591-619.

end of 1955: 'The thing which hits one most forcibly is that whereas we in Burma were in the stalls watching a drama called the cold war, we now occupy a very small but active corner on that large stage'.<sup>5</sup>

### **Burma's evolving relations with China and the Soviet Union**

Although Burma was the first Asian state to recognise the communist government in China, in December 1949, relations between Rangoon and Beijing developed slowly at first. In December 1951, a Chinese cultural delegation visited Rangoon, and a Burmese mission toured China early in 1952 to investigate Chinese land reforms. Neither trip was a particular success, and the atmosphere was not improved by China's failure to send a representative to Burma's independence day celebrations on 4 January 1952. Relations began to warm towards the middle of the 1950s, partly in response to the strains caused by the US-supported KMT occupation. In June 1954, Chou En Lai stopped off in Rangoon on his way back from the Geneva Conference on Indochina for what the Chinese called 'free and frank discussions on matters of common concern'. While little substantive emerged, the episode was nonetheless symbolically significant for the two countries' endorsement of the 'Five Principles of Peaceful Co-existence', a reciprocal rhetorical commitment to territorial integrity, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and 'peaceful coexistence'.<sup>6</sup> U Nu made a reciprocal visit to Beijing in November and December 1954, concluding a series of agreements covering the opening of new consulates in Burma and China, preparations for an air link and the

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<sup>5</sup> Gore-Booth to Allen, 28 December 1955, FO371/123329/DB1051/2, UKNA.

<sup>6</sup> 'U Nu's Visit to Communist China', 22 February 1955, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence 1949–1955 and miscellaneous, 1950–1956, Lot 58D207, box 4, RG59, USNA.

restoration of cross-border traffic. There was also talk of steps to settle the undemarcated border between the two countries, and China agreed a barter deal under which Beijing would import up to 200,000 tonnes of Burmese rice in exchange for industrial plant and consumer goods.

Political and economic relations with the Soviet Union were also becoming closer. Early in 1955, a Burmese trade delegation toured the Soviet Union and Eastern Europe in search of purchasers of Burmese rice, and in March the Burmese press reported that the Soviet government had offered Rangoon technical aid.<sup>7</sup> A series of barter deals was reached with Czechoslovakia, East Germany, Poland, Hungary and Yugoslavia, and in July 1955 the Soviet Union and Burma concluded a three-year trade agreement under which Moscow undertook to buy some 600,000 tons of Burmese rice. In exchange, Burma stood to receive a range of communist goods, including industrial plant, vehicles, heavy machinery and chemicals.<sup>8</sup> The trade deal prompted a fresh round of diplomatic activity, beginning with a two-week visit by U Nu to the Soviet Union from 21 October to 4 November 1955.<sup>9</sup> U Nu (or 'Comrade U Nu', as his hosts liked to call him) saw an array of senior officials, including Soviet leader Nikita Khrushchev, chairman of the Council of Ministers Nikolai Bulganin and Foreign Minister Vyacheslav Molotov. The trip took him right across the country, from Moscow and Leningrad to the Crimea, Azerbaijan and Kazakhstan. According to British reports of the visit, the treatment he received was 'unprecedentedly lavish'.<sup>10</sup> On 3 November, U Nu signed a joint declaration with Bulganin pledging Burmese

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<sup>7</sup> Moscow to the Foreign Office, 31 March 1955, FO371/117046/DB1121/11, UKNA.

<sup>8</sup> Sarell to the Foreign Office, no. 317, 2 July 1955, FO371/117051/DB11338/1, UKNA.

<sup>9</sup> Hayter to Macmillan, no. 188, 11 November 1955, FO371/117073/DB1632/86, UKNA.

<sup>10</sup> Tomlinson, minute, 16 November 1955, FO371/117073/DB1632/86, UKNA.

support for Soviet foreign policy, including the rejection of military blocs and backing for communist Chinese membership of the UN (China's UN seat being occupied by the Nationalist government on Taiwan). He also reached agreement in principle on Soviet technical assistance, in exchange for more Burmese rice.<sup>11</sup>

U Nu's trip was followed by a return visit to Burma by Bulganin and Khrushchev on 1–8 December. Preparations were extensive and painstaking: schools and government offices were closed, Rangoon's populace was told to line the streets as the Soviet motorcade passed, and the government issued instructions on how to cheer (apparently 'a foreign habit'). The visit concluded with another trade deal, and an agreement covering Soviet technical help in agriculture and industrial development. The Soviets also offered to build and equip a technical institute in Rangoon (duplicating an engineering institute being built by a British firm). A joint Soviet–Burmese communiqué signed on 8 December reaffirmed the friendly relations between the two countries, and foreshadowed still closer economic and political ties.<sup>12</sup> Finally, a short visit by Anastas Mikoyan, the Soviet First Deputy Premier, on 30 March–2 April 1956 produced an agreement extending the three-year trade deal reached in July 1955 by a further two years, taking it up to 1960, and a protocol providing for the delivery by Burma of 400,000 tons of rice a year for the following four years. Mikoyan also announced that the Soviet Union had undertaken to build and equip a hospital, a theatre, an exhibition hall, a sports complex and a hotel, and the delegation floated the possibility of a long-term development loan. According to

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<sup>11</sup> Rangoon to the State Department, 10 November 1955, *FRUS*, 1955–57, vol. 22, Southeast Asia (Washington DC: USGPO, 1989), p. 27, fn. 3.

<sup>12</sup> Gore-Booth to Macmillan, no. 264, 19 December 1955, FO371/117070/DB1631/25, UKNA.

the British report of the trip, Burma now stood to receive just under £50 million-worth of Soviet goods and services.<sup>13</sup>

For the Burmese government, closer trade relations with the communist bloc were primarily a pragmatic response to the country's economic and developmental needs, in particular its need to dispose of a large quantity of surplus rice. As British colonial buyers had discovered (in Chapter 3), by the mid-1950s a general shift against suppliers in the global market had drastically reduced Burma's rice earnings and left a significant portion of its surplus unmarketable through the country's traditional commercial channels. According to British estimates, about three-quarters of Burma's foreign exchange earnings and almost half of the country's national revenue was at risk, just as expenditure was beginning on an ambitious development programme designed to reduce the appeal of Burma's insurgent communists.<sup>14</sup> Communist offers to take large amounts of rice – between a third and a half of the country's exportable surplus, the British reckoned – were thus seized upon in Rangoon as the only available way of averting a financial, and through that political, crisis. The Soviet Union, Gore-Booth told his colleagues, 'could help where the West had failed'.<sup>15</sup>

At the same time, these growing economic ties, alongside measures antagonistic to the West, such as the termination of the BSM and the curtailing of American aid, contained obvious political risks: 'Sooner or later', Gore-Booth told London in May 1956, 'and I am afraid it may be sooner – Communist trade, Communist experts and Communist-designed and erected buildings could be followed by Communist arms,

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<sup>13</sup> Gore-Booth to Selwyn-Lloyd, no. 121, 12 April 1956, FO371/123343/DB11338/8, UKNA.

<sup>14</sup> Sarell to Macmillan, no. 184, 23 August 1955, FO371/117047/DB1121/26, UKNA.

<sup>15</sup> Gore-Booth to Macmillan, no. 264, 19 December 1955, FO371/117070/DB1631/25, UKNA.

Communist ideas and, ultimately, Communist control of this country. Lenin said the way to London was through Peking and Calcutta; Bulganin and Khrushchev seem to have concluded that Rangoon is also on the way'.<sup>16</sup> Analysts in Washington were reaching similar conclusions. Soviet tactics in Burma, noted Kenneth Young, 'present a real threat to the free world's previously favourable position'.<sup>17</sup> Moscow, officials thought, was 'steadily enveloping Burma in the Communist vise ... The ultimate aim appears to be to squeeze out Western influence and to switch Burma from her neutral position to the Communist bloc'.<sup>18</sup> The obvious question this conclusion posed was whether Britain or the United States were prepared to counter the Soviet Union and China by offering assistance of their own. Both Washington and London had, of course, been here before, and neither had succeeded in establishing a workable aid relationship with Rangoon. A crisis in the rice market was also nothing new, and even Burmese officials accepted that they had brought at least some of their problems upon themselves through unrealistic pricing policies, poor-quality produce and bureaucratic hitches in the state marketing monopoly, the SAMB.<sup>19</sup> Why try again, in other words, when past attempts to support the regime had failed, and when the specific problem at issue arguably called for domestic reform, as much as external help? More broadly, why expend political or economic capital helping a government that refused to side openly with the West in Asia? The answer lies in changes in Anglo-American assessments of Soviet foreign policy towards the Third World.

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<sup>16</sup> Gore-Booth to Selwyn Lloyd, no. 128, 2 May 1956, FO371/123343/DB11338/9, UKNA.

<sup>17</sup> Young to Satterthwaite, 28 December 1955, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence file, 1949–1955, Lot 58D207, box 3, USNA. Young was the Director of the Office of Philippine and Southeast Asian Affairs.

<sup>18</sup> 'Countering Communist Bloc Tactics in Burma', 27 January 1956, 790B.001/1-2756, CDF, box 3854, USNA.

<sup>19</sup> Satterthwaite to the State Department, 26 May 1955, *FRUS*, 1955–1957, vol. 22, p. 9.

### **The communist 'economic offensive'**

In early October 1955, two State Department officials, Robert Bowie, director of the PPS, and his PPS colleague William Leonhart, produced a short paper outlining the Department's assessment of the future direction of Soviet foreign policy.<sup>20</sup> In terms of strategic objectives – the elimination of NATO, the removal of overseas US bases and the diminution of US influence abroad – the paper's authors detected no significant change, and in some areas of dispute, such as over Germany, a hardening of the Soviet position seemed likely. Tactically, on the other hand, some important and worrying shifts appeared to be under way. The Soviet Union, the paper explained, had come to recognise that general war 'no longer can advance its own national interests'. Instead, planners in Moscow were placing greater emphasis on "amiability" and lure than on threat'.

This new, more agreeable approach to international relations was of concern primarily because it threatened to undermine the unity of Western purpose forged by a sense of shared and imminent danger. Already, the paper argued, America's allies were showing a disturbing tendency towards 'trusting accommodation', greater reluctance to 'continue to build up national and coalition military establishments', and greater willingness to pursue 'separate national interests and ambitions'. The paper's authors also foresaw an intensification of communist non-military competition with the West in areas of the Third World which had hitherto been of only marginal interest to Moscow. While an atmosphere of détente may well induce some of these states to work more closely with the West, such a positive outcome could not be guaranteed, and the US should seek to 'strengthen the healthy nationalism of those areas and

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<sup>20</sup> 'Department of State General Comments on NSC 5501', 3 October 1955, *FRUS*, 1955–1957, vol. 19, National Security Policy (Washington DC: USGPO, 1990), pp. 123–25.



increase its assistance to their governments in achieving stability'. Moscow's 'creeping expansionism', the paper concluded, could not be allowed to proceed unchecked.

These themes were developed at substantially greater length the following month, in an NIE entitled 'World Situation and Trends'.<sup>21</sup> The paper's authors were in no doubt that Soviet tactics, if not Soviet strategy, had undergone a significant change. In place of the aggressive propaganda and uncompromising negotiating style of the Stalinist era, the Soviet Union had become less openly belligerent in its attitudes and more conciliatory in its actions: since the start of 1955, the paper reported, the Soviet Union had sought 'more or less consistently to convince the Free World that it is possible to establish conditions of "mutual trust"'. To explain this change, the paper highlighted several factors: a realisation of the destructive power of nuclear weapons, and a recognition that the US possessed a significantly larger arsenal; the growing economic costs of maintaining a large military establishment, and the implications for Soviet economic and industrial development; Washington's success in developing regional alliances against the Soviet Union, first in Europe, and latterly in the Pacific and Asia; and changes within the Soviet leadership following Stalin's death in March 1953. Combined, these factors had stimulated a transformation in the conflict between the Soviet Union and the West, from 'a phase marked by direct Bloc threats and pressures to one marked by increasing emphasis on less obvious forms of Communist political warfare'.

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<sup>21</sup> NIE 100-7-55, 'World Situation and Trends', 1 November 1955, *ibid.*, pp. 131-145.

This new direction in Soviet foreign policy made itself felt in a variety of ways. Moscow had, for example, agreed to a long-delayed Austrian peace treaty, in May 1955, was showing greater flexibility over disarmament issues and was engaging in greater official contact with the West.<sup>22</sup> The Soviets were also displaying greater interest in – and offering assistance to – uncommitted states in Asia and the Middle East. In addition to Moscow's overtures to the Burmese, offers of industrial and financial aid were extended to India in December 1954, along with development assistance, soft loans and the promise of increased trade ties. Nehru travelled to Moscow in June 1955, just ahead of U Nu, and enjoyed a similarly rapturous reception. Highlights included a flower-strewn motorcade through Moscow and an address by Nehru to an 80,000-strong crowd, a privilege never before afforded a foreign dignitary and the kind of public appearance Soviet leaders themselves rarely made.<sup>23</sup>

Nehru returned the favour in November and December 1955, when Khrushchev and Bulganin visited India on the same Asian tour that took them to Burma. By all accounts, the visit was a resounding success; during a stop at Calcutta, crowds in the millions greeted the Soviet delegation, forcing its members to make the journey from the airport in a police van.<sup>24</sup> Although the reception in Afghanistan, the delegation's last stop on its Asian tour, was according to British observers less than wholehearted (one described it as 'polite but quite without enthusiasm'), it nonetheless yielded an economic aid deal with the Afghan government worth \$100 million, prompting one US official to conclude that the country had 'advertised to the whole world that she

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<sup>22</sup> McMahon, 'The Illusion of Vulnerability', p. 598.

<sup>23</sup> Hayter to the Foreign Office, no. 360, 10 June 1955, FO371/123587/DL1631/10, UKNA.

<sup>24</sup> Middleton to Reading, no. 6, 23 January 1956, FO371/123587/DL10338/7, UKNA.

had become a Soviet satellite'.<sup>25</sup> Another \$100 million in Soviet assistance was agreed with the Indonesian government during 1956, while Cambodia received over \$20 million-worth of Chinese aid.<sup>26</sup> Meanwhile, energetic communist wooing of Egypt led to an arms agreement with Czechoslovakia in September 1955, regarded by British Foreign Secretary Harold Macmillan as the 'opening of a new [Soviet] offensive in the Middle East'.<sup>27</sup>

What linked these apparently disparate targets of Soviet largesse was their shared adherence to neutralism and their reluctance to align themselves outright with either power bloc. Stalin's Kremlin had had little time for neutrals: the 'two camps' doctrine allowed no room for non-commitment, and the governments of non-aligned countries like India and Burma were regularly pilloried as unenlightened stooges of the West, intent on suppressing the revolution at the behest of Washington or London. By the mid-1950s, however, this hostility had manifestly failed to advance Soviet interests in these countries, and the belligerent rhetoric that had marked Chinese and Soviet relations with non-aligned nations was replaced by sympathy for the struggles of the colonial and post-colonial world and warm appreciation of the merits of non-alignment as a valuable contribution to peace; Afghanistan, for example, was praised for its 'policy of neutrality and evident determination to avoid entanglement in the blocs hostile to the Soviet Union'.<sup>28</sup> Neutrality, Bulganin explained, 'is pre-eminently designed to further the interests of ensuring the security of peoples and preserving

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<sup>25</sup> Lascelles to the Foreign Office, no. 270, 19 December 1955, FO371/116993/DA10338/45; Lascelles to the Foreign Office, no. 272, 20 December 1955, FO371/116993/DA10338/46, UKNA.

<sup>26</sup> Minutes of an ANZUS Council meeting, Washington, 17 November 1956, *FRUS*, 1955–1957, vol. 21, East Asian Security; Laos; Cambodia (Washington DC: USGPO, 1990), p. 265.

<sup>27</sup> Quoted in McMahon, 'The Illusion of Vulnerability', p. 605.

<sup>28</sup> Lascelles to the Foreign Office, no. 267, 17 December 1955, FO371/116993/DA10338/42, UKNA.

their independence'.<sup>29</sup> Soviet and Chinese interest in the non-aligned world was also evident in the strong support the communists gave to the conference of African and Asian states which convened in Bandung, Indonesia, on 18–24 April 1955 – a conference that both British and American officials regarded as deeply problematic.<sup>30</sup> Dulles' advisors duly took note. Soviet tactics, they warned, 'seemed aimed in the first instance at spreading the concept of neutralism, and in this they have powerful but unwitting allies in India and Burma'.<sup>31</sup>

For non-aligned countries like India and Burma, their international policies constituted a rational response to their historical experiences, their domestic political environments and their international circumstances. James Barrington, Burma's most senior foreign service officer and a one-time ambassador in Washington, sought to explain his country's position to an American audience in 1958, in an article for the US journal *The Atlantic*.<sup>32</sup> 'The basic content and continuity of Burma's foreign policy', he wrote, 'has its roots firmly embedded in the nation's past history.' In that

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<sup>29</sup> Foreign Office to Kabul, no. 267, 20 December 1955, FO371/116993/DA10338/42, UKNA.

<sup>30</sup> Eden, preoccupied with the anti-colonial statements Bandung was bound to generate, called it a 'foolish plan' (Paterson, minute, 15 October 1954, FO371/111930/D2231/61, UKNA). Dulles worried that the conference would 'provide Chou En Lai with an excellent forum to broadcast Communist ideology'. Worse still, it might signal the start of a concerted communist effort to establish regional blocs that excluded the US; should that happen, 'the Communist engulfment of these nations will be comparatively easy'. Memorandum of conversation, 9 April 1955, *FRUS*, 1955–1957, vol. 21, p. 4. For a discussion of the official British record, see Nicholas Tarling, "'Ah-Ah": Britain and the Bandung Conference', *Journal of South-East Asian Studies*, vol. 23, no. 1, March 1992, pp. 74–111. On the racial aspects of Bandung, see Matthew Jones, 'A "Segregated" Asia?: Race, the Bandung Conference, and Pan-Asianist Fears in American Thought and Policy, 1954–1955', *Diplomatic History*, vol. 29, no. 5, November 2005, pp. 841–68.

<sup>31</sup> MacArthur to Dulles, 2 December 1955, *FRUS*, 1955–1957, vol. 21, p. 158.

<sup>32</sup> James Barrington, 'The Concept of Neutralism: What Lies Behind Burma's Foreign Policy', *The Atlantic*, vol. 201, no. 2, 1958, pp. 126–28. Barrington's article was part of an extensive 60-page feature on Burma's politics, economy and culture.

sense, Burma's adherence to neutralism represented the extension of a post-colonial preoccupation with national independence into the international sphere. For a post-colonial state like Burma, genuine independence implied complete autonomy in foreign policy, and 'any suspicion that the Government had accepted the dictation of another country or group of countries, or that it had succumbed to pressure, would immediately put it in trouble'. Above all, for a country fought over twice in living memory, in a war many Burmese regarded as none of their concern, neutralism seemed to offer a space between the Cold War's two blocs in which well-disposed countries such as Burma could work for peace. Burma's most important international contribution, Barrington argued, was to 'keep out of the blocs, and from this position of active neutrality to work for the reduction of tensions whenever opportunity affords'. Thus, while declining to join the key practical expression of Western commitment to Asian security, SEATO, the government in Rangoon would judge each international issue on its merits, without prejudice to either side, and 'maintain friendly relations with all other nations'. According to one contemporary American observer, the political scientist Robert A. Scalapino: 'Neutralism is a basic technique of limiting involvement with the major powers and thereby avoiding the kind of crisis which such involvement might well produce'.<sup>33</sup>

Critics of neutralism, many of them American, argued that it was both strategically misconceived and morally barren. In strategic terms, the protection that neutralism appeared to offer its adherents was an illusion in a conflict so apparently all-encompassing and potentially catastrophic as the contest between the West and the Soviet bloc. Moreover, neutralism implied an equality of moral status between the

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<sup>33</sup> Robert A. Scalapino, 'Neutralism in Asia', *American Political Science Review*, vol. 48, 1954, pp. 49–62.

