

# **PYIDAWTHA – THE NEW BURMA**

## **U Nu’s plan on a welfare Burma**

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### **Abstract**

Burmese Prime Minister U Nu (1948-62) presented an extensive economic plan in 1954 to create a spiritually healthy country, which simultaneously guarantees material well-being to all its citizens.

This economic plan became a blueprint for Burma to develop during the remaining years of civilian rule under Prime Minister U Nu. He was ousted by a military coup d’etat in March 1962, which brought the military into power for seemingly permanently. The military government, led by General Ne Win, presented its own economic plan called “The System of the Correlation of Man and His Environment” from 1963, which has invited less sympathetic curiosity by the foreign scholars than U Nu’s “Pyidawtha” plan.

E.F. Schumacher arrived in Burma in February 1955 in the technical assistance mission of the UN, and his path-breaking chapter on “Buddhist Economics” in the book “Small Is Beautiful” from 1973 is assumed to have been inspired by experiences in U Nu’s Burma.

This paper aims to look into the original Pyidawtha plan, which was published in 1954 to assess to what extent E.F. Schumacher was influenced by the plan and whether the plan still offers alternatives to globalised industrial capitalism.

### **Background**

Burma became independent in 1948 after 60 years of colonial plunder by the British. The British had also divided the area that then became “Burma” into various different administrative zones; Lower Burma was administratively a British colony known as “Ministerial Burma”, and the area was populated mainly by ethnic Burmese, Mons, Karens and Arakanese. Upper Burma remained a protectorate and was called “Frontier Areas”. It was ruled by local chiefs under the supervision of British Superintendents. Karenni State had remained a buffer state between the two different zones.

The British had also classified the people into “martial races” and non-martial races. Basically all the ethnic minorities were declared as brave and warrior-like and hence

recruited in the British colonial army. The rest of the population was divided into nine different categories, Indians dominating these categories, as Indians had been encouraged to take a domicile in British Burma, particularly in “Ministerial Burma”.

The British racial engineering turned out to be catastrophic for Burma, as the various ethnic minorities turned against the central governments as soon as Burma had been declared independent. Hence, U Nu’s government struggled the first two years only to pacify the country and to try to negotiate with the ethnic leaders for a peaceful compromise.

By 1950, the central government had practically been able to take over the entire country, but it was then hit by another catastrophe. The defeated Chinese Guomintang troops fled to northern Burma, and ultimately settled down in the Northern Shan States. From there, the GMD made some attacks against the People’s Republic of China, but more disastrously, the GMD gave a helping hand to some Karen and Shan insurgents to restart the armed rebellion against the central government.

U Nu’s government took the GMD aggression to the United Nations general Assembly, but the Burmese complaint was entirely watered down by the client states of the US. U Nu cancelled all the economic aid that the US had been offering to Burma. This infuriated the US and the US started soon afterwards dumb food aid to markets, where Burma had traditionally been exporting its rice surplus.

### **The plan for New Burma**

The plan for new Burma, known as the Pyidawtha plan. Pyidawtha has been sometimes translated as “happy land”. It was a pet project of U Nu, whose interests in Fabian Socialism and Marxism originated from the 1930s. The insurrection had prevented any implementation of government economic plans, but eventually 4-17 August 1952, U Nu proudly headed a Pyidawtha seminar, where the plans were finalised. U Nu’s Pyidawtha plan can be seen as a response to the critique by the Socialist politicians in Burma. The Pyidawtha plan was published as a book by the Government, consisting of 128 pages with photos and charts. The plan starts with a relatively neutral introduction by the Prime Minister himself.

Before the prose text starts, the readers are given a short summary of the guiding principles, presented almost in the form of poetry. In each line it lifts up the contradictions of the modern, post world war era.

“We can remain faithful to our past, yet live consciously and gladly in the twentieth century.

We can be proudly independent, yet a willing partner in the community of nations. We can blend successfully the religious and spiritual values of our heritage with the benefits of modern technology.