Christian, democratic and law-abiding governments of the West and the atheistic, blood-stained and repressive dictatorships of the Soviet Union and China. To refuse to judge one against the other and act accordingly was perceived as an unacceptable abrogation of moral responsibility. According to Scalapino: 'Many Americans view "neutralism" as a new type of social disease. Its probable causes: intimacy in some form with communism; its symptoms: mental confusion and moral dereliction; its cure: unknown'.<sup>34</sup> The primary problem facing planners concerned with America's relations with Burma and other neutralist states was therefore how to reconcile such instinctive dislike of neutralism with the need to frame a response to the Soviet Union's new diplomacy in the non-aligned world.

### **Developing a response**

By the end of 1955, there was little doubt in Washington that Soviet tactics in the Third World had changed, both in their nature and in their direction, and that this change somehow constituted a threat to US security. Publicly, the administration played down the implications – in a speech to an audience of Chicago industrialists in December 1955, for example, Dulles reassured his audience that:

*we need not become panicky because Soviet communism now disports itself in this new garb. We need not assume, as some seem to assume, that the leaders of the Asian countries are unaware of the danger and easily duped by false promises.*<sup>35</sup>

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<sup>34</sup> *Ibid.*

<sup>35</sup> 'The New Phase of Struggle with International Communism', speech by Dulles to the Illinois Manufacturers' Association, Chicago, 8 December 1955, quoted in Michael Guhin, *John Foster Dulles: A Statesman and His Time* (New York: Columbia University Press, 1972), p. 256.

Privately, however, officials were deeply rattled. In November 1955, CIA Director Allen Dulles told a meeting of the NSC that the West confronted 'coordinated long-term and high-level operations designed to advance Communist influence'; offers of Soviet assistance, he argued, 'had a very considerable impact on the position of the United States in these under-developed parts of the world'.<sup>36</sup> The following month, Young warned Sebald's replacement as US ambassador in Burma, Joseph Satterthwaite, that the 'Soviet thrust to the South from Egypt to Burma is deliberate, planned and presents a serious threat to Free World influence in that area'.<sup>37</sup> On 5 December, Eisenhower wrote to John Foster Dulles to tell him that 'nothing has so engaged my attention for the past few weeks as the change in the international situation'. The Soviet Union's new, more flexible diplomacy and its offers of trade and aid in the Third World, he argued, were weapons the US found it difficult to counter, and were being deployed with tactics of secrecy and selectivity unavailable to a democratic government.<sup>38</sup>

Khrushchev and Bulganin's triumphant odyssey through India, Burma and Afghanistan only confirmed Eisenhower in his apprehensions. On 8 December, midway through the Soviet trip, he shared his concerns with the NSC.<sup>39</sup> The 'character of the struggle between the US and the USSR', he told his officials, 'was

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<sup>36</sup> Memorandum of discussion, 266<sup>th</sup> meeting of the National Security Council, 15 November 1955, *FRUS*, 1955–1957, vol. 10, Foreign Aid and Economic Defense Policy (Washington DC: USGPO, 1989), pp. 28–31.

<sup>37</sup> Young to Satterthwaite, 13 December 1955, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence file, 1949–1955, Lot 58D207, box 3, USNA.

<sup>38</sup> Eisenhower to Dulles, 5 December 1955, *FRUS*, 1955–1957, vol. 9, Foreign Economic Policy; Foreign Information Program (Washington DC: USGPO, 1987), p. 10.

<sup>39</sup> Memorandum of discussion, 269<sup>th</sup> meeting of the National Security Council, 8 December 1955, *ibid.*, pp. 44–64.

clearly changing'. The challenge may well not be genuine, 'inasmuch as it was not the real intention of the Russians to assist the economies of the countries they professed to assist'. Nevertheless, the threat was real, and meeting it was 'a very difficult job – almost as hard as it had earlier been to meet the military challenge'. The essence of this challenge, officials believed, was as much psychological as material. As Dulles put it, the US had 'very largely failed to appreciate the impact on the under-developed areas of the world of the phenomenon of Russia's rapid industrialization'. The Soviet Union's transformation from an agrarian society to a modern industrial state was 'an historical event of absolutely first class importance'; in the minds of the people of Asia, Dulles argued, the prestige of the "Great American Experiment" was being eroded by the successes of the "Great Russian Experiment". Communism, in other words, seemed to be winning the battle of ideas; should the US fail to respond, 'the Soviet Union would end by dominating all of Asia'.<sup>40</sup>

The conclusions of this analysis found formal expression in a revised statement of national security policy, NSC 5602/1, approved by Eisenhower on 15 March 1956.<sup>41</sup> As Robert J. McMahon shows, NSC 5602/1 constituted a significant development in the way the United States conceived of its security.<sup>42</sup> Previously, US planners had sought to draw a distinction between areas core to US interests – principally Western Europe and Japan – and peripheral regions such as South Asia. Of course, in practice this did not preclude American engagement with these peripheral areas; India received a US loan to buy several millions tons of wheat in 1951, for example, and concerns

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<sup>40</sup> *Ibid.*

<sup>41</sup> 'Basic National Security Policy', NSC5602/1, 15 March 1956, *FRUS*, 1955–1957, vol. 19, pp. 242–68.

<sup>42</sup> McMahon, 'The Illusion of Vulnerability'.



for the stability of the Burmese government led to the establishment of the American aid programme there in 1950. But it is clear that, in response to Soviet interest in these countries, their importance to US policy-makers had increased. According to NSC 5602, 'The dangers to free world stability are particularly acute in the less developed areas, and are enhanced by recent Soviet initiatives there'.<sup>43</sup> Thus, US planners made a *direct* connection between the welfare of the Third World and the preservation of American security. As McMahon argues: 'Even developments in the far periphery of the Third World ... could have a potentially decisive impact on overall correlations of world power'.<sup>44</sup>

British analysts largely avoided making such explicit strategic linkages between communist overtures to the Third World and core security interests, preferring instead to see communist trade and barter arrangements first and foremost in terms of their potential economic damage to Britain and its Sterling Area partners.<sup>45</sup> Nonetheless, planners did agree that Soviet and Chinese interest in these areas constituted a new and disturbing development. Moscow and China, concluded an intelligence report in December 1955, were 'conducting a determined and increasing drive to extend their influence by economic means in the non-communist countries of the Middle East and South and South-East Asia', with a view to creating a 'climate of opinion favourable to the Sino-Soviet Bloc'.<sup>46</sup> While an all-out offensive, in competition with major Western exporting nations, did not seem to be in prospect, Moscow was likely to target individual projects of particular developmental importance to recipient states.

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<sup>43</sup> 'Basic National Security Policy', pp. 250 and 251.

<sup>44</sup> McMahon, 'The Illusion of Vulnerability', p. 615.

<sup>45</sup> For example Sarell to MacMillan, no. 184, 23 August 1955, FO371/117047/DB1121/2, UKNA.

<sup>46</sup> 'Sino-Soviet Bloc Economic Activities in the Middle East and South-east Asia', EIG33/55(Final), 20 December 1955, FO371/116128/N1127/5, UKNA.

The primary aim would be to encourage Third World countries to believe that there was greater advantage in remaining neutral, rather than aligning themselves with the West, thereby weakening SEATO and the Baghdad Pact. Beyond that, Moscow hoped to 'acquire sufficient ties with the neutral countries to be able to blackmail at least the weaker and less experienced of them into actively supporting Soviet policies directed against the West'. The threat may be long-term, analysts concluded, but it was no less serious for that, especially in Asia. In particular, like the Americans, the British were concerned that, in addition to the appeal of material help, the recipients of Soviet and Chinese largesse were becoming dangerously attracted to the communist economic model as the answer to Asia's developmental challenges; as one paper put it, 'In many countries there is some tendency to accept the view that the peculiar problems of Asia call for Russian/Chinese methods of treatment rather than those of the West'.<sup>47</sup>

In formulating a response, British planners called on political, military and economic tools. Politically, Asian neutralism had to be, if not welcomed, then at least accepted; the failure of efforts to bring neutralists like Nehru and U Nu into SEATO showed that they could not be persuaded into closer formal alignment with the West, and the popular hostility towards the pact evident in both countries suggested that it would be self-defeating to try. Indeed, 'a genuine neutrality, provided that it is not based on a complacent disregard of the true aim of Sino-Soviet communism, need not be inconsistent with the interests of the West'.<sup>48</sup> By the same token, Washington had to be discouraged from dealing exclusively with allied states, a 'fatal' mistake that would 'divide rather than unify', and would do little to meet Soviet attempts to woo

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<sup>47</sup> Brief for the Washington talks, January/February 1956, undated, FO371/123246/D1073/1, UKNA.

<sup>48</sup> *Ibid.*

uncommitted countries.<sup>49</sup> Militarily, SEATO should be supported and developed ‘to show that it is intended to ensure that Asian countries may develop their institutions unmolested, *not* to threaten or provoke’, and arms supplies should be maintained. Finally – and this, officials thought, was the key – Western economic aid to Asia must continue, ‘with the avowed aim of improving standards of living in the recipient countries and not of securing an advantage in the cold war’.<sup>50</sup> Such aid could, however, only come from the United States. The UK was already doing a great deal ‘and could not be expected to do more’; over the previous five years, Britain had disbursed an estimated \$1,000 million overseas, albeit much of it in British colonies, rather than in the newly-independent states being targeted by the Soviets and the Chinese. Military spending in Malaya alone accounted for £60 million annually, and £1 million a year was earmarked for the Colombo Plan.<sup>51</sup> Accordingly, while the UK should continue to play a role in the long-term development of the Third World, ‘*we must put it to the United States that they must bear the burden of countering the new Soviet moves [emphasis in the original]*’.<sup>52</sup>

British officials hoped to discuss possible responses to the Soviet Union’s new tactics during a trip Eden made to Washington in January and February 1956, but talks on the subject remained at a very general level, and no substantive decisions were reached.<sup>53</sup> This may have been because, whereas a consensus had emerged in Washington that a

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<sup>49</sup> ‘Countering the Economic Offensive of the Soviet Bloc’, SSC(56)4, 14 January 1956, T277/578, UKNA.

<sup>50</sup> Brief for the Washington talks, January/February 1956, undated, FO371/123246/D1073/1, UKNA.

<sup>51</sup> Allen, minute, 9 May 1956, FO371/123212/D1052/5, UKNA.

<sup>52</sup> ‘Countering the Economic Offensive of the Soviet Bloc’, SSC(56)4, 14 January 1956, T277/578, UKNA.

<sup>53</sup> Garner to Rowan, 29 March 1956, FO371/123257/D11338/2, UKNA.

new Soviet threat existed, there were sharp differences within the administration, and between the administration and Congress, over how the US should respond to it. Eisenhower for one argued that Soviet tactics demanded more positive and supple US diplomacy. In particular, he accepted that, in some cases, it was legitimate for the United States to extend assistance to neutralist governments, if the alternative meant their loss to communism: 'it was clearly to the security advantage of the United States', he told the NSC at its 8 December meeting, 'to have certain important countries like India strong enough to remain neutral or at least "neutral on our side"'.<sup>54</sup> This more nuanced analysis of the relationship between non-alignment and US and Western security interests would have met with ready agreement in London. The British report on the implications of Khrushchev and Bulganin's visit to India, for example, concluded that, 'much as we may dislike the Indian contention that one power bloc is as bad as another, non-alignment and neutralism do work both ways. If India were to succumb to Soviet pressure it would be from weakness only; if we continue to help India to grow strong this danger will be averted'.<sup>55</sup>

Dulles too saw the need for a more sympathetic posture towards the non-aligned world, despite his personal aversion to some of its leaders, particularly Nehru.<sup>56</sup> Speaking to Congress in 1954, he argued that the United States 'cannot adopt a policy of not extending a certain amount of assistance to countries which also deal with the

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<sup>54</sup> Memorandum of discussion, 269<sup>th</sup> meeting of the National Security Council, 8 December 1955, *FRUS*, 1955–57, vol. 10, pp. 44–64.

<sup>55</sup> Middleton to Reading, no. 6, 17 January 1956, FO371/123587/DL10338/7, UKNA.

<sup>56</sup> The antipathy was mutual. In conversation with Mao Zedong in October 1954, for example, Nehru ventured the view that Dulles 'is a great menace. He is a Methodist or a Baptist preacher who religiously goes to Church and he is narrow-minded and bigoted'. Jones, 'A "Segregated" Asia?', p. 12.

Soviet Union ... that would in effect involve writing off India'.<sup>57</sup> While not quite a Damascene conversion, this was nonetheless a notably more pragmatic Dulles than the one who had told an interviewer in 1949 that 'the first thing you must do in Asia is to bring the peoples ... to realize that the struggle which is on in Asia is a struggle that primarily concerns them and is not just a struggle between Soviet Communism and American capitalism ... If they try to be neutral they will themselves be overrun'.<sup>58</sup> Thus, while Dulles retained his belief in the deterrent power of collective security and alliances (derided as 'pactomania' by his critics), he also recognised that ignoring or berating governments that elected to stay outside of them was no longer sufficient. In a speech to the Council on World Affairs in October 1956, for example, he conceded that, while some newly independent states 'prefer not to adhere to collective security pacts, we acknowledge of course their freedom of choice. We have a deep interest in the independence of these nations and we stand ready to contribute from our store of skills and resources to help them achieve a solid economic foundation for their freedom'.<sup>59</sup> To be sure, he told his British counterpart Selwyn Lloyd in January 1956, the US 'favoured countries that are lining up with us and ... should not treat neutrals better than these'. But this was 'quite a different thing from doing nothing at all':

*On the contrary the US showed that it was important to provide help to the neutral countries in order to help keep them from going over to the Communist side ... the all-or-nothing approach would throw*

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<sup>57</sup> Guhin, *John Foster Dulles*, p. 255.

<sup>58</sup> Dulles, interviewed on *Capitol Cloakroom*, 29 June 1949, quoted in Guhin, *John Foster Dulles*, p. 367, fn. 22.

<sup>59</sup> *Ibid.*, p. 263.

*them into the Soviet arms unnecessarily while there is still some salvation possible.*<sup>60</sup>

Although both Dulles and Eisenhower lobbied heavily in defence of American assistance to the uncommitted world, opposition to a more forthcoming approach proved difficult to overcome, both in Congress and in the administration itself. Congress cut Eisenhower's foreign aid budgets every year between 1956 and 1958, and by significant amounts; the budget request for 1957, for example, was reduced by \$900 million, a fifth of the \$4.7 billion the president had asked for.<sup>61</sup> Within the administration, officials like John Hollister, the Director of the International Cooperation Administration (ICA), worried that the US was already over-extended, and could not afford to spend more. Just six recipients – South Korea, Indochina, Turkey, Taiwan, France and Pakistan – accounted for between \$100 million and \$1 billion each in military assistance every year, and absorbed over half of America's existing non-military aid programmes. American assistance to South Korea alone was equivalent to South Korea's gross national product, but even outlays as significant as this could not guarantee material progress; 'it required all the money that the United States could pour in by way of assistance', Hollister told the NSC in December 1955, 'simply to enable Korea to stand still and not recede into worse economic difficulties'.<sup>62</sup> Lavish spending alone, Hollister warned, would not meet the needs of the Third World.

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<sup>60</sup> Minutes of a US–UK Foreign Ministers' meeting, 31 January 1956, *FRUS*, 1955–1957, vol. 21, p. 169.

<sup>61</sup> McMahon, 'The Illusion of Vulnerability', p. 616; Guhin, *John Foster Dulles*, p. 259.

<sup>62</sup> Memorandum of discussion, 269<sup>th</sup> meeting of the National Security Council, 8 December 1955, *FRUS*, 1955–1957, vol. 10, p. 48.

Opponents of greater economic assistance also questioned the wisdom of investing in the socialised economies of countries like Burma and India. Aid to these countries, Defense Secretary Charles E. Wilson opined, 'posed a very difficult problem for the United States. If we went in and spent our money building industrial plants and other installations for some backward country, who was going to have title and ownership over these plants which had been built with US funds. If the ultimate owner was the state, we would be helping these countries to proceed down the road which led to state socialism or Communism'.<sup>63</sup> American aid, argued Treasury Secretary George M. Humphrey, could not be used to 'create and maintain other government-controlled economies in the underdeveloped nations of Asia and Africa. To do this would be self-defeating for the United States'.<sup>64</sup>

Finally, sceptics argued that non-alignment in and of itself precluded greater US efforts. Existing aid programmes overwhelmingly favoured countries that had declared their allegiance to the United States – five of the six primary recipients of American aid listed by Hollister were directly allied with Washington by treaty, and the US was committed to the defence of the sixth, Indochina, under the terms of the Manila Pact – and this precedence seemed a legitimate expression of American approbation. Conversely, the withholding of aid from governments that had elected not to side with Washington was an equally legitimate expression of American disapproval. As Admiral Felix B. Stump, the Commander-in-Chief of the US Pacific

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<sup>63</sup> Memorandum of discussion, 266<sup>th</sup> Meeting of the National Security Council, 15 November 1955, *ibid.*, p. 29.

<sup>64</sup> Memorandum of discussion, 273<sup>rd</sup> Meeting of the National Security Council, 18 January 1956, *ibid.*, pp. 64–68.

Command, put it in a trenchant response to Cambodian complaints of niggardly US help:

*I think that it is about time for the US to make some reaction other than turning the other cheek when neutralists and others spit in our face. Aid to neutralist countries and anti-American countries makes our allies wonder what is the best policy to get more aid ie to follow the policies of Nehru or Nasser or to follow the policies of the US ... Available foreign aid money is not sufficient to do the job we need to do. Therefore we cannot afford to throw any of it down the rat hole, but should place it where it will do the most good to strengthen the democratic world ... My feeling is that Congress is sick and tired of overloading the American taxpayer to provide aid for the pussyfooters and I personally certainly share those sentiments.<sup>65</sup>*

The problem of alignment featured prominently in the administration's discussions of a revised statement of US policy in South-East Asia, entitled NSC5612, in the summer of 1956. The key point at issue was whether allied states warranted preferential treatment in US economic and military aid programmes. Treasury and Defense department officials argued that they did, not least because the integrity of America's alliance relationships depended on it. According to Admiral Arthur W. Radford, the Chairman of the Joint Chiefs of Staff: 'we would never be able to retain our allies in Southeast Asia if our allies felt that other countries were in a position to obtain US assistance without ever joining any kind of an alliance with the United

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<sup>65</sup> Stump to the State Department, 30 March 1956, *FRUS*, 1955-1957, vol. 21, p. 505.



States'.<sup>66</sup> Congress too, Radford pointed out, was of the view that 'we should give military assistance only to dependable allies of the United States'. For Dulles, on the other hand, vetoing aid to non-aligned governments robbed the administration of the tactical flexibility it needed to match the Soviet Union's recent moves. Aid, he argued, could not be denied from neutrals simply on the grounds of their neutrality: 'It might well happen', he told the NSC, 'that some country aligned with the United States in some kind of collective security pact would not actually be in need of economic or military assistance; whereas some other country which was in a neutralist posture might need our help to prevent itself from being absorbed into the Communist orbit'. Better to lose allied Thailand, he argued, than neutral India. There could be no 'fixed formula' that would prevent the US from helping Burma, India or any other neutral, if to do so was in the US interest.

The final draft of NSC5612, approved by Eisenhower on 5 September 1956, did its best to accommodate these conflicting views.<sup>67</sup> The US, the document stated, could not accept the neutralist argument that non-alignment was an effective defence against communist pressure, and Washington should 'make every effort to demonstrate the advantages of greater cooperation and closer alignment with the free world, as well as the dangers of alignment with the Communist bloc'. Nor could the US accept equality of treatment in economic and military help. While a country's participation in collective security arrangements did not in itself constitute a claim for increased aid, 'measures to assure adherence are desirable, normally including preferential treatment

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<sup>66</sup> Memorandum of discussion, 295<sup>th</sup> Meeting of the National Security Council, 30 August 1956, *FRUS*, 1955–1957, vol. 21, pp. 240–52.

<sup>67</sup> 'Statement of Policy on US Policy in Mainland South-East Asia', NSC5612/1, 5 September 1956, *ibid.*, pp. 253–63.

in the fields of economic and military assistance, as justified by US strategic objectives'. At the same time, however, NSC5612 formally endorsed Eisenhower and Dulles' contention that a country's independence from communist control was essentially in the US interest, irrespective of its international posture. Some Asian countries, it noted, had chosen to join regional security structures, while others had not. To the extent that both groups were ultimately concerned with maintaining their independence and freedom of action, this served US interests, and the US should 'accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined'. Instead, America should 'support and assist [non-aligned countries] as they remain determined to preserve their own independence and are actively pursuing policies to this end'.

### **The resumption of American aid to Burma**

Within months of Khrushchev and Bulganin's odyssey around Asia at the end of 1955, the American government had equipped itself with a policy framework designed to counter Soviet activity in the non-aligned world, including Burma. As they had done in 1950, planners started from the assumption that Burma was of key importance to the West, and that its loss to communism would have significant economic, political and military repercussions for America's position in South-East Asia and beyond:

*such loss, by whatever means, would immediately pose a dangerous threat to the security of Thailand and Pakistan, our SEATO allies, and India. Exposing these SEATO countries, particularly Thailand with its long border with Burma, to such a threat might undo the*

*costly efforts which the US has undertaken to improve their security.*

*This threat might require revision of our strategic planning for the whole area. Psychologically, a Communist take-over in Burma would undermine the prestige of the Free World globally, and seriously damage the position of the now friendly elements in Asia and Africa.*

Accordingly, the 'basic objective of US policy is to prevent Burma from falling into the Communist orbit by frustrating the intensive Communist bloc program to win Burma over'.<sup>68</sup> Given past experience, however, any explicit attempt to influence Burma away from its new attachments plainly would not succeed; the Burmese government, reported the embassy in Rangoon, did not share America's distrust of the Soviet Union, set great store by the trade deals it had concluded and had no intention of undoing them. Simply assuming that the Burmese would seek US help 'for [the] purpose of "assisting Burma [to] counter Communist tactics"' would therefore be a mistake'. Nonetheless, officials believed that there were elements within the Burmese government who were 'aware of [the] danger [of] too close [an] involvement with [the] USSR ... and might be amenable to [an] offer of assistance by [the] US as [a] means of redressing [the] balance and facilitating Burma's chosen course of neutralism'.<sup>69</sup>

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<sup>68</sup> 'Burma', undated, records of the Director, Office of Philippine and Southeast Asian Affairs, correspondence, 1949-55 and miscellaneous, 1950-56, Lot 58D207, box 4, RG59, USNA.

<sup>69</sup> Rangoon to the Secretary of State, 7 January 1956, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-1961, box 27, RG469, USNA.

Rice was the key – the ‘wedge’ which the communists had ‘seized upon ... to penetrate Burma’.<sup>70</sup> Since Burma’s primary motive in its aid dealings with China and the Soviet Union was its pressing need to sell its surplus, the most obvious solution was for the United States to match or better Soviet offers. For reasons of US legislation, however, this option was unfortunately not available. In July 1954, Congress had passed Public Law (PL) 480 (the Agricultural Trade and Development Act), which provided for the overseas disposal of surplus US agricultural produce, including rice. The US was selling, in other words, not buying. The Burmese, already struggling to manage huge surpluses of their own, viewed the prospect of further competition with foreboding, and Burmese diplomats lodged a series of protests in October and November 1954. The following February Dulles, who was in Rangoon for a short visit, was told that America’s rice policy would deal the country’s economy a ‘crippling blow’; as a result, Dulles reported, ‘US position and influence’ had been ‘badly shaken’.<sup>71</sup> A US delegation dispatched to Burma at the end of May 1955 to discuss the rice problem was cordially received but ineffective: the Burmese remained ‘skeptical of assurances that the United States would really take precautions not to hurt the economies of rice-growing countries [and] fundamentally could not believe that any US rice could be sold in Asia without damaging Burmese interests’.<sup>72</sup>

What effect did US rice policy have on Burma’s decision to negotiate its rice barter deals with China and the Soviet bloc states? In practical terms, it seems unlikely that America’s position can have had much impact on Burma’s efforts to rid itself of its

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<sup>70</sup> Hoover to Hollister, undated, records of the Bureau of Far Eastern Affairs, Subject Files, 1956, Far East General, Lot58D3, box 1, RG59, USNA.

<sup>71</sup> Dulles to the State Department, 27 February 1955, *FRUS*, 1955–1957, vol. 22, p. 3.

<sup>72</sup> ‘Political Report – May 1955’, 27 June 1955, 790B.00/6-2755, CDF, box 3849, USNA.

own surplus. The guidelines governing US rice disbursement were in principle at least careful to minimise the disruption to existing rice producers, American agriculture officials were certain that US production was not in direct competition with Burma's, and the rice market had in any case turned against Burma for a variety of internal and external reasons that had little to do with US sales.<sup>73</sup> Politically, though, the effects were clearly unfortunate. Rightly or wrongly, Burmese leaders blamed American rice policy for their turn towards the Soviet bloc,<sup>74</sup> and US officials somewhat closer to the problem than the Department of Agriculture argued strongly for a change. Was it not illogical, Satterthwaite asked the State Department, that, while the US was spending 'astronomical figures to maintain and strengthen our defense perimeter in the western Pacific we should for the few million dollars involved in [the] sale [of] surplus rice to Asia risk further loss [in] our prestige here and pushing Burma closer to Communism?'. Through its rice policy, the US was running the 'definite risk of seeing a hitherto strongly anti-Communist government so weakened politically that it may be overthrown and Burma itself become a Chinese Communist satellite'.<sup>75</sup>

Despite Satterthwaite's pleas, the administration approved the sale of some 230,000 tons of rice to Asia during 1955.<sup>76</sup> Officials in the State Department, from Dulles down, were nonetheless sensitive to the need for some positive action to counteract Soviet advances. The first step, agreed in February 1956, just as the administration was finalising NSC5602/1, was a commodities deal under which the US agreed to provide Burma with some \$22 million-worth of surplus agricultural produce,

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<sup>73</sup> Editorial Note, *FRUS*, 1955–57, vol. 22, p. 6.

<sup>74</sup> Oakeshott to Landymore, 12 July 1955, FO371/117052/DB11345/3, UKNA.

<sup>75</sup> Rangoon to the State Department, 28 May 1955, *FRUS*, 1955–1957, vol. 22, p. 12.

<sup>76</sup> State Department to Rangoon, 5 May 1955, *ibid.*, p. 6.

including cotton, dairy products, tobacco and fruit.<sup>77</sup> This was followed in March by an offer to supply \$1 million-worth of US technical assistance in exchange for 10,000 tons of Burmese rice ('good news', thought the British, which 'shows that the Americans are alive to the need for helping Burma to market her rice').<sup>78</sup> Other plans included a \$3.4 million loan to meet Burmese requests for help in building a medical centre in Rangoon (agreed under the initial aid deal concluded in September 1950, and a useful counterpoise, officials thought, to the technical institute offered during Khrushchev's visit), and US assistance in Burma's attempts to obtain a loan from the International Bank for Reconstruction and Development (IBRD).<sup>79</sup> Finally, on 29 March 1956, the day before Mikoyan's delegation arrived, Satterthwaite was instructed to open negotiations with the Burmese government over a development loan worth up to \$25 million.<sup>80</sup> The ambassador was also told that, while the US was 'bending every effort to work out a coordinated program' to meet Burma's needs, 'it may be desirable to re-emphasize [the] importance of making no further commitments to the Russians'. It would be 'unfortunate indeed if just at [the] psychological moment favourable to US aid to Burma' anything happened which might 'negate efforts to date and render difficult [the] institutional assistance already in prospect'. The

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<sup>77</sup> State Department press release, no. 70, 8 February 1956, FO371/123344/DB11345/T, UKNA.

<sup>78</sup> ICA press release, no. 119, 12 March 1956, FO371/123344/DB11345/2, UKNA; Duncan, minute, 23 March 1956, FO371/123344/DB11345/2, UKNA. To get around the legislative restrictions governing American rice procurement, the technical assistance was actually paid for in the local-currency equivalent of \$1 million. This cash was then used to buy the rice, which was shipped to famine-stricken East Pakistan. 'Exchange of Technicians for Rice', CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 27, RG469, USNA.

<sup>79</sup> Hoover to Rangoon, 14 February 1956, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 27, RG469, USNA.

<sup>80</sup> State Department to Rangoon, 29 March 1956, *FRUS*, 1955–1957, vol. 22, p. 49.

‘sensitivity of US opinion and Congressional reaction to developments [in] this area’, Dulles warned, ‘cannot be over-estimated’.<sup>81</sup>

As with the negotiations over assistance in 1950, the principal obstacle to Burma’s acceptance of US help derived from the political conditions attached to it, in this case the stipulations contained in the Mutual Defense Assistance Control Act (the Battle Act). The legislation, passed by Congress in October 1951, forbade US assistance to countries shipping strategic goods to states deemed to pose a threat to US security. In August 1955, the Burmese had issued a licence for the export of several thousand tons of rubber to China, and was also committed to supplying copper, both of which were defined as strategic materials under the terms of the Battle Act.<sup>82</sup> For the Burmese government, acceding to the Battle Act and reneging on these deals was politically out of the question.<sup>83</sup> If aid was to be possible some flexibility was therefore necessary in the interpretation of the Battle Act’s restrictions. Accordingly, American officials concluded that existing Burmese exports were too small to merit Battle Act scrutiny, and the country was deemed eligible for US aid as long as no further commitments contrary to the Act were made.<sup>84</sup> Important figures in the Burmese government, notably U Kyaw Nyein, were prepared to accept this condition if it meant US aid, and hence potentially a reduced reliance on the Soviet Union. It was, however, too much

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<sup>81</sup> Dulles to Rangoon, 26 March 1956, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 27, RG469, USNA.

<sup>82</sup> Rangoon to the State Department, 22 August 1955, *FRUS*, 1955–1957, vol. 22, p. 21, fn. 3.

<sup>83</sup> State Department to Rangoon, 3 October 1955, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 21, RG469, USNA.

<sup>84</sup> ‘US Economic Assistance to Burma’, 18 May 1956, records of the Bureau of Far Eastern Affairs, Subject Files, 1956, Far East General, Lot58D3, box 1, RG59, USNA.

for U Nu, and the offer was rejected when it came before the Burmese cabinet at the beginning of May.

U Nu explained his decision in a letter to Eisenhower on 22 May.<sup>85</sup> From Burma's point of view, there were two impediments to any revival of American aid. The first was Burma's 'strong disinclination [to] take anything free from another country, however friendly, and consequent need to make at least token payment in rice for any grant assistance received'. The second obstacle was U Nu's long-standing anxiety to maintain some distance between his government and the governments of the West. This had become more urgent in the wake of parliamentary elections on 27 April. Although the ruling AFPFL retained a comfortable majority, the opposition National United Front (NUF) coalition did much better than expected, winning about a third of the vote. Such was the alarm within the Burmese leadership that U Nu relinquished the premiership in order to devote himself to rejuvenating and reorganising the AFPFL. He handed over to U Ba Swe, the defence minister, on 5 June 1956.<sup>86</sup> In terms of the country's foreign policy, the election result was important because the NUF's main component, the Marxist Burma Workers and Peasants Party (BWPP), was avowedly pro-communist, and the coalition as a whole contained a large number of communist sympathisers.<sup>87</sup> In such a climate, U Nu told Eisenhower, even the tacit acceptance of Battle Act restrictions would place the government in an 'untenable' position.

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<sup>85</sup> U Nu to Eisenhower, 22 May 1956, *FRUS*, 1955–1957, vol. 22, p. 64.

<sup>86</sup> Gore-Booth to Selwyn-Lloyd, no. 194, 21 June 1956, FO371/123314/DB1015/28, UKNA.

<sup>87</sup> Smith, *Burma*, p. 163.



Publicly, American officials expressed themselves baffled, and wondered whether the Burmese had perhaps misunderstood the terms of their offer.<sup>88</sup> Privately, however, U Nu's reaction was not unexpected, and proponents of aid pressed for further concessions. The inflexibility of the Battle Act, Satterthwaite warned, 'could defeat US efforts [to] prevent Burma falling under Soviet economic domination'. Soviet offers of help, he noted, were free of the conditionality imposed on US aid; surely the time had come to 'stretch our policy' and do the same.<sup>89</sup> According to State Department advisor Douglas MacArthur, one of the chief doom-mongers in the administration's discussions of Soviet tactics in the Third World, the US should 'move heaven and earth to act'.<sup>90</sup> No issue in American foreign policy was more important, he told Dulles; 'if we can *rapidly* exploit this situation, the effect on all the uncommitted and neutralist Arab-Asian States will be tremendous'. Burma was the 'key to the prevention of Communist domination of Southeast Asia'. If the US failed to meet even the country's minimum needs, 'I do not think we should be in business'.<sup>91</sup> Dulles agreed, and on 28 June Satterthwaite was told to reopen talks with the Burmese. No formal assurances of Battle Act compliance would be required.<sup>92</sup> Two days later, on 30 June, the two sides exchanged notes activating the rice-for-technicians deal the US had offered in March.<sup>93</sup> The following August, Hollister told a

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<sup>88</sup> State Department to Rangoon, 12 May 1956, *FRUS*, 1955–1957, vol. 22, p. 63.

<sup>89</sup> Rangoon to the State Department, 8 May 1956, *ibid.*, p. 62.

<sup>90</sup> Memorandum, MacArthur to Dulles, 5 June 1956, *FRUS*, 1955–1957, vol. 22, p. 65.

<sup>91</sup> Memorandum, MacArthur to Dulles, 15 June 1956, *ibid.*, p. 71.

<sup>92</sup> Dulles to Satterthwaite, 28 June 1956, *ibid.*, p. 75.

<sup>93</sup> Rangoon to the State Department, 30 June 1956, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 27, RG469, USNA.

press conference in Washington that the United States was planning a 'substantial program' of aid for Burma, which would 'go forward quite rapidly'.<sup>94</sup>

Discussions of possible American military assistance were also under way, prompted by a request in March 1956 for US help with ambitious plans to expand the Burmese army.<sup>95</sup> Satterthwaite as ever urged a positive response. Admittedly, military aid would not 'turn Burma into [a] friendly force on our side'. But it would help the country address its various insurgencies, deter external aggression and 'generally help stiffen the backbone of [the] country to our advantage'.<sup>96</sup> In particular, aid to the Burmese army offered Washington a chance to bolster one of the country's better organised and more reliably anti-communist organisations.<sup>97</sup> 'Modest' military assistance would 'assure and reinforce the anti-Communist orientation of Burma's military establishment and the Government in general'. Increased cooperation with the US in military matters would also have 'a beneficial effect on other neutral nations throughout the world'. The 'present situation and temper in Burma', the State Department concluded, 'provide an unparalleled occasion and opportunity for effective US action'.<sup>98</sup>

America's military leaders were, however, less enthusiastic, and the question of military assistance posed thornier problems within the administration than economic

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<sup>94</sup> ICA to Rangoon, 3 August 1956, CDF, Office of Far Eastern Operations, Burma Subject Files 1950–1961, box 27, RG469, USNA.

<sup>95</sup> Army Attache in Rangoon to the State Department, 9 March 1956, *FRUS*, 1955–1957, vol. 22, p. 54, fn. 3.

<sup>96</sup> Rangoon to the State Department, 3 April 1956, *ibid.*, pp. 54–55.

<sup>97</sup> Sebald to Gray, 4 April 1956, *ibid.*, p. 56.

<sup>98</sup> 'Refinement of FY1957 Military Assistance Program', 28 August 1956, records of the Officer in Charge of Burma Affairs, Subject File, 1949–1958, Lot 59D612, USNA.

aid. As a neutral nation, Burma's armed forces played no part in US military planning, so strengthening them offered no tangible military advantage; furnishing aid to a neutral nation without a formal agreement on how it was to be used – a condition that everyone concerned knew the Burmese would not accept – 'could generate damaging dissension within our useful alliances'. The US was in any case over-extended, and could spare neither the funds nor the equipment.<sup>99</sup> Any assistance, Radford told Eisenhower, would attract criticism from Congress and from allied states, 'who would also ask for more themselves', and all for a government that Radford regarded as neither trustworthy nor especially friendly to the United States.<sup>100</sup> Notwithstanding the promises of gratis aid made to the Burmese in 1955, if they wanted American military supplies, Radford argued, they would have to pay for them. The whole assistance programme, one State Department official complained on 8 August, 'is still up in the air with several new wrinkles'.<sup>101</sup>

These divergent views on military aid to Burma came before the NSC at the end of August 1956, as one of three points of disagreement in the draft text of NSC 5612 (the other two were the question of alignment in South-East Asia more generally, discussed above, and policy towards Laos). As with the problem of the Battle Act, here too the final decision favoured tactical flexibility, and the agreed text of NSC 5612 approved military aid, if necessary on the basis of a loan, rather than outright

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<sup>99</sup> Gray to Sebald, 26 April 1956, *FRUS*, 1955–1957, vol. 22, p. 59; Robertson to Dulles, 31 July 1956, *ibid.*, p. 79.

<sup>100</sup> Goodpaster, memorandum, 30 August 1956, *ibid.*, p. 82, fn. 3.

<sup>101</sup> Kocher to Braddock, 8 August 1956, records of the Officer in Charge of Burma Affairs, Subject File, 1949–1958, Lot 59D612, USNA.

payment.<sup>102</sup> On 20 September, Satterthwaite was instructed to explore the possibilities with the Burmese leadership. While the US could give no 'long-term assurances' about continued assistance, Washington nonetheless possessed a 'sincere and friendly interest' in helping Burma remain 'independent and secure'.<sup>103</sup> The following February, a small mission under Marine General Graves Erskine was dispatched to Burma to prepare detailed recommendations. Erskine's visit was itself an important sign of changing times; the last occasion Erskine had led a military mission to South-East Asia, in 1950, the Burmese had rebuffed it at the last minute and it had bypassed Rangoon altogether. Reviewing Erskine's recommendations in April 1957, Young noted that American assistance to the Burmese military constituted a 'matter of the highest political importance for developing effective US–Burmese relations and for influencing the course of events in Southeast Asia for the next five to ten years'.<sup>104</sup>

Arguments in favour of assistance were made more persuasive by perceived changes in Burmese attitudes towards relations with the communist bloc. By the end of 1956, both the Americans and the British were detecting clear signs of unease in Rangoon over the political and economic implications of Burma's dealings with China and the Soviet Union. Burmese press reports spoke of Chinese meddling in the country's general elections in April 1956, with allegations that Beijing had provided the opposition with campaign funds and arranged for opposition leaders to visit China.<sup>105</sup> Meanwhile, Chinese troops mounted a series of incursions across the disputed border,

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<sup>102</sup> Memorandum of discussion, 295<sup>th</sup> Meeting of the National Security Council, 30 August 1956, *FRUS*, 1955–1957, vol. 21, pp. 240–52.

<sup>103</sup> State Department to Rangoon, 20 September 1956, *FRUS*, 1955–1957, vol. 22, p. 84.

<sup>104</sup> Young to Robertson, 24 April 1957, records of the Officer in Charge of Burma Affairs, Subject File, 1949–1958, Lot 59D612, USNA.