To the creation and perpetuation of this great New Burma, we bend our backs and commit our hearts.” [2, p.18]

The first chapters admit that despite that fact that Burma is a prosperous country in terms of natural resources and agricultural potential, many of the citizens of Burma have “abysmally low standard of existence”. [2, p. 9]

The “objective” of the plan is “a Burma in which our people are better clothed, better housed, in better health, with greater security and more leisure – and thus better able to enjoy and pursue the spiritual values that are and will remain our dearest possession”. The spiritual values are emphasized and it is stated that “spiritual health and material well-being are not enemies: they are natural allies.” [2, p.10]

The priority of the authorities is, however, to create peace throughout Burma and only then the building of New Burma can be pushed ahead with maximum speed. [2, p.11] With this statement the plan clearly seems to remain a plan, as it cannot be materialised throughout the country.

The government has drafted clear plans for all major economic and social fields from agriculture to education.

The immediate plan is to diversify agricultural production; expand industry in relation to agriculture, improve transportation and communication, make electric power more generally available, increase trade within the country and with the neighbours.

All these plans would give more products and more kinds of products, new job opportunities to the people. Educational and health standards would rise and travel and communication would become easier. [2, p. 13]

The plan has no final target, but remains “flexible and adaptable” and will be reviewed by two agencies the Ministry of National Planning and the Economic and Social Boards, headed by the Prime Minister. Several other ministries would be involved; Ministry of Education, Ministry of Transport and Communication, Ministry of Agriculture and new agencies like Industrial Development Corporation, the Agricultural and Rural Development Corporation, and the Mineral Resources Corporation. “Through subsidiary Boards and Corporations, these agencies will be responsible for building and operating new productive government enterprises, and for making sure that adequate transport, power, housing, schools, hospitals, and other community facilities are provided.” [2, p. 14]

It was admitted in the plan that the country would urgently need about 700 new managerial and supervisory personnel, 700 additional professional personnel, more than 1,800 sub-professional and over 10,000 skilled workers. All this would demand a drastic increase in education and training, which was not available in Burma. Burmese needed to be sent abroad for training and foreign experts should be invited to speed up the programmes. [2, p. 15]

Herein seems to lie the future problems of the Pyidawtha plan, it tends to be rather bureaucratic, top-down, and does not really seem to have ideas how to engage the

people in this process. Maybe for this reason the chapter concludes: - the Development Programme in its active stages will directly affects millions of Burmans – and for these reasons millions of Burmans must contribute directly to the programme if it is to succeed. Thus our Development Programme not only is for the people, it must be, in large measure, by the people as well.” [2, p. 15]

### **The goal of the programme**

The goal of the Pyidawtha plan was to increase the per capita production with 50% by 1959-60. The current GDP was still in 1952-53 lower than the prewar years. [1, p.18] The way to improve the per capita consumption was to be achieved also by a tax policy that the “very low-income families” would benefit. [2, p.19]

The government will use over half of its total investment on the social field i.e. on housing, public buildings, schools, hospitals and community services like water supply, sanitation, fire protection and health and medical services. Out of the K 750 crores 450 would go for social welfare and private sector. This was to be financed by the handsome surplus of foreign exchange that Burma had the immediate postwar years from 1946 to 1953. [2, p. 20-23]

The stated goal of the economic policy was to “remain economically independent and self-supporting”, but no self-sufficient. This would be achieved by investments in import-substituting industries and by levying import duties against foreign products to protect new Burma industries. Much emphasis is put on discussing the importance of “social investment” and “social capital”. “A healthy population not only needs medical care and schooling, but food and clothing and many other consumer goods essential to decent living”. [2, p. 24-25]

Agricultural production was to be increased with “return of all previously cultivated land to active production” and an overall increase in use of chemicals, irrigation, improved marketing, storage system and research. Much of the land had fallen into the hands on Indian moneylenders during the British colonial period; by 1940 nearly half of the landowners were non-cultivators. This land needed to be taken back as agricultural land.

The government also recommended diversifying the crops, instead of relying on a single crop i.e. rice. The recommendations hence were; intensify and diversify.

The Land Nationalization Act aimed at distributing land to cultivators and labourers to operate as state tenants. The Act provides for the growth of cooperative societies and aims at developing collective or cooperative farming. There are some striking similarities to Dr. Pridi Banomyong’s New Economic Plan for Siam from 1933. [2, p. 36][1]

The new Land Alienation Act prohibits transfer of agricultural land to non-agriculturalists, to avoid the disaster of the colonial period.