<sup>105</sup> Gore-Booth to Selwyn-Lloyd, no. 194, 21 June 1956, FO371/123314/DB1015/28, UKNA.

sparkling clashes with Burmese units.<sup>106</sup> Requests for the troops' withdrawal went unanswered, and by the summer of 1956 some 6,000 Chinese soldiers were thought to be on Burmese soil.<sup>107</sup> Although the dispute remained contained, Chinese forces were withdrawn and tentative agreement on border demarcation was reached towards the end of 1956, the issue served as an uncomfortable reminder to the Burmese that, for all Beijing's declarations of friendship and peaceful coexistence, they remained acutely vulnerable to Chinese pressure.<sup>108</sup> According to one British observer, the frontier dispute, combined with Chinese interference in Burma's politics, had starkly demonstrated the difficulties inherent in 'conducting a policy of "benevolent neutrality" towards non-benevolent countries'.<sup>109</sup>

Concerns over the economic implications of their barter deals were also giving the Burmese pause for thought. In his annual review for 1956, Richard Allen, Gore-Booth's successor as British ambassador in Rangoon, reported that, while 'Burma's policy of "dynamic neutralism" still tended to make her carp at the West and fawn on the East', the barter deals had proven 'full of snags'. Few of Burma's new trading partners had honoured their commitments, and most were heavily in debt to Rangoon. What goods had been supplied were expensive and unpopular, and the Burmese had struggled with unfamiliar languages and alien trading practices. As a result, there was 'general disillusionment among the Burmese over trade with the Soviet Union and the satellites'. These misgivings were compounded by shifts in Burma's favour in the rice market, in particular India's re-emergence as a major purchaser. In May 1956, just a

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<sup>106</sup> State Department Intelligence Report, no. 7,330, 29 August 1956, FO371/123322/DB10310/63, UKNA.

<sup>107</sup> Reading, minute, 29 August 1956, FO371/123320/DB10310/29, UKNA.

<sup>108</sup> Ralph Pettman, *China in Burma's Foreign Policy* (Canberra: ANU Press, 1973), p. 23.

<sup>109</sup> McCormick, minute, 10 August 1956, FO371/123314/DB1015/37, UKNA.

month after Mikoyan's visit, India agreed to take two million tons of Burmese rice, thereby largely removing the economic rationale that had prompted the barter deals in the first place. The Burmese were, in other words, left with a series of trade agreements that they no longer either needed or wanted.<sup>110</sup> The Burmese, averred one US official, had come to recognise that 'they are getting the short end of the deal on the barter arrangements with the Commie bloc'.<sup>111</sup>

As the detrimental effects of the barter deals became clearer, the Burmese government sought to scale them down. In February 1957, Burma reached agreement with its barter partners to limit rice supplies during the year to 200,000 tons, and the British concluded that Rangoon was making a determined effort to extricate itself from its barter agreements and re-establish its cash trade.<sup>112</sup> Only a handful of Soviet bloc technicians were active in Burma – perhaps 20 – as against several hundred American, British, Indian and Japanese specialists. Moreover, while Soviet technical help focused exclusively on agriculture, Westerners were working in almost every area of Burma's economic and professional life, from pharmaceuticals and tea-planting to education, health and social services.<sup>113</sup> Burma had not 'responded to the Bloc's trade and aid drive as the Soviet Union must have hoped'.<sup>114</sup> A sense of proportion was called for: 'there must still be infinitely more Westerners in Burma than there are nationals of the Soviet bloc. And the opportunities for the West to

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<sup>110</sup> Allen to Selwyn Lloyd, no. 32, 1 February 1957, FO371/129401/DB1011/1, UKNA.

<sup>111</sup> Tyson to Sebald, 16 February 1957, records of the Officer in Charge of Burma Affairs, Subject File, 1949–1958, Lot 59D612, USNA.

<sup>112</sup> Allen to the Foreign Office, no. 2, 24 January 1957, FO371/129417/DB1121/1; Rangoon to the Foreign Office, 25 June 1957, FO371/129417/DB1121/10, UKNA.

<sup>113</sup> Allen to Selwyn Lloyd, no. 166, 1 July 1957, FO371/129417/DB1121/9, UKNA.

<sup>114</sup> 'Sino-Soviet Bloc Economic Relations with the Under-developed World', EIG(57)23, 4 September 1957, FO371/128426, UKNA.

indirectly influence Burmese policy remain vastly greater than those open to the Russians and their friends'.<sup>115</sup> This analysis was reinforced in March 1957, when the negotiations on a development loan begun the previous year concluded in a pair of agreements providing for US loans worth over \$40 million.<sup>116</sup> Taken together, these developments seemed to imply that the ominous forebodings of Soviet predominance that had so deeply preoccupied officials in Washington and London in the closing months of 1955 had perhaps been overstated. As one US official put it in April 1957, American relations with Burma 'are, in general, as good at this moment as they have been since the country gained its independence'. Although 'Burmese neutralism and fear of involvement impose definite limits on our possible actions', within those limits 'a favourable predisposition seems to exist for a careful, long-term program'.<sup>117</sup>

By the start of 1958, the US and Burmese governments were engaged in three separate sets of negotiations, over military assistance, police assistance and economic aid. Agreement was reached first on the economic part of the package, with the conclusion on 27 May 1958 of a new commodities deal providing for the sale of agricultural surpluses to finance a local-currency loan worth about \$14.5 million.<sup>118</sup> An agreement providing for a \$10 million loan to fund the purchase of police equipment was reached on 16 June, and a week later, on 24 June, the two sides finalised a similar deal for \$10 million-worth of military supplies.<sup>119</sup> The first

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<sup>115</sup> Duncan, minute, 13 February 1957, FO371/129418/DB11338/4, UKNA.

<sup>116</sup> 'Highlights of Burma's Economic Situation', 10 January 1958, Subject Files Relating to Burma and Thailand, 1956-1959, Lot 61D200, box 17, RG59; 'Burma', 14 February 1958, Subject Files Relating to Burma and Thailand, 1956-1959, Lot 61D200, box 17, RG59, USNA.

<sup>117</sup> 'Overall Political Evaluation', 2 April 1957, 790B.00/4-257, CDF, box 3850, USNA.

<sup>118</sup> Rangoon to the State Department, 12 December 1957, *FRUS*, 1955-1957, vol. 22, p. 124.

<sup>119</sup> Rangoon to the State Department, 2 October 1957, *ibid.*, p. 122.

consignment of equipment arrived in November 1958.<sup>120</sup> Admittedly, officials in Washington conceded, these initiatives would do little to moderate Burma's fundamental attachment to neutralism in its foreign policy, nor had the Burmese altogether abandoned their attempts to secure assistance from the communist bloc, as well as from the West; in January 1958, for example, China and the Soviet Union agreed to lend the Burmese the equivalent of about £5 million to finance the building of a pair of irrigation dams and a textile factory.<sup>121</sup> But the agreements were a further sign that the Burmese were prepared to move closer to the West with much greater conviction than planners in Washington had expected when they considered the implications of communist overtures to Rangoon in 1955. The US, officials concluded, was 'in a better position than ever before to influence Burma toward a closer cooperation with free world activities and identification with free world objectives'.<sup>122</sup>

## Conclusion

Between 1955 and 1958, in response to what was deemed to be an aggressive initiative to extend the Soviet Union's political and economic reach in the Third World, US policy-makers designed a wide-ranging programme of military, security and economic aid for Burma worth some \$100 million.<sup>123</sup> In doing so, officials

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<sup>120</sup> Kerr to Sullivan, 18 November 1958, Subject Files Relating to Burma and Thailand, 1956-1959, Lot 61D200, box 17, RG59, USNA.

<sup>121</sup> Murray to Selwyn Lloyd, no. 2, 13 January 1958, FO371/135744/DB1121/2, UKNA.

<sup>122</sup> 'Overseas Internal Security Program for Burma', Operations Coordinating Board, 21 March 1958, *FRUS*, 1958-1960, vol. 15/16, Part 1, Burma; Malaya-Singapore; East Asia Region; Cambodia, microfiche supplement (Washington DC: USGPO, 1993), document 111.

<sup>123</sup> Comprising about \$80 million in economic aid and around \$20 million in military and security assistance. Burma was also receiving about \$35 million in aid from the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF). 'Highlights of



adopted a more flexible interpretation of US aid legislation, which enabled them to furnish assistance to the Burmese in the absence of the formal assurances called for under the Battle Act. They also developed a more elastic and nuanced appreciation of America's relationship with neutralism. Unanimity on this was not achieved, and military leaders in particular sought to maintain a distinction between aligned and non-aligned governments in the distribution of American aid. But the issue at stake was primarily political, not military, and objections to the provision of assistance to the Burmese were noted, but not accepted. The need for a practical response to meet Soviet initiatives in Rangoon seemed to call for a flexibility in policy-making that principled objections to neutralism did not permit.

This chapter has argued that America's policy-making towards Burma in the latter part of the 1950s cannot be understood in isolation from the broader changes under way in American perceptions of the scale and nature of the Soviet and Chinese threat to Burma and other countries in the Third World. Essentially, US fears of Soviet expansionism ascribed to Burma and other previously peripheral countries a strategic and political significance out of proportion to their inherent value to US interests. But were these fears justified? Was US policy towards Burma responding to a threat that was more perceived than real?

From the record, it seems clear that the assumptions underpinning US policy were flawed. Soviet and Chinese initiatives did not mark the start of a concerted assault on Burma's economic or political independence. Indeed, Soviet initiatives may even

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Burma's Economic Situation', 10 January 1958, Subject Files Relating to Burma and Thailand, 1956-1959, Lot 61D200, box 17, RG59; 'Burma', 14 February 1958, Subject Files Relating to Burma and Thailand, 1956-1959, Lot 61D200, box 17, RG59, USNA.

have been counter-productive. According to one American assessment, produced in January 1960, 'The Soviet Bloc economic penetration effort which began in 1955 has been a failure, both in general and in detail. Bloc prestige and repute have been brought to a new low by the ill-conceived or ill-implemented program, and there is much Burmese resentment'.<sup>124</sup> Nor can we be certain that the steps the US took to counter this perceived threat exerted anything more than a marginal influence on Burma's management of its relations with the communist bloc. True, US concerns had an instrumental function for the Burmese, in the sense that Burmese leaders exploited the spectre of 'economic domination' by the Soviet Union to exert pressure on Washington to release aid. But in terms of the practical politics of Burma's relations with communist countries, objective economic factors, and in China's case strategic considerations, appear to have dictated Burma's behaviour far more than the existence or otherwise of US political, economic or military support. In short, US policy towards Burma during the later 1950s overestimated the scale and intent of Soviet and Chinese diplomatic initiatives, underestimated Burma's ability to resist them and exaggerated America's capacity to influence the outcome through the provision of aid.

Hindsight, of course, is a wonderful thing, and neither the US nor the British government enjoyed its benefits. It is also worth pointing out that officials did not imagine the lavish receptions U Nu and Nehru were given in Moscow, the crowds that greeted Bulganin and Khrushchev in Rangoon and Delhi or the series of extensive aid and trade deals that followed their visits. Their conclusions did not, in other words, come out of the blue. Nonetheless, it is legitimate to ask why such apparently

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<sup>124</sup> 'Sino-Soviet Assistance Programs in Burma', 2 January 1960, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-1961, box 39, RG469, USNA.

erroneous analysis gained such currency so quickly.<sup>125</sup> One possibility is that officials and politicians consciously exaggerated the threat to press a particular policy agenda. Certainly, a sense of heightened danger was important in overcoming opposition within Eisenhower's administration to aid to non-aligned countries, and it could plausibly be argued that the Burmese aid programme as a whole would not have been possible had US officials not interpreted Soviet and Chinese actions in the way that they did. But the nature of the discussion revealed in the documents does not lead to the conclusion that these threat assessments were anything other than honest appraisals of Soviet tactics, and the record reveals very little, if any, dissenting opinion: the assumption that Soviet activity constituted a serious challenge went virtually unquestioned. The arguments within the NSC over assistance to countries like Burma did not rest on the validity or the quality of the analysis, but on whether aid was in the US interest, and whether the US had the capacity to provide it without compromising America's existing aid programmes or damaging its existing relationships in Asia. Nor does this interpretation adequately answer the point that analysts in London arrived at broadly similar conclusions, and for broadly similar reasons. Clearly, something more than bureaucratic imperative was at work.

A more persuasive explanation of the official response to the Soviet Union's initiatives in the mid-1950s may reside as much in the *unpredictability* of Moscow's actions as in their specific effects or implications: without warning, planners in Washington and London were confronted by an adversary behaving in new ways, opening up new relationships and deploying new, more flexible techniques, in areas of the world that the US at least did not know or understand especially well. Faced

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<sup>125</sup> This discussion draws particularly on McMahon, 'The Illusion of Vulnerability', pp. 616-19.

with this new direction in Soviet and Chinese diplomacy, policy-makers had few historical references to draw upon to frame their thinking or give them a meaningful sense of perspective. Under US leadership, the West had developed political and military structures to counter the political and military challenge of the communist system. Now, planners believed they were confronting an economic and psychological test that existing mechanisms were not properly designed to meet. Indeed, if anything the Soviet Union's choice of economic diplomacy seemed specifically designed to play to the country's strengths; a command economy, after all, was more amenable to manipulation in the service of foreign policy than the more open market economies of the West. Under these circumstances, perhaps the more interesting question is not why policy-makers reached the conclusions they did, but whether they could plausibly have arrived at different ones.

Whatever the motives driving them, the policies and actions the United States developed in the latter half of the 1950s constituted a significant advance in Washington's relations with Burma. In 1953, the Burmese had peremptorily abrogated their aid agreement, inflicting an unearned humiliation on Eisenhower's administration and adding to the list of very public disasters encountered by American planners as they sought to come to terms with the problems and crises besetting post-war Asia. Two years later, changing perceptions of the communist threat to Burma and other fledgling governments in the Third World had stimulated a flexible and imaginative aid programme worth tens of millions of dollars. With the advent of Kennedy's government in 1961, there was every chance that these ties would deepen further. As the following chapter explains, Kennedy and his planners came to office with a much more extensive and explicit commitment to investing in America's

relations with the Third World, underpinned by a sophisticated analysis of the developmental potential of US aid.

## **Chapter 7**

### **Britain, the United States and the end of civilian government, 1958–1962**

This final chapter explores Anglo-American relations with Burma between 1958 and 1962. In contrast with previous years, this was a period of significant upheaval in Burma's domestic politics. For all the volatility of the immediate post-independence period, with its insurgencies, its foreign incursions, its bureaucratic problems, its crime and banditry and its periodic economic crises, Burma's parliamentary politics had been remarkably – indeed, unhealthily – stable. As in other post-colonial contexts, power remained largely in the hands of the nationalist politicians who had secured Burma's independence and, despite the opposition's encouraging showing in the 1956 elections, there was little sign yet of an effective constitutional alternative to the AFPFL, which was still by far Burma's largest political organisation. U Nu, who resumed the premiership in 1957, marked ten years in power the following year, a notable achievement given the many and various travails his government had faced since independence, and a testament to his considerable political skills and personal charm.

Between 1958 and 1962, however, the post-independence political consensus unravelled. Without a constitutional opposition to focus minds and enforce party discipline, tensions within the AFPFL finally became impossible to contain, and the coalition split into competing factions. Faced for the first time with a political opposition with the potential to bring him down, U Nu turned to the communist-dominated NUF to keep himself in power. He also softened his government's position towards the communist insurgents, announcing an amnesty and inviting communist

leaders to Rangoon for talks. This was too much for the army, which took control of the government in October 1958. Although U Nu returned to government again following elections in early 1960, his tenure this time was short; the army took over once more in March 1962, and has remained in charge in one form or another ever since.

For British and American planners, the rapid oscillation between civilian government and military rule between 1958 and 1962 – and the very different courses each administration pursued – presented considerable difficulties of analysis and policy-making. What did these changes mean for Burma's domestic and foreign policies, and its links with London and Washington? What was the appropriate response? Initially, the collapse of the post-independence political settlement in Rangoon appeared to signal a new and more promising phase in relations. In particular, the arrival in power of a military government in 1958 offered the prospect of more effective and efficient administration, and more robust action against Burma's communist insurgents. The new government also adopted a more cautious policy towards the regimes in Moscow and Beijing, encouraging US policy-makers to extend further substantial amounts of aid, including in areas of strategic importance that would previously have been taboo. Barely a year later, however, U Nu's return to government revealed the fragile basis on which American aid plans had been conceived. Political and economic ties with Beijing were rejuvenated, culminating in an \$80 million loan agreement in January 1961. At the same time, the new government distanced itself from the aid agreements its predecessor had reached with the United States.

America's relations with U Nu's government were further complicated during this period by the re-emergence of the Kuomintang problem in Burma's north-east. As before, US efforts to persuade Taipei to extract these troops made slow progress, and the Burmese turned to Beijing for military support to oust the Nationalists by force. Finally, in April 1961, several thousand troops were evacuated to Taiwan, a step that owed much to the advent of a new government in Washington. Under Kennedy, the United States maintained and enhanced the more positive and flexible attitude to neutralism that had emerged during Eisenhower's government, and American assistance to the developing world increased significantly. There were also indications that Kennedy's officials were considering opening up a new relationship with the Burmese. Any such hopes were, however, dashed by the second coup in March, as the new regime curtailed Burma's contacts with the outside world and the country entered a period of isolation from which it has yet to emerge.

### **The political crisis of 1958**

The first signs of political difficulty emerged at the end of January 1958, during a five-day AFPFL congress in Rangoon. The event was enormous, with over 2,000 delegates and a further 100,000 rank-and-file members. Its chief political significance resided in a marathon four-and-a-half hour speech by U Nu in which he rejected the League's long-standing adherence to Marxism on the grounds that it was fallacious, 'undesirable as a political philosophy' and incompatible with Buddhism. The practical implications of U Nu's statement were arguably limited. Despite his government's early enthusiasm for a Marxist programme of state ownership, U Nu's interpretation of Marxist theory had always been idiosyncratic, and one of his earliest public references to it – the 15-point Leftist Unity programme, unveiled in 1948 – caused



such consternation internationally that it was hastily dropped. In terms of the politics of the AFPFL, however, it was explosive (the US ambassador, Walter McConaughy, called it 'epic-making'<sup>1</sup>). As previous chapters have shown, a rhetorical commitment to Marxism was one of the central features of Burmese political life. In rejecting it, U Nu was also rejecting the vocabulary of more than a decade of political debate.

U Nu's repudiation of Marxism split the AFPFL into two competing factions: the 'Clean' AFPFL, led by U Nu and Thakin Tin, the deputy prime minister and head of the All Burma Peasants Organisation (ABPO), by some way the largest constituent of the AFPFL; and the 'Stable' AFPFL, organised around U Ba Swe, leader of the Trades Union Congress (Burma) (TUC(B)), and U Kyaw Nyein.<sup>2</sup> Months of fractious politicking followed, culminating in June with the resignation from the cabinet of U Ba Swe, U Kyaw Nyein and 13 other ministers, and a vote of confidence in the Burmese parliament. Although U Nu saw off that challenge (albeit only just: he won 127 votes, against 110 for his opponents<sup>3</sup>), he was forced to rely on the support of the communist-dominated NUF to do so, raising the possibility of a formal role for the above-ground communists in government. There were also concessions to the insurgents, with the announcement of an amnesty at the end of July 1958 and hints that U Nu was considering opening negotiations with the CPB.<sup>4</sup> For the first time since the crises of 1948, a communist government had become plausible. According to one British intelligence assessment: 'the split within the AFPFL has seriously

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<sup>1</sup> Rangoon to the State Department, 18 February 1958, 790B.00/2-1858, CDF, box 3850, RG59, USNA.

<sup>2</sup> Smith, *Burma*, p. 176.

<sup>3</sup> Murray to the Foreign Office, 9 June 1958, FO371/135278/DB1015/24, UKNA.

<sup>4</sup> Murray to the Foreign Office, 6 August 1958, FO371/135729/DB1015/37, UKNA.

weakened the democratic forces and government generally in Burma and opened the way to a great increase in Communist influence'.<sup>5</sup>

The extent of the communist challenge during 1958 must remain unknown; even the British, who had spent the best part of a decade worrying about the stability of Burma's government, were not fully convinced that recent events really portended the emergence of a communist regime, and American officials were inclined to accept as sincere U Nu's assertions that he would not take communists into his government.<sup>6</sup> Only one NUF leader – and that a non-communist, former Justice Minister U E Maung – was appointed to the government U Nu formed after the confidence vote, and the popular appeal of communism was uncertain. True, the NUF had done well in the last elections, in 1956, but not well enough to mount a real challenge for power.<sup>7</sup> The NUF itself was in two minds over its support for U Nu, and by September splits were emerging within it between moderate parties and groups further to the left who favoured negotiations with the communist insurgents.<sup>8</sup> In the febrile atmosphere of Rangoon, however, these were fine distinctions, not least for Burma's increasingly restive military leadership. After more than ten years fighting the communists, senior officers were in no mood to see them take power now.

Matters came to a head in late September. On 22 September, under pressure from the communist leaders of the NUF, U Nu agreed to allow CPB leader Thakin Than Tun to travel to Rangoon for talks. A cabinet meeting later that day decided to dissolve

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<sup>5</sup> 'The Outlook in Burma', JIC(FE), undated draft, FO371/135729/DB1015/41/G, UKNA.

<sup>6</sup> 'CINCPAC's Evaluation of U Nu Parliamentary Victory', 19 June 1958, Subject Files Relating to Burma and Thailand, 1956–1959, Lot 61D200, box 18, RG59, USNA.

<sup>7</sup> Smith, *Burma*, p. 177.

<sup>8</sup> Murray to Selwyn Lloyd, no. 210, 20 September 1958, FO371/135729/DB1015/42, UKNA.

parliament and call an election for November, raising the possibility of communist gains at the ballot box. The army responded by surrounding Rangoon, and U Nu was given an ultimatum: renounce his links with the NUF and cease efforts at negotiation with the communist insurgents, or face an army takeover. Three days later, on 26 September, an apparently weeping U Nu handed power to Ne Win. The following month, on 28 October, U Nu formally resigned, and the Burmese parliament elected Ne Win prime minister in an uncontested vote.<sup>9</sup> Although constitutional proprieties were observed through an exchange of letters between the two protagonists, and the transfer of power was bloodless, the threat of force was clear. This was to all intents and purposes a coup.<sup>10</sup>

### **Ne Win's first government**

Ne Win, a Sino-Burman, was born in 1911. His real name was Shu Maung (Ne Win – ‘Radiant Sun’ – was a *nom de guerre*). His early career was undistinguished: he failed his examinations at Rangoon University (he studied biology in hopes of becoming a doctor), then took a junior job in the Burmese Post Office. He resigned in 1939, before joining Aung San and other Burmese nationalist leaders in Japanese-occupied China. Returning to Burma, he became Aung San's Chief of Staff, and worked closely with him in the resistance to Japanese occupation at the end of the war. Prior to independence he served as a Battalion Commander and Special Commissioner in operations against communist insurgents in Upper Burma. In 1949 he succeeded Smith Dun, a Karen, as Supreme Commander of the Burmese armed forces. He also briefly held the post of deputy prime minister, with responsibility for defence and home affairs.

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<sup>9</sup> Murray to Selwyn Lloyd, 1 November 1958, FO371/135729/DB1015/60, UKNA.

<sup>10</sup> Smith, *Burma*, p. 175.

In temperament and habits, Ne Win was the polar opposite of the Buddhist ascetic U Nu: ‘good-looking, sport-loving, debonair, normally easy-going and out for a good time’, as the British reports had it.<sup>11</sup> His two visits to the UK prior to taking control in 1958 pointed up the differences in personality nicely. Ne Win, a keen gambler, was taken to the races at Sandringham and enjoyed West End musicals; U Nu by contrast preferred the more contemplative pleasures of the Scottish Highlands. During the insurgency’s early years, British observers had been unimpressed by Ne Win’s military credentials and tactical skills, looked askance at his womanising (he eventually married seven times, twice to the same woman) and disliked the whiff of corruption that emanated from his arms dealings. He was also dogged by health trouble and may have suffered from depression, though given the longevity of his subsequent career – he stepped down finally in 1988, and died at the ripe age of 91 in 2002 – he seems to have coped with his various ailments well enough. Above all, he commanded considerable personal loyalty within the Burmese army, and exercised rigid control through a circle of politically-minded fellow officers known as the colonels. Indeed, political power seems to have been the making of him; according to one British observer who knew him well, Malcolm MacDonald, after a year in office Ne Win had developed ‘a remarkable balance of qualities’:

*I think he has considerable sheer ability. Previously this was not always apparent, for he was inclined to be lazy, with a streak of the playboy in his nature. Now he is working very hard and very conscientiously. His ability is spurred and aided by notable driving*

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<sup>11</sup> Ne Win had a particular fondness for golf, and managed to find time away from running the country to take up sailing in 1959. ‘Leading Personalities in Burma 1959’, 12 August 1959, FO371/143858/DB1012/1, UKNA.

*power. As Prime Minister and Supreme Commander he does not hesitate to issue orders if necessary, and to see that those orders are carried out ... In addition, his deep and quietly passionate sincerity has grown with the years.*<sup>12</sup>

MacDonald was not alone in eulogising Ne Win and his regime. US press comment was broadly favourable. In a typically sympathetic editorial, the *New York Herald Tribune* declared that Ne Win was just the man 'to bring peace and security at last to a country that has had more than its share of trouble'.<sup>13</sup> Fresh from a short visit in April 1959, Graham Parsons, the Deputy Assistant Secretary of State for the Far East, opined that 'Ne Win's colonels struck me as self-effacing people who are doers first and talkers afterwards. I could ... detect no motivation on the part of Ne Win's other than service to the country. On [the] contrary there seemed to me to be [an] evident element of idealism tempered with realism and [a] conscious intent to preserve people's democratic rights'.<sup>14</sup> Another noted with approval the new government's 'energy, dedication, cohesion [and] effectiveness'.<sup>15</sup>

Ne Win and his colonels certainly set about their task with unaccustomed vigour. The bureaucracy was reformed and corrupt or incompetent officials were replaced, squatters' camps in Rangoon were demolished and the streets swept clean. Roads and pavements were improved, traffic regulations enforced and municipal services overhauled. Policing became more robust, and rates of violent crime fell to levels not

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<sup>12</sup> 'A Brief Visit to Rangoon', undated, FO371/143861/DB1015/48.

<sup>13</sup> Caccia to the Foreign Office, no. 575, 5 October 1958, FO371/135729/DB1015/50, UKNA.

<sup>14</sup> Parsons to Dulles, 24 April 1959, *FRUS*, 1958–1960, vol. 15/16, document 88.

<sup>15</sup> Memorandum of conversation with Colonel Maung Maung, 27 April 1959, *ibid.*, document 93.

seen since the British period.<sup>16</sup> At the same time, however, there were clear indications of incipient autocracy. On taking power, Ne Win had agreed to step down after elections in April 1959, but he wasted no time in forcing through changes to the constitution allowing him to extend his tenure beyond that date. The cabinet, though composed of civilians, was hollow, and real power was exercised by the circle of senior officers around Ne Win. The military rapidly gained an important economic stake in power, as officers took advantage of their hold on government to expand their business interests through an organisation called the Defence Services Institute, which had connections in industry, retailing, banking, pharmaceuticals and shipping.<sup>17</sup> There was also a degree of arbitrariness in the government's handling of foreign businesses, exemplified by the peremptory decision to cancel the contract of a British firm, Evans Medical Limited, which had been brought in to manage Burma's fledgling pharmaceuticals industry. The government also abruptly ended Burma's association with the US consulting firms U Nu had employed to help him in his economic planning, on the grounds that Burma 'already had all the advice, plans and projects' that it could absorb.<sup>18</sup>

These less welcome aspects of the regime attracted intermittent expressions of concern. One American observer dubbed Burma under the military a police state, and likened the new-found cleanliness of Rangoon's streets to the punctuality of Italian trains under Mussolini.<sup>19</sup> Another spoke of a 'vague feeling of increasing uneasiness

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<sup>16</sup> Pearn, minute, 1 July 1959, FO371/143860/DB1015/33, UKNA.

<sup>17</sup> Allen to Selwyn Lloyd, no. 200, 6 October 1959, FO371/143861/DB1015/48, UKNA.

<sup>18</sup> Rangoon to the State Department, 31 December 1958, *FRUS*, 1958–1960, vol. 15/16, document 64.

<sup>19</sup> Gore-Booth, minute, 'Situation in Burma', 1 April 1959, FO371/143859/DB1015/18, UKNA. The official in question, Louis Walinsky, had good reason to be bitter at the turn of events in Burma. Until

over the stamp which this Caretaker Government is going to place on the trend in Burma'.<sup>20</sup> But these were second-order concerns for planners in London and Washington, for whom Burma's stability and territorial integrity were far more important than the nature of the government or the propriety of its methods. Admittedly, British officials conceded, the presence of military governments in countries like Burma posed a theoretical difficulty to the extent that 'the West "stands for" democracy'. At the same time, however, the West 'stood for' the practice of effective government, and in late 1950s Asia, with its 'inexperienced and ignorant electorates' and its 'apprentice parliamentary democracies', authoritarian methods 'seem to offer the best hope of achieving stability and countering Communist subversion'. The 'free play of political parties' in South-East Asia had led to impotent administration; authoritarian regimes were 'more likely to get things done and to achieve material progress'.<sup>21</sup>

State Department officials addressed themselves to the problem of military rule in Burma and elsewhere in the Third World in May 1959, in a briefing paper for the NSC entitled 'The Political Implications of Afro-Asian Military Takeovers'.<sup>22</sup> Military government, the paper noted, was the 'predominant environment in which the United States must associate its interests with those of the emergent and developing societies of Free Asia'. This was certainly a fair conclusion, with military coups in the

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its contract was terminated by the military government, Walinsky had been the Burma representative of Robert Nathan Associates, the US firm acting as financial adviser to U Nu's government.

<sup>20</sup> Kerr to Sullivan, 25 February 1959, *FRUS*, 1958-1960, vol. 15/16, document 72.

<sup>21</sup> Foreign Office Planning Section, Steering Committee, 19 May 1959, SC(59)25 2<sup>nd</sup> Revise, CAB21/5128.

<sup>22</sup> 'The Political Implications of Afro-Asian Military Takeovers', 27 May 1959, *FRUS*, 1958-1960, vol. 15/16, document 273.

late 1950s in Pakistan, Thailand and Iraq as well as Burma, and 'Guided Democracy' in Sukarno's Indonesia.<sup>23</sup> In the State Department's analysis, this trend towards authoritarianism would only accelerate as developmental problems became more acute and the 'facades of democracy left by the colonial powers prove inadequate to immediate tasks'. In the short term, the United States could do little to change this beyond finding ways to preserve 'the residue of human rights and dignity essential to the growth of democratic values'. In the meantime, the essential test of a government's legitimacy would reside, not in the quality of its popular mandate, but in its effectiveness in addressing security and developmental problems. Under that test, the arrival in power of military men like Ne Win 'has thus far advantaged US interests'. As long as developmental progress was maintained, 'no loss of prestige should be involved in our supporting non-democratic regimes'.

The defects of this analysis would of course become abundantly clear during the 1960s, most obviously in Vietnam. For that matter, US planners in the late 1950s had only to look back a decade, to Chiang Kai Shek's China, for a cautionary warning of the risks involved in supporting unpopular, corrupt and autocratic regimes. Yet there is little indication that past experience in Asia was used to inform current policy, and there was little disagreement with the State Department's views when America's relationship with military government was discussed in the NSC on 18 June 1959.<sup>24</sup> Eisenhower called the State Department paper 'the finest thing he had ever heard given before the National Security Council'. Only 40 years of American political

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<sup>23</sup> Yong Mun Cheong, 'The Political Structures of the Independent States', in Nicholas Tarling (ed.), *The Cambridge History of Southeast Asia*, vol. 2 (Cambridge: Cambridge University Press, 1999), pp. 59–131.

<sup>24</sup> Memorandum of discussion, 410<sup>th</sup> Meeting of the NSC, 18 June 1959, *FRUS*, 1958–1960, vol. 16, East Asia-Pacific Region; Cambodia; Laos (Washington DC: USGPO, 1992), pp. 97–102.



education, he told his colleagues, had kept dictatorship at bay in the Philippines. Elsewhere, the trend towards military government was firmly established; the aim of US policy must therefore be, not to reverse it, but to ensure that the military leaders it brought to power looked towards the West, rather than towards communism. The re-establishment of civilian, democratic rule could only be a long-term objective.

A more workmanlike approach to the business of government in Burma was clearly in British and US interests; after a decade of fractious muddle under U Nu, it is perhaps understandable that the governments in London and Washington saw Ne Win's more authoritarian approach as at least a partial answer to the political and bureaucratic weaknesses that had dogged Burma since independence. There is also a sense, in both the British and the American record, that Burma and other Third World states were somehow too politically immature for the rigours of Western-style parliamentary democracy. One British official ventured the opinion that 'it would be idle to pretend that the Burmans as a people are, as yet, fitted to govern themselves democratically'.<sup>25</sup> Similar views were being expressed in Washington; parliamentary democracy, C. Douglas Dillon, the Under-Secretary of State, told his colleagues in the NSC, 'simply will not work in these countries as it works in the US'.<sup>26</sup> Indeed, military rule might even be a necessary stage in the political and social evolution of the Third World. According to the State Department's analysis, recent US experience with dictatorships in Argentina, Colombia, El Salvador, Guatemala and elsewhere in Latin America showed that authoritarian government was 'required to lead backward societies through their socio-economic revolutions'. Given the prevalence of military regimes

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<sup>25</sup> Murray to Selwyn Lloyd, no. 238, 1 November 1958, FO371/135729/DB1015/60, UKNA.

<sup>26</sup> Memorandum of discussion, 410<sup>th</sup> Meeting of the NSC, 18 June 1959, *FRUS*, 1958-1960, vol. 16, p. 101.

in Asia, the Middle East and the Americas, the fact that civilian government in Burma had survived for as long as it did was arguably an achievement in itself; by adopting a military government, Burma was doing no more than falling into line with a well-established pattern of autocracy.

American diplomats in Rangoon were less sanguine than their Washington colleagues about the merits of military government when they were asked to comment on the State Department's conclusions towards the end of 1959.<sup>27</sup> It was true, McConaughy conceded, that the increasing prevalence of military rule in Asia and Africa was not necessarily harmful to US interests, and in certain circumstances military government may indeed offer 'the best available alternative to a weak civilian government unable to cope with the internal threat of Communism or demands for rapid industrial and economic change'. In Burma's case, Ne Win's government had been instrumental in arresting a 'seriously deteriorating situation' in 1958. But this did not imply that the continuation of military government was desirable or for that matter necessary, and might in the long term not prove effective in addressing Burma's developmental problems. Nor was it evident that Ne Win's seizure of power stemmed from any systemic political collapse; the military takeover in 1958, McConaughy argued, 'was not the result of failure in the democratic parliamentary system as such, but the consequence of personal feuds that reflected loss of cohesion, once independence was relatively secure, within the ruling group that had achieved it'.<sup>28</sup> What Burma really

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<sup>27</sup> 'Comments on Papers Concerning Military Takeovers in Asia and Africa', 6 October 1959, CDF, 611.90B/10-659, box 2560, RG59, USNA.

<sup>28</sup> Ne Win's dislike of U Nu was certainly deeply held; in conversation with Bill Snow, McConaughy's successor as US ambassador, Ne Win characterised him as a 'very dangerous man', 'not quite sane' and 'loose and vague mentally at times'; he was 'petulant and changeable and quite willing to play one

needed was not prolonged military administration, but a civilian government 'supported, energised and, to the extent necessary, guided by a dedicated military leadership'.

McConaughy's assessment of the problem of military government was in some respects both more sophisticated and more sceptical than the State Department's analysis, perhaps reflecting the insights closer proximity afforded him. McConaughy did not, however, differ with the main conclusion, namely that US support for the Burmese government must continue, irrespective of its new khaki complexion. While America should maintain its contacts with civilian leaders and opinion-formers, it was 'indispensable that the United States demonstrate its support of the present Government and its approval of the constructive measures it has undertaken'. In particular, McConaughy was thinking of the new government's stance towards the communists. Here, there was a marked change from the guarded approach of the previous administration. Domestically, communist influence was curbed through a range of legislative and military measures. The leaders of the communist-dominated students' union at Rangoon University were arrested, and the union's right to appoint representatives to the university's governing body was abolished.<sup>29</sup> Legislation was introduced to make national service compulsory, increasing the state's control over the country's communist-inclined young people; left-wing newspapers were closed down and their editors arrested, and Burmese hoping to attend communist events abroad were denied permission to travel. Military operations against the communist

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person or country off against another'. Rangoon to the State Department, 9 March 1960, 790B.00/3-960, CDF, box 2103, RG59, USNA.

<sup>29</sup> Allen to Selwyn Lloyd, no. 73, 23 April 1959, FO371/143859/DB1015/24, UKNA.

insurgency were also prosecuted with much greater vigour, and several important communist leaders surrendered or were killed during this period.<sup>30</sup>

Popular and governmental attitudes towards China and the Soviet Union also appeared to be changing. Prominent newspapers in Rangoon shed the circumspection of the U Nu period in favour of a series of strident editorials attacking China over its suppression of revolt in Tibet in March 1959.<sup>31</sup> Further ammunition was provided by a series of very public embarrassments to the Soviet establishment in Rangoon, starting in April 1959 with the attempted defection, failed suicide and hasty repatriation of the Soviet military attaché, Mikhail Strygin.<sup>32</sup> The following month, a Rangoon magistrate issued a warrant for the arrest of the Tass representative in Rangoon, who had taken refuge in the Soviet embassy to avoid libel charges stemming from a Tass article accusing the editor of Burma's principal English-language paper, *The Nation*, of being in the pay of the Americans.<sup>33</sup> This was followed in June by the defection of a junior Soviet diplomat, Aleksandr Kaznacheev, who promptly gave a news conference to announce that the Soviet government had ordered him to spy on his 'Burmese friends'.<sup>34</sup> Finally, in July, a Burmese firm was awarded damages against a Soviet company for supplying damaged and underweight

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<sup>30</sup> Smith, *Burma*, p. 183.

<sup>31</sup> Allen to Selwyn Lloyd, no. 124, 2 July 1959, FO371/143860/DB1015/33, UKNA.

<sup>32</sup> As Strygin was being bundled aboard his flight home at Rangoon's Mingaladon airport, a brawl broke out between Burmese journalists and Soviet officials. The offended journalists retaliated by pelting the Soviet embassy with rotten tomatoes, only to have chairs thrown at them by the staff inside. 'Lost Rapture', *The Times*, 1 July 1959, p. 13.

<sup>33</sup> *Ibid.*, 16 May 1959, p. 5.

<sup>34</sup> 'Russian Seeks Asylum in US Embassy', *ibid.*, 28 June 1959, p. 10. Kaznacheev's account of his two years in Burma – *Inside a Soviet Embassy*, published in 1962 – detailed at length the organisation and extent of Soviet intelligence activity in Rangoon.

goods.<sup>35</sup> According to *The Times*, in a leader entitled 'Lost Rapture', 'the gilt' was 'off the gingerbread' in Burma's relations with the Soviet Union.<sup>36</sup> Although Khrushchev passed through Rangoon in February 1960, en route to Indonesia, his reception was distinctly cooler than it had been five years earlier. The visit was brief (barely two days, compared to the week he had spent in the country in 1955); there were no crowd-lined streets or government-orchestrated demonstrations of welcome, and the joint communiqué issued at the end of the trip made no mention of Soviet aid.<sup>37</sup> From the 'Free World viewpoint', the State Department concluded, the situation in Burma had undergone 'a marked improvement':

*Internationally Burma [is] expected [to] maintain [its] posture [of] overt neutrality [in] view [of] its exposed geographical position [and is] unlikely [to] seriously jeopardise correct relations with [the] Soviet-Chinese Communist bloc or desist entirely from accepting Communist aid. However sound indications at present suggest [that the] current Burmese Government and [its] probable successor will seek closer and more positive relations with [the] US and [the] Free World and at [the] same time will [not only] curtail trade and aid relations with [the] Soviet-Chinese Communist bloc but also follow [a] policy of progressive political disentanglement.<sup>38</sup>*

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<sup>35</sup> 'Breach of Contract on Russian Steel', *ibid.*, 23 July 1959.