State Agricultural Bank would provide loans to the cultivators, so that they did not have to borrow from the private loan sharks as during the colonial period. [2, p. 44]

Timber and mineral extraction was to be increased. Hydropower was to be developed. With an extensive network of railways, waterways, highways and ports the country was ready to increase its foreign exchange surplus.

Three major industrial centres were to be developed; Akyab in Arakan, Myingyan in Upper Burma and Rangoon. The industries would foremost concentrate in import-substituting production with a heavy concentration in food-processing, textiles and construction materials.

### **Social welfare programme**

The economic plan presents ambitious goals for the improvements in the national health programme with following objectives;

“To ensure full health of our people.

To lower the mortality rate.

To reduce deaths in childbirth.

To minimize infant mortality.

To wipe out epidemic and endemic diseases.”[2, p. 107]

Much emphasis was put also in preventive health education, national fitness, nutrition, environmental sanitation and “vitamin-tablet distribution’. Indigenous medicine should be revived.

Education was to be revolutionised. The British education had not generated “ a feeling of pride in our culture; it did not teach us how to use the tools of modern technology; it did not give us enough scope for teaching the ways of democracy nor for the expression of patriotism and citizenship.” [2, p. 113]

The new Burmese education programme would provide a basic education for all, wipe out illiteracy among adults and grant scholarships for advanced studies overseas.

Every village should have a primary school and middle schools and high schools will be opened “as quickly as possible’. [2, p. 114] Primary school provides four years of education completing the fourth standard; middle school provides another three years and high school again two years up to the ninth standard. It is still a fairly modest education plan.

Many of the textbooks need to be rewritten, as they were written during the colonial days and had become “obsolete”. [2, p. 114]

The housing programme was aggravated by the insurrection, which had driven many villagers to towns “already swollen with large post-war population”. The situation in Rangoon is particularly severe, as slums had “mushroomed almost overnight” as

refugees had built hut on the vacant lots and on city's sidewalks. [2, p. 118] Hence extensive and detailed construction plans were presented in the Pyidawtha plan.

The social welfare plan states as its objective to "help the young and the old, the handicapped and the distressed, the sick and the infirm". The government will "expand facilities for the care of orphans, homeless children, and the aged. The blind, the deaf, the mute, and other handicapped persons will receive our assistance." Special emphasis will be put on nurseries and childcare centres.

Community development promotes community activities in terms of health and education. Literacy programme will revival the monastic schools, which had been mad redundant by the Christian missionary schools of the colonial era.

## **Conclusion**

The Pyidawtha plan optimistically concludes:

"We Burmans have a right to dream bold dreams and to make bold plans for our future. This we have done.

We Burmans have, too, an obligation to act – that these dreams may come true. This we are doing.

And finally, we Burmans have a sacred duty to conform both our dreams and our acts to our faith. This we shall ever do." [2, p. 128]

The Pyidawtha plan aimed to silence the vocal critique by Socialist politicians, who accused U Nu's government for being "feudal, compradore and capitalist". With Pyidawhta, U Nu created a state ideology, which was then handed down to the villagers by special Pyidawtha committees.

The ambitious Pyidawtha plan, however, failed to be successful in Burma. The huge foreign exchange surplus dried out, when Burma's traditional export markets for rice India, Ceylon and Malaya were flooded with US surplus food aid. This led to a significant fall in the world rice prices.

Rice harvests had been purchased from the farmers by State Agricultural Marketing Board on a fixed price and exported on a huge profit. This had created a healthy surplus in foreign exchange. Imports had been limited, but the state had sold import licenses exclusively only to Burmese businessmen in order to twist the economic power from the Indians and Chinese. The licenses were, however, often purchased by Burmese politicians or their family members, who then sold them further to Indians or Chinese.

Despite all its weaknesses, U Nu's Pyidawtha plan is an interesting case study of a country's struggle to remain neutral both politically and economically.

The ideas of self-supporting economies, where the governments and the people can

decide what to produce and when to produce, seem to have become obsolete in the globalised world.

Schumacher criticised the Burmese government in 1955 for wasting foreign exchange reserves in imports. In the present globalised world, protecting economies against imports has been practically criminalised.

Despite all the weaknesses in the implementation of the Pyidawtha plan, this is the Burma that had inspired E.F.Schumacher to write his famous treatise on Buddhist Economics. [3]

### **References**

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