<sup>36</sup> 'Lost Rapture'.

<sup>37</sup> Allen to Selwyn Lloyd, no. 46, 18 February 1960, FO371/152259/DB10338/2, UKNA.

<sup>38</sup> State Department Circular, 1 July 1959, 790B.00/7-159, CDF, box 3853, RG59, USNA.

Officials concerned with Burma affairs were clear that these changes, combined with Burmese attempts to extricate themselves from their burdensome barter deals, demanded some form of positive action. In April 1959, Parsons told his colleagues that the United States had a 'dramatic opportunity which may never recur to share in possibly spectacular improvements in a country which has long been in [the] doldrums'. The opening was there, he argued, to achieve an 'important improvement in this critical sector of Southeast Asia'.<sup>39</sup> McConaughy too thought that a new initiative was called for. The advent of Ne Win's government, he told the State Department, offered the US an opportunity to 'bring about a subtle but significant change for [the] better in Burmese foreign policy orientation', with potentially beneficial effects throughout the region.<sup>40</sup> America's relations with Burma were at a 'turning point'.<sup>41</sup>

US thinking crystallised around Burmese requests for American help in the construction of a 900-mile highway linking Rangoon, Mandalay and the northern town of Myitkyina.<sup>42</sup> This was a significant proposal, both in terms of its profile and cost – estimated at between \$75 million and \$100 million – and because of its political and strategic implications. Although it offered some potential economic benefit, the road's purpose was primarily military; as one Burmese official put it, the road would 'serve notice on the ChiComs that Burma will be defended' by enabling the efficient deployment of troops and equipment to north Burma in the event of Chinese attack.<sup>43</sup>

The decision to request American help in a project of such potential strategic

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<sup>39</sup> Parsons to Herter, 24 April 1959, *FRUS*, 1958–1960, vol. 15/16, document 88.

<sup>40</sup> McConaughy to Herter, 12 May 1959, *ibid.*, document 94.

<sup>41</sup> Rangoon to the State Department, 14 May 1959, 611.90B/5-1459, CDF, box 2560, RG59, USNA.

<sup>42</sup> Rangoon to the State Department, 7 April 1959, *FRUS*, 1958–1960, vol. 15/16, document 82.

<sup>43</sup> Memorandum of conversation, 27 April 1959, *ibid.*, document 92.

importance did not preclude constructive contacts between Ne Win's government and the regime in Beijing, and a broadly favourable settlement of the border dispute between the two countries was reached in January 1960.<sup>44</sup> Nonetheless, for a country accustomed to treading extremely delicately in its relations with Beijing, deeply alarmed by Chinese actions in Tibet and itself the recent victim of a Chinese military incursion, this was a bold, and potentially provocative, step, with considerable symbolic importance. Under the circumstances, McConaughy reported, 'nothing short of [an] undiluted positive response' would have the desired impact.<sup>45</sup> Officials in Washington agreed, and on 11 June 1959 Eisenhower authorised a grant of \$750,000 for a preliminary feasibility survey of the highway project. Privately, American aid officials thought that additional funding of up to \$75 million could eventually be made available.<sup>46</sup> This was by some distance the most noteworthy single expression of US support for Burma since the country's independence in 1948, and a 'significant development in Burma's relations with the West'.<sup>47</sup>

Further similar developments depended fundamentally on the course of Burma's domestic politics and the make-up of its government. Both became less certain in August 1959, when Ne Win finally met the commitments he had made when he took

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<sup>44</sup> The two sides also signed a ten-year Treaty of Friendship and Mutual Non-Aggression, which among other things precluded Burmese membership of SEATO, a vanishingly small possibility in any case. Pettman, *China in Burma's Foreign Policy*, p. 23. Pettman follows contemporary observers in arguing that China's willingness to conclude an agreement, having stalled on one for several years, was stimulated less by any creative diplomacy on Ne Win's part and more by the need to resurrect the concept of 'peaceful coexistence' after the battering inflicted upon it by Beijing's actions in Tibet and its escalating border dispute with India. Stewart to Selwyn Lloyd, no. 10, 23 February 1960, FO371/152256/DB10310/13, UKNA.

<sup>45</sup> McConaughy to Herter, 12 May 1959, *FRUS*, 1958-1960, vol. 15/16, document 94.

<sup>46</sup> Allen to the Foreign Office, no. 134, 9 July 1959, FO371/143876/DB11345/4, UKNA.

<sup>47</sup> Allen to the Foreign Office, no. 305, 6 July 1959, FO371/143876/DB11345/2, UKNA.

power by announcing plans for fresh elections in 1960.<sup>48</sup> Given the later trajectory of Burmese politics, Ne Win's decision to relinquish government cannot be interpreted as a statement of respect for democratic principles, and he himself later described it as a mistake.<sup>49</sup> At the time, however, it was taken as further evidence of his lack of political ambition and admiration for constitutional process; according to one British official, 'one must concede that there are few other statesmen in the world who have shown so moderate and pure an attitude towards the exercise of power ... I wish we could find a few men like Ne Win and his senior officers to take over Indonesia, Laos or Ceylon'.<sup>50</sup> That said, even his admirers conceded that some of his government's more draconian measures were distinctly unpopular, and by the end of 1959 Allen was reporting a growing sense of fatigue with the regime.<sup>51</sup> British officials also speculated that Ne Win was becoming increasingly concerned with the debilitating effects of his officers' political and economic activities on the army's fighting capacity, and increasingly aware of U Nu's continued personal popularity, both in the country at large and within the military rank and file. In any case, whatever the outcome of the polls analysts in London and Washington were in no doubt that Ne Win and his senior colleagues would continue to exert decisive political influence.<sup>52</sup> In important respects, therefore, the military's role in government would continue, albeit behind a civilian façade.

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<sup>48</sup> Rangoon to the Foreign Office, 19 August 1959, FO371/143861/DB1015/41, UKNA.

<sup>49</sup> Harriman to the State Department, 18 July 1962, *FRUS*, 1961–1963, vol. 23, Southeast Asia (Washington DC: USGPO, 1995), p. 113.

<sup>50</sup> Warner to Allen, 10 May 1960, FO371/152252/DB1015/10, UKNA.

<sup>51</sup> Allen to Selwyn Lloyd, no. 253, 23 December 1959, FO371/143861/DB1015/61, UKNA.

<sup>52</sup> 'U Nu Probable Victor in Burmese Election', State Department Intelligence Note, 5 February 1960, 790B.00/2-560, CDF, box 2103, RG59, USNA.



## **U Nu's return to power**

The elections were held on 6 February 1960. They resulted in a resounding victory for U Nu and his Clean AFPFL, which won 52% of the vote, giving it an overwhelming parliamentary majority. U Nu's opponents in the Stable faction took 31%, and the NUF, which attracted just 5% of the vote, was virtually eliminated as an electoral force. By all accounts the military did not interfere significantly in the polls, despite Ne Win's evident preference for a Stable victory and his mistrust of U Nu, and the elections were generally regarded as the fairest since independence. They were certainly the most representative, with a turnout of nearly 6 million, compared with about 3.6 million in 1956.<sup>53</sup>

U Nu's government took power on 4 April 1960. Early British assessments of the new administration's prospects were largely encouraging. U Nu's declared policies on communism were sound, Allen reported, and he had resolved not to open negotiations with the insurgents. Press freedom, freedom of speech and freedom of association were guaranteed (a Burmese version of Speakers' Corner opened in Rangoon on 19 July), as were the rights of the (very weak) opposition. The new government also promised to carry on the bureaucratic reforms initiated under Ne Win. While U Nu had his failings, Allen judged, not least a tendency to prosecute action against the communists without the requisite vigour, he had returned to office facing a security situation more favourable than he had left it in 1958, with a solid parliamentary majority, significant personal popularity and a large store of international goodwill. All in all, Allen concluded, 'the outlook is reasonably bright'.<sup>54</sup>

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<sup>53</sup> Allen to the Foreign Office, 5 May 1960, FO371/152252/DB1015/30, UKNA.

<sup>54</sup> Allen to Selwyn Lloyd, no. 75, 19 April 1960, FO371/152252/DB1015/27, UKNA.

This optimism did not last long. In June, Allen reported that the government had still not settled down to business; what policy thinking was being done was consigned to a proliferation of advisory committees, encouraging the kind of 'indecision and procrastination' that had so bedevilled U Nu's previous administrations. Insurgent activity was increasing, including an unusually brutal communist attack in Pakokku which left 70 people dead. Meanwhile, political prisoners detained under Ne Win were being released and pro-communist activity was on the rise in Rangoon University.<sup>55</sup> Splits were also appearing within the Clean AFPFL (renamed the Union Party) between long-standing supporters drawn from Burma's peasant organisations and newer, better educated members. In sum, U Nu had 'successfully avoided the worst of his past mistakes', but had still to understand that 'his chief task is to govern decisively. A lover of the limelight, he spends far too much of his time sermonising and striking attitudes in public when he should be at his desk dealing with the day to day flow of government business'.<sup>56</sup> Reading Allen's reports from Rangoon, the head of the South-East Asia Department at the Foreign Office, Fred Warner, confessed himself full of the 'gloomiest forebodings ... I fear that the next time I visit Burma there may well be the good old muddle which I knew in 1956 and 1957'.<sup>57</sup> American observers too were unimpressed by the conduct of U Nu's second government. Although displaying a 'surface calm', the US embassy reported, political conditions in Rangoon were in fact riven with 'considerable dissension, confusion, and uncertainty'.<sup>58</sup>

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<sup>55</sup> Rangoon to the State Department, 30 August 1960, *FRUS*, 1958–1960, vol. 15/16, document 147.

<sup>56</sup> Allen to Selwyn Lloyd, no. 114, 8 June 1960, FO371/152252/DB1015/35, UKNA.

<sup>57</sup> Warner to Allen, 10 May 1960, FO371/152252/DB1015/10, UKNA.

<sup>58</sup> 'Political Situation in Burma', 12 June 1961, 790B.00/6-1261, CDF, box 2103, RG59, USNA.

Concerns about Burma's domestic condition under U Nu's government were matched by fresh unease about his dealings with communist China. Barely a week after the new government had installed itself, on 15 April 1960, Chou arrived in Rangoon for a five-day visit. The trip was largely a public-relations exercise: Chou's public statements dwelt at length on the virtues of the Five Principles of Peaceful Co-existence and the amity between Burma and China evinced by January's border agreement. Chou also participated with gusto in the bouts of water-throwing that traditionally marked the Burmese Water Festival with which his visit coincided, affording the assorted diplomats present 'a close and unique view of the ruler of the new Chinese empire looking like a drowned rat'.<sup>59</sup> Frequent contacts continued during the year as the two sides settled the details of the border agreement.<sup>60</sup> A treaty finally disposing of the dispute was signed in Beijing on 1 October, an occasion marked by a 100,000-strong rally, and on 24 October the two sides concluded a trade agreement providing for the sale of up to 400,000 tons of Burmese rice to China, a significantly larger commitment than the 200,000 tons envisaged in the barter deal the two countries had signed at the end of 1954.<sup>61</sup>

This flurry of diplomatic activity culminated in January 1961, when Chou led a 400-strong Chinese delegation to Burma. According to the British report of the visit, the Burmese 'took infinite pains and spent more money than they could well afford to give lustre to this climax'. Estimates put the outlay at around £190,000 – equivalent to the country's total health spending the previous year. Public buildings were spruced up and roads resurfaced in Rangoon, and 'triumphal arches' were erected along the

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<sup>59</sup> Allen to Selwyn Lloyd, no. 79, 21 April 1960, FO371/152257/DB10310/19, UKNA.

<sup>60</sup> Slater to Home, no. 183, 26 September 1960, FO371/152257/DB10310/31, UKNA.

<sup>61</sup> Slater to Home, no. 201, 1 November 1960, FO371/152276/DB11310/4, UKNA.

city's main streets. To cap things off, Chou was presented with a specially created decoration, the Order of the Supreme Holder of the Great Glory of Love. The Chinese, the British concluded, 'can have been in no doubt about the eagerness of their hosts to show and give them the best of everything'.<sup>62</sup> In return, the Burmese government received an interest-free loan worth more than \$80 million – by far the largest loan China had ever extended to a non-communist country and, according to British figures, not far shy of the \$96 million in aid the US had disbursed in Burma in the ten years to 1960. Such a substantial commitment, judged one British observer, 'may well prove an important event in the cold war and a significant turning point in post war economic developments in Burma'.<sup>63</sup> Burma had taken a 'clear step in the direction of both economic co-operation with China and acquiescence, if not co-operation in, and verbal support for, some of China's more extreme views'.<sup>64</sup> Under U Nu, noted Parsons, the US faced 'a hard time holding the gains made in US–Burmese relations over the past year or so'.<sup>65</sup>

Bill Snow, the new US ambassador in Rangoon, dispatched his assessment of the implications of U Nu's China policy in September 1960. While American officials were by now resigned to Burma's over-riding need to maintain stable relations with its giant neighbour, the steps U Nu had taken since reassuming office seemed dangerously excessive. Burma's 'all-out rapprochement' with China, Snow judged, was a 'definite setback' to American interests, requiring a 'compensating reaction'.<sup>66</sup>

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<sup>62</sup> Allen to Home, no. 11, 11 January 1961, FO371/159763/10340/5, UKNA.

<sup>63</sup> Minute, 23 January 1961, FO371/159763/DB103110/6, UKNA.

<sup>64</sup> Stewart to Home, 27 January 1961, FO371/159763/DB103110/11, UKNA.

<sup>65</sup> Parsons to Snow, 30 August 1960, *FRUS*, 1958–1960, vol. 15/16, document 148.

<sup>66</sup> Snow to Parsons, 12 September 1960, *ibid.*, document 151; Snow to Parsons, 30 September 1960, *ibid.*, document 153.

Nothing the US could do would halt the agreements already made, nor could the US hope to 'transfer to the Burmese our implacable distrust of, and hostility toward, the Chicoms'. Nonetheless, it was open to the US to 'work to get matters back in balance or better'. This did not mean offering significantly more aid: U Nu had clearly signalled his intention to reduce Burma's participation in the highway project first proposed by Ne Win, telling American aid officials that his government was not prepared to meet any of its costs, and any fresh efforts in that direction were likely to prove counter-productive.<sup>67</sup> While further assistance, both economic and military, would in time be required if the US was to re-establish its position in Rangoon, 'we should control the cost, not be panicked into trying to outbid the Russians, finish up what we have started, rely on loans instead of grants as much as we can, not get involved in long-range projects which turn sour half-way through, and generally be friendly but quietly firm'. The Burmese, Snow concluded, 'need to know that there are outer limits to our patience which it would not be wise for them to test too often, and also limits to our financial generosity'.<sup>68</sup>

Snow's analysis was extensive and detailed, covering virtually every aspect of America's relationship with Rangoon. Yet it was silent on one of the main issues in Burma's relations with the United States and China, namely persistent Burmese suspicions of American support for the Kuomintang troops still present in Burma's eastern border regions. Following the partial evacuations of 1953 and 1954, the military and political threat presented by the KMT appeared to ease as the 4,000–5,000 troops who had stayed behind in Burma settled down to life as dacoits and

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<sup>67</sup> 'Rangoon–Mandalay road', undated, *ibid.*, document 141.

<sup>68</sup> Snow to Parsons, 30 September 1960, *ibid.*, document 153.

opium-smugglers.<sup>69</sup> Reports of clandestine Nationalist Chinese and US support for these groups continued to circulate; in July 1955, for example, a senior Burmese commander told a British embassy official that the KMT was still receiving US-made arms from 'American interests in Formosa', and claimed that the US military attaché in Laos was in contact with KMT leaders in Burma 'despite his Government's official policy of severing all contact'.<sup>70</sup> Nonetheless, while the KMT problem remained generally contained, its implications for Washington's relations with Rangoon were limited. By 1958, however, increasing tensions in the Taiwan Straits had prompted Taipei to expand its contacts and increase its support, leading to a resurgence in KMT activity and bringing the issue back to centre stage.<sup>71</sup> Reinforcements were flown to northern Burma from Taiwan, and Chiang's eldest son, Chiang Ching-kuo, took personal charge of the operation.<sup>72</sup>

During the previous period of KMT agitation, in the early 1950s, the problem had largely been confined to Burma and the Chinese border. This time, however, KMT troops appeared to be moving into Laos, where Pathet Lao guerrilla activity had begun in summer 1959, giving the issue a new, and potentially dangerous, regional dimension.<sup>73</sup> The re-emergence of the KMT, Secretary of State Christian Herter told his officials, risked embarrassing the Burmese government, created further problems for a Laotian government under communist pressure from the Pathet Lao, posed no

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<sup>69</sup> Minute, MacCleary, 17 February 1955, FO371/117038/DB1041/1, UKNA.

<sup>70</sup> Sarell to Tomlinson, 25 July 1955, FO371/117038/DB1041/37, UKNA.

<sup>71</sup> Spinks to Cumming, 19 January 1961, *FRUS*, vol. 23, 1961–1963, p. 84, fn. 2.

<sup>72</sup> Nancy Bernkopf Tucker, *Uncertain Friendships: Taiwan, Hong Kong and the United States, 1945–1992* (New York: Twayne Publishers, 1994), p. 66.

<sup>73</sup> Herter to Taipei, Vientiane, Rangoon and Bangkok, 28 May 1959, *FRUS*, 1958–1960, vol. 15/16, document 104.

threat to the communist Chinese and was harmful to the interests both of the US and Taiwan. Accordingly, Taipei should 'discontinue [the] air drops which our reports from [the] area indicate have been made on [a] continuing basis in recent months'; 'cease [the] supply of arms and ammunition to [the] irregulars by other means'; and withdraw any Nationalist military personnel operating with the KMT, 'leaving local units to fend for themselves'.<sup>74</sup> Repeated efforts to bring pressure to bear in Taipei were, as before, ineffective; the irregulars, Nationalist officials claimed, were 'voluntary and spontaneous formations of anti-Communist guerrillas' who refused repatriation to Taiwan and insisted on remaining where they were. No help was reaching them from Taipei, and the Nationalist authorities had no effective control over them.<sup>75</sup> According to Drumright, now the US ambassador in Taiwan, Chiang 'gave every appearance of believing that the irregulars were in the area to stay'.<sup>76</sup>

The Burmese responded to the failure of diplomatic efforts to dislodge the irregulars by stepping up military action against them. They also reached agreement with Beijing on joint operations, and by the end of 1960 several thousand Chinese communist troops were fighting alongside Burmese forces in the east of Kengtung state. With Chinese help, Burmese troops recaptured the main KMT base at Keng Lap in December 1960, in the process seizing large quantities of US-made arms.<sup>77</sup> Meanwhile, on 15 February 1961, a Burmese fighter aircraft was shot down in an engagement with a Chinese Nationalist plane which the Burmese government claimed had been dropping supplies to the KMT contingents in Kengtung. The Burmese pilot

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<sup>74</sup> *Ibid.*

<sup>75</sup> Drumright to the State Department, 20 June 1959, *ibid.*, document 109.

<sup>76</sup> Drumright to the State Department, 4 January 1961, 790B.00/1-461, CDF, box 2103, RG59, USNA.

<sup>77</sup> Denson to Petersen, 24 February 1961, FO371/159763/DB103110/14, UKNA.

was killed, prompting anti-US demonstrations in Rangoon on 15 and 21 February.<sup>78</sup> On 22 February, the Burmese government made a formal complaint about the KMT to the United Nations, citing 'deliberate and hostile intrusions' into Burmese territory.<sup>79</sup> The KMT affair, Snow reported, represented 'a very serious setback which will affect our relations with Burma for a considerable time'.<sup>80</sup>

Chinese communist intervention in Burma, the possibility of subsequent Chinese encroachment into Laos in pursuit of KMT fighters there and increasingly damaging public allegations of US and Nationalist complicity galvanised State Department efforts to resolve the problem. Fresh representations were made in Taipei on 7 February, and on 22 February, the day the Burmese delivered their complaint to the UN, Drumright was told to impress upon Chiang the 'utmost seriousness' with which Washington viewed the KMT's continued presence in Burma.<sup>81</sup> Officials also began discussing the possibility of suspending some aspects of American military aid to Taiwan.<sup>82</sup> 'We find it incomprehensible', the new Secretary of State, Dean Rusk, told Drumright, 'that [Taiwan] should recklessly create [a] situation which imposes upon itself formidable international political burdens at [a] time when it can least afford them'. Further similar action 'severely limits any effective political help which [the US government] might be able [to] render to [Taiwan]'. It was essential, Rusk concluded, that the Nationalists 'understand that [the US government] is determined

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<sup>78</sup> Rangoon to the State Department, 16 February 1961, 790B.00/2-1661, CDF, box 2103, RG59; Rangoon to the State Department, 24 February 1961, CDF, box 2103, RG59, USNA.

<sup>79</sup> Rangoon to the Secretary of State, 1 March 1961, 790B.00(W)/2-2461, CDF, box 2105, RG59, USNA.

<sup>80</sup> Rangoon to the Secretary of State, 17 March 1961, 790B.00/3-1761, CDF, box 2103, RG59, USNA.

<sup>81</sup> Rusk to Drumright, 22 February 1961, *FRUS*, 1961-1963, vol. 22, Northeast Asia (Washington DC: USGPO, 1996), p. 12.

<sup>82</sup> Rusk to Kennedy, 20 February 1961, *FRUS*, 1961-1963, vol. 23, p. 89.



to protect its reputation and good faith and will, if necessary, do so at [the] cost of [the government of Taiwan]'.<sup>83</sup> This diplomatic pressure finally yielded results at the end of February, when the Nationalist government grudgingly agreed to repatriate those KMT troops willing to leave, and to end its support for those who stayed behind.<sup>84</sup> The evacuations began on 17 March, and by the end of April some 4,000 troops and dependants had been transferred to Taiwan.<sup>85</sup>

The operation to extract these troops was arranged very shortly after Kennedy moved into the White House in January 1961, suggesting that the change in government in Washington was decisive in changing minds in Taipei. Certainly, Rusk – who had encountered the KMT problem in its first incarnation while a State Department official in Truman's government – tackled Chiang and his colleagues on their support for the irregulars in language considerably more robust than they were accustomed to hearing,<sup>86</sup> and hints that some US aid might be reduced suggest that Kennedy and his officials were prepared to take politically difficult steps to press their views home. There are also indications that the arrival in power of a new, Democratic administration made Chiang and his advisors less certain of where they stood in their relations with Washington, and hence perhaps more willing to be flexible, at least in an area that did not directly touch on Taiwan's security or its international position. Although Kennedy did not differ from his predecessor on the fundamental issue,

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<sup>83</sup> Rusk to Drumright, 22 February 1961, *FRUS*, 1961–1963, vol. 22, p. 12.

<sup>84</sup> Drumright to the State Department, 25 February 1961, *FRUS*, 1961–1963, vol. 23, p. 16. The Burmese government were told of Taiwan's decision in early March: Kennedy to U Nu, 6 March 1961, *FRUS*, 1961–1963, vol. 22, p. 98, fn. 3.

<sup>85</sup> Ledward to Peck, 23 May 1961, FO371/159764/DB10310/34G, UKNA.

<sup>86</sup> Referring to Rusk's message to Drumright of 22 February, Parsons noted that he could not recall an American official ever using such severe language with Nationalist officials. Parsons to Bundy, 23 February 1961, *FRUS*, 1961–1963, vol. 23, p. 95, fn. 6.

namely America's commitment to defend Taiwan against Chinese attack, other aspects of his policy – most notably on the vexed question of Chinese representation in the United Nations – were causing distinct unease in Taipei; according to the head of the CIA in Taiwan, Ray Cline, the Nationalists were 'more disturbed about their relation to the US than at any time in the past five years'. The 'faintest indication' of any change in US attitudes 'can seem like a matter of life and death'.<sup>87</sup> Support for Taiwan's continued occupation of China's UN seat was beginning to erode with the influx of newly independent African states, many of whom were sympathetic to Beijing's claims, and a moratorium on discussion of the status of the China seat, which had kept the issue off the UN's agenda during the 1950s, was becoming increasingly difficult to sustain.<sup>88</sup> With the KMT problem lodged with the United Nations at a time when Taiwan's relationship with the organisation was again in question, Chiang and his advisors may finally have come round to the view that discretion was the better part of valour.

### **Kennedy, modernisation and the 1962 coup**

The evacuations of March and April did not in fact end the KMT problem; several hundred troops remained behind, and resupply operations apparently resumed in 1965.<sup>89</sup> Nonetheless, the role American diplomacy played in securing the removal of several thousand troops was an important expression of US good faith. For Kennedy's

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<sup>87</sup> Bundy to Kennedy, 7 July 1961, *FRUS*, 1961–1963, vol. 22, p. 89.

<sup>88</sup> Richard C. Bush, *At Cross-Purposes: US–Taiwan Relations Since 1942* (Armonk, NY: M. E. Sharpe, 2004), p. 105.

<sup>89</sup> Bernkopf Tucker, *Uncertain Friendships*, p. 67. KMT remnants mounted further inconsequential raids into Yunnan in the mid-1960s, and Nationalist intelligence networks continued to operate in the Shan state until the early 1970s, providing information on communist Chinese activity to both the US and the Taiwanese governments. Garver, *The Sino-American Alliance*, p. 161; Bertil Lintner, 'The CIA's First Secret War', *Far Eastern Economic Review*, 13 September 1993.

officials, preoccupied as they were with the damage to US standing that the KMT problem was causing, this was valuable in itself. But positive US action in support of the Burmese may also have had wider importance as part of Kennedy's general interest in improving America's standing among the non-aligned nations of the Third World. Before his election, Kennedy had repeatedly criticised Eisenhower's preoccupation with the formal and exclusionary politics of alliance-building, and berated his failure to engage effectively and imaginatively with non-allied governments. In a speech in New York at the end of 1957, for instance, Kennedy remarked:

*Much as we see the world as fractured in two, as a dualism between the United States and the USSR, the truth is becoming ever enlarged that there is no such simple counterpoise any longer ... Neither the USA nor the USSR can any longer frame international policies oblivious to the existence and temper of other nations – India, China, Egypt, Japan, and a host of uncommitted countries whose individual speaking parts may seem very small, if not inarticulate, but whose common consciousness will powerfully affect the future pattern of world power.<sup>90</sup>*

Instead of condemning neutralism as mistaken, even immoral, Kennedy promised a new, more sympathetic approach to the needs and concerns of the uncommitted world.<sup>91</sup> Neutralism, he told an interviewer in December 1959, was 'the great trend':

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<sup>90</sup> Remarks of Senator John F. Kennedy at Temple Emmanuel in New York City, 19 November 1957, John F. Kennedy Memorial Library, <http://www.jfklibrary.org>.

<sup>91</sup> Jones, *Conflict and Confrontation*, p. 36.

‘We have to live with that and if neutrality is the result of a concentration on internal problems, raising the standard of living and so on, particularly in the developing countries, I would accept that’.<sup>92</sup>

British observers saw in statements like these an important break with Eisenhower’s administration. Neutralism, reported Britain’s ambassador in Washington, Harold Caccia, in July 1961, was now ‘better understood and regarded’; unlike the previous administration, Kennedy did not expect governments in receipt of American economic or military aid ‘to behave like a puppet’.<sup>93</sup> In terms of substance, however, Kennedy’s position was a less radical development than the rhetoric might have implied. As we have seen, senior officials in the Eisenhower government, Dulles included, were prepared to concede that a less doctrinaire approach was called for in dealing with states that chose to remain apart from America’s alliance relationships, and Eisenhower approved some substantial aid packages to neutral governments, including Burma’s. Nor were Kennedy’s officials necessarily less sensitive than Eisenhower’s had been to the political difficulties they faced in their relations with non-aligned governments. Rusk’s exasperated response to the Belgrade conference of non-aligned nations in September 1961 – ‘it is high time that they decided what side of the Cold War they were on’ – would have been applauded by many of the critics Eisenhower and Dulles confronted as they sought to frame a more positive policy towards the uncommitted world in the mid-1950s.<sup>94</sup>

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<sup>92</sup> Allen Nevins (ed.), *The Strategy of Peace* (London: Hamish Hamilton, 1960), p. 218.

<sup>93</sup> Caccia to Home, no. 132, 10 July 1961, FO371/159712/DB103145/13, UKNA.

<sup>94</sup> Rusk, quoted in Jones, *Conflict and Confrontation*, p. 37.

There was continuity too in the strategic thinking behind the approaches of the two administrations. Eisenhower's more nuanced appreciation of the non-aligned world in the mid-1950s had been shaped fundamentally by a belief that the expansion of Soviet and Chinese economic and political links with these countries was of direct concern to US security, and called for a countervailing response. Eisenhower had told the NSC in 1955 that the US needed policies that would keep states like India 'neutral or at least "neutral on our side"'.<sup>95</sup> Eight years later, Kennedy was telling his National Security Council much the same thing, arguing that 'We cannot permit all those who call themselves neutrals to join the Communist bloc. Therefore we must keep our ties to ... neutralists even if we do not like many of the things they do because if we lose them, then the balance of power could swing against us'.<sup>96</sup> For Kennedy as for Eisenhower, the primary objective of US policy in this area was not to bring convinced neutrals into formal alignment with the United States, but to ensure that they were secure enough to maintain their neutrality against Soviet or Chinese pressure. Arguably, therefore, Kennedy's policies towards the non-aligned world built upon and extended decisions taken by his predecessor, rather than striking out in a fundamentally different direction. The key difference between them may lie, less in the broad lines of Kennedy's thinking or the reasoning that underpinned it, and more in the vigour and clarity with which it was pursued. Kennedy's planners had inherited the containment framework that had underpinned US strategic thinking since Truman; what they were looking for were 'more effective ways to implement it'.<sup>97</sup>

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<sup>95</sup> Memorandum of discussion, 269<sup>th</sup> Meeting of the National Security Council, 8 December 1955, *FRUS*, 1955–57, vol. 9, pp. 44–64.

<sup>96</sup> Kennedy to the NSC, 22 January 1963, quoted in Jones, *Conflict and Confrontation*, p. 37.

<sup>97</sup> Michael E. Latham, *Modernization as Ideology: American Social Science and 'Nation Building' in the Kennedy Era* (Chapel Hill, NC: University of Carolina Press, 2000), p. 3.

To help find an answer to this question, Kennedy turned to America's intellectual elite, and specifically a group of social scientists based at the Massachusetts Institute of Technology (MIT). Since the early 1950s, MIT academics such as Walt Rostow, Max Millikan and Lucian Pye had sought to develop an analytical model to explain the political, economic and social changes taking place in the post-colonial states of the Third World. These newly independent countries, theorists argued, stood at the cusp of a transitional process through which they would in time shed the inhibitions and limitations of 'traditional' societies – construed as 'inward-looking, inert, passive toward nature, superstitious, fearful and economically simple' – and become 'modern' – 'cosmopolitan, mobile, controlling of the environment, secular, welcoming of change, and characterized by a complex division of labor'.<sup>98</sup> In other words, the Third World was embarking on exactly the same process of change that had transformed Europe's simple, static and religious societies of the Middle Ages into complex industrial polities, albeit these changes would now have to be measured in decades, rather than centuries. The Third World, Rostow and his colleagues argued, was being catapulted into modernity.<sup>99</sup> The trick was in ensuring that as many of these new states as possible catapulted themselves into the right brand of modernity, not the wrong one.

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<sup>98</sup> Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore, MD: Johns Hopkins University Press, 2004), p. 5.

<sup>99</sup> Third World leaders too understood the need for rapid, revolutionary change; according to Kwame Nkrumah, independent Ghana's first leader, 'What other territories have taken three hundred years or more to achieve, a once dependent territory must try to accomplish in a generation if it is to survive. Unless it is, as it were, "jet-propelled", it will lag behind and thus risk everything for which it has fought'. Westad, *The Global Cold War*, p. 91.

For American intellectuals, the quintessential example of the modern, sophisticated society was, of course, America. At the same time, however, theorists acknowledged – and explicitly sought to challenge – the alternative model of modernity presented by the Soviet Union.<sup>100</sup> The task facing the United States, modernisers argued, was to manage the processes of change unleashed by decolonisation in such a way that these regions ‘became more like “us” – and less like the Russians or the Chinese’.<sup>101</sup> Modernisation theory was, in other words, more than just an academic model: like Marx before them, Rostow and his colleagues understood that the point was not simply understanding change, but seeking ways to influence and direct it.

The modernisers’ solution to this problem was to rethink America’s attitude towards foreign aid. Under Eisenhower, modernisers argued, aid priorities had been too closely tied to narrow conceptions of America’s political and strategic objectives, when what was needed was a more generous, flexible and sensitive approach. Rather than linking assistance to specific short-term aims, the United States should seek to promote the development of post-colonial societies in a much broader sense: the aim of foreign aid, Rostow and Millikan argued in 1957, was to encourage ‘the evolution of stable, effective, democratic societies abroad which can be relied on not to generate conflict because their own national interests parallel ours and because they are politically healthy and mature’.<sup>102</sup> Given the right conditions, in other words, governments in the Third World would naturally reject communist methods and embrace liberal, democratic capitalism. The provision of extensive US assistance

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<sup>100</sup> The title of Rostow’s key text – *The Stages of Economic Growth: A Non-Communist Manifesto*, published in 1960 – points to the intention of modernisation theory to provide a closed and intellectually coherent explanation of historical change convincing enough to challenge Marx.

<sup>101</sup> Gilman, *Mandarins of the Future*, p. 3.

<sup>102</sup> Rostow and Millikan, quoted in *ibid.*, p. 178.

would advance America's long-term Cold War objectives by accelerating the transition of 'traditional' societies towards the kind of modernity represented by the United States.<sup>103</sup> Through aid, America would remake the Third World in its own image. Thus, just as colonial governments in the nineteenth century had rationalised European control of Africa and Asia in terms of a benevolent mission to 'educate' and 'civilise' supposedly 'backward' societies, so American social scientists assigned to the United States a similar tutelary role in the supposedly 'traditional' societies of the post-colonial world.<sup>104</sup>

The policy prescriptions Rostow and his colleagues put forward during the 1950s were arguably evolutionary, rather than revolutionary, and differed from what had gone before more in scale than in substance. As previous chapters have shown, economic and technical aid had long been seen as an important tool in American efforts to influence political and economic change in the Third World. Likewise, Eisenhower and his officials had made very similar arguments in favour of greater flexibility and generosity in American aid planning, and had been just as alive as Rostow to the impact Soviet ideas of progress were having on Third World leaders. Nonetheless, Rostow's thinking had a radical intellectual ring that was deeply appealing to Kennedy, an aspiring president looking for ways to challenge an incumbent leader he sought to portray as inept and disengaged.<sup>105</sup> While still a

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<sup>103</sup> Latham, *Modernization as Ideology*, p. 6.

<sup>104</sup> *Ibid.*, p. 17.

<sup>105</sup> On contemporary criticism of Eisenhower's administration, and recent correctives, see Fred Greenstein, *The Hidden Hand Presidency* (New York: Basic Books, 1982); Robert Bowie and Richard Immerman, *Waging Peace: How Eisenhower Shaped an Enduring Cold War Strategy* (New York: Oxford University Press, 1998); and Richard Melanson and David Myers (eds), *Re-evaluating Eisenhower: American Foreign Policy in the 1950s* (Urbana, IL: University of Illinois Press, 1987).



congressman, Kennedy used Rostow's work, and much of his language, to support calls for more extensive aid to India, and employed him as a speech-writer on the campaign trail; once in office, Rostow's ambitious aid proposals provided the president with a bold policy programme to set against the humiliation of the Bay of Pigs and crises in Congo, Laos, Vietnam and Indonesia.<sup>106</sup> The results were a rapid and very significant expansion in US overseas aid. In its first year, Kennedy's administration increased economic assistance to developing countries by just shy of 25%; between 1960 and 1963, aid grew by a third. The ratio of economic to military assistance also increased. Meanwhile, parallel administrative changes overhauled and streamlined the institutional architecture of US overseas aid. The Peace Corps and Food for Peace programmes were set up in early 1961, and in November the various aid programmes that had grown up in piecemeal fashion under Eisenhower were organised under a new 'super-agency', the US Agency for International Development (USAID).<sup>107</sup> The 1960s, Kennedy told the UN in January 1961, would be the 'Decade of Development'.

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<sup>106</sup> Mark. H. Haefele, 'Walt Rostow's Stages of Economic Growth: Ideas and Action', in David C. Engerman, Nils Gilman, Mark H. Haefele and Michael E. Latham (eds), *Staging Growth: Modernization, Development, and the Global Cold War* (Amherst, MA: University of Massachusetts Press, 2003), p. 93. According to Nick Cullather ('Development? It's History', p. 641), 'developmentese became the Kennedy administration's court vernacular'. The influence social scientists had on policy-making in Kennedy's Washington was dramatised by the ease with which key intellectuals moved in and out of government: Rostow, for example, was Deputy Special Assistant for National Security Affairs, and later chaired the State Department's Policy Planning Council (the renamed PPS); Pye, whose work included a study of guerrilla communism in Malaya, taught courses on counter-insurgency theory for the State Department, and was an advisor to USAID. Latham, *Modernization as Ideology*, p. 7.

<sup>107</sup> *Ibid.*, p. 81.

Burma seemed as good a candidate as any for the kind of ambitious modernisation programme Kennedy and his advisors envisaged.<sup>108</sup> Many of the problems besetting the so-called transitional societies appeared to be present: a shortage of capital, a lack of trained personnel, inadequate social and educational facilities, over-population and 'grossly imperfect means for mobilizing both human and material resources'. More important still, the Burmese appeared beset by the kind of psychological crisis that modernisation theorists believed was typical in societies facing rapid change; according to Pye, beneath the country's manifest economic, political and social weaknesses lurked 'a level of psychological problems involving attitudes and sentiments which create equal if not more serious difficulties':

*At this level a vicious circle somehow seems to develop in transitional societies: fears of failure in the adventure of nation building create deep anxieties, which tend to inhibit effective action; thus imagined problems become real and fears of failure become the realities of failure; and these failures further heighten anxieties. The dynamics of such psychological inhibitions to effective action, particularly in relation to the politics of modernization, can permeate and restrain the entire process of nation building.*<sup>109</sup>

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<sup>108</sup> Millikan and Rostow identified three categories of 'transitional state': 'potentially democratic societies', like Turkey, Brazil and the Philippines; 'modernising oligarchies', comprising most post-colonial states; and 'traditionalist oligarchies', such as Ethiopia, Saudi Arabia and Cambodia. Although the first category was deemed most promising for modernisation, states in the second, presumably including Burma, were also potential targets for American economic aid. The third category (the 'most dangerous') were 'utterly backward'. Gilman, *Mandarins of the Future*, p. 184.

<sup>109</sup> Lucian W. Pye, *Politics, Personality and Nation Building: Burma's Search for Identity* (New Haven, CT: Yale University Press, 1962).

Gloomy though his analysis was, Pye did not conclude that Burma's apparent physical and psychological weaknesses marked it out from the mass of the post-colonial world: Burma was not 'strikingly unique', and the prospects there were 'quite as hopeful as those of most transitional societies'.<sup>110</sup>

Aid planners began a reassessment of US assistance to Burma at the end of 1960, just ahead of Kennedy's arrival in office. There were, officials conceded, a number of 'warning signs'. As the record since 1950 conclusively showed, 'The Burmese are among the most difficult of people for foreigners and foreign governments to work with', for reasons officials had by now come to know all too well:

*The short interest span of the Burmese, their distrust of one another, their sense of insecurity leading to sudden changes of decision, their essential satisfaction with the static mode of life which has prevailed here for so long, their lack of frankness, their ingrained habit of haggling and shopping around, and their dearth of knowledge of or experience in modern economics and international politics – these and other characteristics are ever-present.*

These problems did not, however, mean that the Burmese did not merit America's 'best efforts' to help. Nor for that matter did it mean that the United States was necessarily Burma's ideal aid partner; officials conceded that past aid practice had tended to overestimate the capacity of Third World states like Burma to absorb the aid they were given, while repeated justifications of aid as a necessary means of

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<sup>110</sup> *Ibid.*, p. 286.

containing communist expansion had encouraged the Burmese tendency to play both sides against the middle in order to maximise the assistance they stood to receive. As an 'old, salty, sceptical race of Asiatics living close to the sharp realities of human and physical nature', the Burmese were 'apt to misconstrue our unprecedented brand of kindness and generosity'. And then, of course, there was the perennial problem of Burma's peculiar brand of pendulum-like neutralism. Taken together, aid officials concluded, 'the moral seems to be: "don't try to cover too much ground too quickly with an aid program in Burma, or allow it to become too prominent a feature of the landscape; it will almost surely become counter-productive'. Thus, while aid policy should aim to generate 'a reasonable amount of the impact which a broad, imaginative plan can give, we need to keep our eye on the political barometer, and to aim at a program having broad public acceptance as well as a full measure of economic soundness'. Given the investment already made in the Mandalay highway project, officials concluded that America's best chance of success lay in concentrating efforts on rehabilitating and expanding Burma's road network, and a three-year aid deal was developed worth about \$12 million in new funding.<sup>111</sup>

With the evacuation of the KMT early in 1961, and against the background of Kennedy's ambitious plans for US assistance in the Third World, the prospects for better ties with Burma were probably as propitious as they had ever been. No fundamental changes in Burmese attitudes towards the United States were anticipated, and officials looked forward to a period of consolidation and continuity; as Snow put, 'Despite the uncertainties and highly troublesome ups and downs in our relations with Burma, we should continue our present and past attitude of patience, calmness and

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<sup>111</sup> 'Recommendations Re Economic Aid to Burma', 20 December 1960, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-1961, box 39, RG469, USNA.

receptivity to opportunities for improved relations'.<sup>112</sup> What was needed was a 'sustained, carefully planned and coordinated effort to strengthen the US position'.<sup>113</sup> The fact that Rusk had served in Burma during the Second World War, and so had an unusually personal interest in the country, may also have augured well for the future; in conversation with Caccia in December 1960, for example, he ventured that Burma held 'something of a special place for him since he had marched over a good part of the north of the country during the war'.<sup>114</sup> Whether the two countries were indeed about to enter a new phase in their relationship we will, however, never know. Early on the morning of 2 March 1962, Ne Win announced that U Nu's government had been toppled and that the army was, once again, in control. Unlike 1958, there was no exchange of letters and no pretence at constitutional process; this was unambiguously a coup.

Ironically perhaps, given U Nu's long-standing preoccupation with the domestic implications of his foreign policy, American and British observers agreed that it was his handling of an internal problem – the unresolved status of Burma's ethnic minority groups – that ultimately caused his downfall. Ethnic unrest was of course nothing new in Burma: non-Burman groups such as the Karen, Mon, Pao and Rakhine had been in various degrees of revolt since the late 1940s. By the late 1950s, however, the hitherto quiescent Shan – Burma's second-largest minority group after the Karen – were also becoming restive. A Shan nationalist group called the Young Warriors was formed in May 1958, and in November 1959 a 1,000-strong Shan force seized Tangyan in the

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<sup>112</sup> Snow to the Secretary of State, 23 December 1960, CDF, 611.90B/12-2360, microfilm 1855, roll 118, RG59, USNA.

<sup>113</sup> Snow to the Secretary of State, 17 March 1961, CDF, 790B.00/3-1761, RG59, USNA.

<sup>114</sup> Caccia to Hoyer Millar, 30 December 1960, FO371/159671/ZD14/2, UKNA.

north of Shan State. Although government troops recaptured the town on 1 December, the revolt spread rapidly; hundreds of police, troops and officials were killed, along with large numbers of pro-government Shan.<sup>115</sup> There was fighting too in Burma's far north, where a Kachin separatist group, the Kachin Independence Organisation, was set up in February 1961. Meanwhile, political pressure was increasing in favour of a change to the constitution to give minority areas greater power. In June 1961, a conference of ethnic minority leaders in Taunggyi, the Shan capital, called for a federal constitution, with powers shared equally between the minority states and Burman-majority areas; in effect, Burma proper – home to perhaps three-quarters of the country's people and most of its productive resources – would become a state on the same basis as the minority constituents of the Union.

Contemporary observers and later writers – and indeed U Nu himself – all agree that there was no likelihood of Burma ever adopting a federal constitution along the lines the ethnic minority groups were proposing. Nevertheless, military leaders were clear that removing the possibility of such a step was the primary aim of their coup. Early on the morning of 2 March, Ne Win told the government's Chin Minister that federalism was 'impossible' and would 'destroy the Union' were it tried.<sup>116</sup> He made a similar point to his old admirer MacDonald when he visited Rangoon in June 1962.<sup>117</sup> One of the new regime's first acts was to remove what autonomy the ethnic states had possessed by replacing existing governance structures with military councils.<sup>118</sup> Yet other motives inevitably suggest themselves, not least the simple

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<sup>115</sup> Smith, *Burma*, p. 191.

<sup>116</sup> Smith, *Burma*, p. 196.

<sup>117</sup> 'Note on Talks with General Ne Win June 24 1962', FO371/166372/DB1015/73, UKNA.

<sup>118</sup> Christine Fink, *Living with Silence: Burma Under Military Rule* (London: Zed, 2001), p. 32.

desire to regain the political and economic power relinquished in 1960. It is also possible that military leaders were uncomfortable with changes within the ruling Union Party, where a factional struggle had resolved itself in February 1962 in favour of many of the same politicians whom the army had moved against in 1958.<sup>119</sup>

Whatever its cause, the change in government had a decisive effect on Burma's domestic politics and its foreign relations. Domestically, the regime acted quickly against potential sources of dissent. Prominent civilian figures were placed under house arrest, including U Nu, the country's chief justice and one-time UN ambassador, Myint Thein, and the ABPO leader Thakin Tin. Many more arrests – perhaps as many as 4,500 – followed as the regime consolidated its rule.<sup>120</sup> Parliament was dissolved and the constitution abolished, and civilian courts were replaced with military tribunals. Public demonstrations of opposition were ruthlessly suppressed. In July 1962, troops responded to student riots at Rangoon University by firing into the crowd; the official death-toll was 16, but eyewitness reports placed it closer to 100, with many more injured.<sup>121</sup> The university was closed, and the headquarters of the students' union, symbolically important as one of the centres of Burmese nationalism during the British period, was razed to the ground. Political parties were abolished and replaced by a single organisation, the Burma Socialist Programme Party, and prominent newspapers including *The Nation* were closed down. Even horse racing was banned – an odd move for a government headed by a racing enthusiast – as were

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<sup>119</sup> Warner to Allen, 22 March 1962, FO371/166369/DB1015/14, UKNA.

<sup>120</sup> Smith, *Burma*, p. 204.

<sup>121</sup> Allen to the Foreign Office, no. 213, 10 July 1962, FO371/166372/DB1015/74, UKNA.

beauty contests, smoking in cinemas and public dance competitions.<sup>122</sup> Clearly, noted one British observer, the new regime 'intends to exercise rigid control over all aspects of communal life'.<sup>123</sup>

As we have seen, analysts in Washington and London regarded the greater coercive possibilities of military government as one of its more important attributes. In the rubric of modernisation theory, military rule promised stability amid the uncertainties of rapid social and economic change. Military hierarchies and concepts of meritocratic promotion expressed and enabled people's desires for upward mobility, and the military's greater openness to technology introduced modern ideas and techniques into 'backward', hidebound polities. Military rule could also address some of the deeper psychological flaws modernisers detected in post-colonial states by promoting ideas of a national identity, as opposed to identification with a particular caste or ethnicity, and by easing the insecurities and inhibitions inherent in communities undergoing transitional change. According to Pye, in a report for the Smithsonian Institution in 1961: 'It is possible to conceive of a military establishment in an under-developed country as providing a unique, and in some respects unequalled, setting for rapidly preparing tradition-oriented and village-bound people for participation in modern society'.<sup>124</sup>

In Burma's case, however, the advent of military government in 1962 offered little prospect of the kind of Westernised modernising project Pye and his colleagues

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<sup>122</sup> Bertil Lintner, *Outrage: Burma's Struggle for Democracy* (Hong Kong: Review Publishing, 1989), p. 55.

<sup>123</sup> Minute, 11 July 1962, FO371/166372/DB1015/75, UKNA.

<sup>124</sup> Pye, quoted in Gilman, *Mandarins of the Future*, p. 188.



envisaged. The new government's key policy statement – 'The Burmese Way to Socialism', announced on 30 April – was regarded by American officials as both 'disturbing' and 'ambiguous', not least in its rejection of capitalist modes of economic organisation and its commitment to the creation of a full-blown socialist economy; under Ne Win, concluded one American assessment, the Burmese government 'seems to be moving with greater determination towards the evolution of a socialist society, probably along Marxist-Leninist lines, and a progressive isolation from Western intellectual influence'.<sup>125</sup> The Ford, Fulbright and Asia foundations were all ejected, and in 1964 the government finally cancelled the Mandalay highway project, apparently just before work was due to start.<sup>126</sup> Measures to centralise and nationalise the economy saw foreign firms expropriated and joint ventures liquidated, including the long-standing joint venture with the BOC, which was wound up in January 1963. The regime also moved to restrict the activities of Burma's substantial Indian business community, prompting the mass exodus of up to 200,000 Indo-Burmese to India and Pakistan.<sup>127</sup> Travel outside of Burma was restricted, and entry into the country was limited by tighter visa controls. Foreign journalists and news agencies were expelled, foreign diplomats were forced to seek permission to travel outside of Rangoon and social contacts between government officials and foreign embassies were discouraged.<sup>128</sup> In this way, the enthusiasm for international discourse and diplomacy that had been one of the vital hallmarks of U Nu's government was replaced by introversion and a studied disregard for the outside world. In the words of one British

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<sup>125</sup> 'Semi-Annual Politico-Economic Assessment', 4 June 1962, CDF, 790B.00/6-462, RG59, USNA.

<sup>126</sup> Byroade to the State Department, 18 August 1966, *FRUS*, 1964–1968, vol. 27, Mainland Southeast Asia; Regional Affairs (Washington DC: USGPO, 2000), p. 244.

<sup>127</sup> Lintner, *Outrage*, p. 59.

<sup>128</sup> 'Burma: Annual Review for 1965', Wakely to Stewart, 14 February 1966, FO371/185946/DB1011/2, UKNA.

observer, writing in 1970: 'the Burmese want above all to be left alone, themselves regulating their contacts with the outside world at no one's initiative but their own'.<sup>129</sup> In turn, the political repression and economic stagnation of military rule would go largely unnoticed outside Burma until, on 26 August 1988, 40 years after her father's posthumous victory over the British, Aung San Suu Kyi called on the Burmese people to assert their independence once again.

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<sup>129</sup> 'Burma: Annual Review for 1969', Trafford Smith to Stewart, 27 January 1970, FCO15/1150/FAB1/3, UKNA.

## Conclusion

The litany of crises that confronted Burma at independence in 1948 was daunting in the extreme. The writ of the weak nationalist government barely ran further than the suburbs of Rangoon, and at times not even as far as that; beyond the capital, the small and ill-equipped army faced an array of communist, religious and ethnic insurgencies. The economy had still not recovered from the depredations of war and Japanese occupation, and internal communications had virtually collapsed. According to one British official, writing in July 1950, 'like Dr. Johnson on the dancing dog, the wonderful thing is not that the Burmese Government is not functioning well, but that it is functioning at all'.<sup>1</sup>

Against this background, aid was an early subject of discussion between the Burmese and the British. British military assistance against the insurgency began almost immediately after independence and, in response to Burmese requests for financial help, Britain and other Commonwealth countries hammered out a loan package worth about £6 million. In the immediate term, this aid was intended to bolster the Burmese government, tiding it over its financial and military crises in the hope that a more secure regime would then emerge capable of holding the line against its communist opponents. More broadly, by framing aid in a Commonwealth context British planners hoped to give practical effect to some ambitious thinking about the UK's wider regional role – a role it would now play, not as a colonial power, but via the newly expanded Commonwealth. By involving Commonwealth members in assistance to the Burmese government, the British sought, both to dramatise the Commonwealth's

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<sup>1</sup> Glass, minute, 27 July 1950, FO371/83107/FB1015/35, UKNA.

potential as an actor in international affairs, and to give it an early sense of practical purpose.

This was a creative solution to the problem of managing relations with Asia's newly independent states. For it to work, of course, Burma had to accept the aid it was offered. To British consternation, however, the loan was never used, and the agreement under which it was offered was quietly allowed to lapse. While military assistance was more straightforward, it too was not trouble-free, despite the apparently self-evident need for it. In particular, the Burmese bridled at the presence in Rangoon of the British military mission, and in 1954 it was ejected for good. Domestic changes partly explain Burma's rejection of British assistance: by the early 1950s the insurgent threat had begun to recede and the economy was looking up. The Burmese also resented British efforts to tie assistance to progress in resolving the conflict with the ethnic Karen insurgency. And however beleaguered the government, accepting aid from the former colonial power was always going to be politically unpalatable.

Burmese reluctance to accept British help also reflected growing US interest in Burma and other South-East Asian countries. By turns chastened and galvanised by the Nationalist defeat in China in 1949, Truman's policy planners were beginning to look with new eyes on the countries to China's south. Although American officials were primarily concerned with Indochina, this new emphasis on South-East Asia had region-wide implications, including for Burma. An economic and technical aid agreement worth around \$10 million was signed with the Burmese government in September 1950, and early plans for assistance contemplated an expanded programme

amounting to \$25 million. The Burmese also hired an American consulting firm to help them with their economic planning, and there was talk of appointing an American financial expert to advise the central bank.

The key consideration underpinning America's developing aid programme in Burma was, of course, strategic: through economic and technical help and political support, the US hoped to maintain an independent, more-or-less non-communist government in Rangoon. Like the British, however, American planners required Burmese cooperation in their efforts. And, again like the British, they did not in the end get it, largely because the Burmese did not share American perceptions about the nature and scale of the Chinese threat. Early aid projects were unsuccessful, while the government's reluctance to publicise the programme to its people meant that very few Burmese understood what it was trying to achieve. Meanwhile, tensions between the two governments were rising over covert American support for the KMT along the Burma–China border. Partly as a result, the Burmese terminated their aid agreement in March 1953, one of the very few countries ever to do so. Although many of these Nationalist troops were subsequently withdrawn to Taiwan, the damage to US standing was less easily repaired. When the rice market turned against Burma in the mid-1950s, and financial disaster loomed once again, the government sought help, not from the West, but from the communists, and extensive trade and barter deals were concluded with China, the Soviet Union and other Eastern bloc governments.

These trade agreements were part of a pattern of Soviet and Chinese diplomatic initiatives in the Third World in the mid-1950s. Similar trade and aid deals were concluded with India, Afghanistan, Egypt and Cambodia, all accompanied by a flurry

of diplomatic activity. To analysts in Washington, accustomed to Stalin's belligerent diplomacy, these overtures constituted an important and worrying change in communist foreign policy. Planners responded to this new perceived threat with a revised statement of national security policy, NSC 5602, in March 1956. Previously, officials had sought to draw a distinction between areas core to US interests and non-core areas such as South-East Asia. Under the terms of NSC 5602, Soviet intervention in the Third World meant that these areas too were now considered of essential importance to US interests. For Burma, the main effect of this strategic reappraisal was the resumption of American aid, and a fresh set of substantial agreements were signed during the latter half of the 1950s, totalling some \$100 million.

In giving aid to Burma, British and American planners shared the same basic underlying aim – keeping the government in power and maintaining its independence from the communist bloc. At the same time, however, the two countries conceived of their aid in different ways. The British, without the resources of their American counterparts, tended to take a pragmatic view of the limits of their assistance, and favoured short-term, practical outcomes: the spurned Commonwealth loan, for example, was designed explicitly to meet a short-term fiscal problem. American planners, by contrast, placed far more faith in the transformative powers of aid, and liked to see the aid project in terms of an ambitious programme of development. By the late 1950s, this had become entwined with American anti-communism, and 'modernisation', in the hands of theorists like Rostow, Millikan and Pye, had taken on an avowedly ideological character. In the opinion of many Americans, governments in the Third World, bedazzled by Sputnik, were showing a dangerous willingness to

accept communist models of economic and social change; exporting US capital and expertise to countries like Burma was seen as one way of meeting this threat.

The terms policy-makers used to describe countries like Burma – ‘developing’, ‘under-developed’ – highlight the related point that the capitalist model of change, no less than its Marxist competitor, was understood teleologically: countries like Burma were engaged in a process of advancement, at the end of which stood the ‘developed’ society, with the past participle denoting the idea of completeness.<sup>2</sup> The quintessential example of such a society was, of course, the United States. The British noted this emphasis at the time, and took a perverse pleasure in contrasting the ambitious plans of inexperienced American aid officials with what they confidently believed was their more seasoned and pragmatic approach. Much less remarked upon, however, was the extent to which both governments based their aid plans on a shared assumption of Burmese acquiescence. Both believed that the provision of aid gave them some measure of influence over the government in Rangoon – that, in other words, their aid had some degree of coercive potential, somehow independent of the intentions or interests of the recipient state.

This thesis has argued that these assumptions of influence were built on doubtful foundations. Rather than passive and appropriately grateful recipients of external aid, and the policy prescriptions that tended to come with it, the Burmese actively manipulated their aid relationships to suit their own ends; put crudely, the competition

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<sup>2</sup> The idea of an ‘under-developed’ world, as against the ‘developed’ nations of the West to which these countries were meant to aspire, was inherent in American aid planning from Truman on. See Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London: Zed, 2002), pp. 72ff.

between the two superpowers enabled the Burmese to play each off against the other in a bid to extract the maximum advantage from both. Thus, in line with the pendulum-like quality of Burmese neutralism that so irritated American and British planners, the country's leaders were prepared to take assistance from whichever side was ready to offer it on terms they felt they could accept, effectively alternating between Western and communist aid as domestic political and economic circumstances dictated. Similar ambivalence marked the Burmese response to the development lessons America and the Soviet Union claimed to teach. In principle, the notion of uplifting a predominantly rural and agrarian society through the application of modern technology was profoundly attractive to Burma's post-independence leaders, as it was to governments elsewhere in the Third World. Rightly or wrongly, the examples set by modern states did indeed appear to offer a way out of backwardness and poverty, a route to the prosperity and social justice independence had promised, but not delivered.<sup>3</sup> In practice, however, the appeal of 'the modern', whether of the Soviet or the American kind, was always ambiguous, and by the early 1960s it had been rejected altogether as Burma closed itself off from the world.

Burma is in many ways one of the forgotten countries of the early Asian Cold War. There are reasons for this, of course: why bother with a country apparently at the margins, when there are much richer seams to mine in Korea, Indochina or Malaya, countries where the major outside powers were much more directly and actively engaged, and for much longer? One answer, perhaps, is that a focus on these sites of major conflict, at the expense of peripheral actors like Burma, may lead to the conclusion that 1950s Asia was a less complex place than it really was, and that the

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<sup>3</sup> Westad, *The Global Cold War*, pp. 86ff.



only perspectives that really mattered were those of Moscow and Washington. Burma's responses to the superpower interventions it experienced are a reminder that Asia's leaders often had coherent and powerful agendas of their own, driven by a national past that privileged independence over alignment, and that saw the Cold War, not as some epic global struggle for the soul of humankind, but as a set of international circumstances to be managed and exploited in the service of specific national aims.

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