



## The Anglo-American Limited Competition around Economic Aid to Myanmar (1949-1953)

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**Abstract:** *With the establishment of the People's Republic of China in 1949, An Anglo-American consensus on the issues of economic aid to the U Nu Regime was reached for the sake of containing the impact of communism in Southeast Asia. The UK bore the main obligations while the US only played a complementary role. But they had some mutual suspicion against each other's performance of the consensus, and gradually formed a limitedly competitive landscape for this. In the former phase, the US gained an advantage in Myanmar because of the favorable nature of its aid over UK's aid of strings attached. In the latter phase, however, as the US began attaching conditions to aid in 1952 and other factors, US-Myanmar aid relations tended to be tense, whereas the UK took the opportunity to promote the aid relations with Myanmar actively and gained the upper hand finally. Regarding this limited aid competition, Britain showed greater importance and positivity, while the US was relatively passive and veiled. The phased features of reversal of Anglo-American competitive advantages not only reflected the gains and losses of their respective initiative of aid to Myanmar; but also were a result of Myanmar's own choice based on its attitude towards foreign aids.*

**Keywords:** *Economic Aid, Aid Consensus, Aid Competition, U Nu's Government, US- Myanmar Aid Relations, UK-Myanmar Aid Relations*

From 1945 to 1947, the United Kingdom provided Myanmar with a total of £72.01 million financial aid funds, and economic aid funds accounting for most of them.<sup>1</sup> On

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<sup>1</sup> "Burma (Commonwealth Loan)", debated on May 9, 1950, Great Britain. Parliament. House of Commons, *Parliamentary Debates (Hansard): House of Commons Official Report*, vol. 475, London: H.M. Stationery Office, 1950, pp.214-215.





October 17, 1947, the Nu-Attlee Agreement (Anglo-Burmese Treaty on the Independence of Burma) was signed in London by the British Prime Minister Clement Attlee and the President of the Myanmar Constituent Assembly Thakin Nu (U Nu). According to the treaty, a significant portion of the economic debt was forgiven, but Myanmar would still have to repay the balance of the sums in twenty equal yearly installments beginning not later than April 1, 1952, “no interest being chargeable”. London recognized Myanmar as a fully independent sovereign state and promised to transfer power as soon as possible.<sup>2</sup> On January 4, 1948, Myanmar gained independence from British rule and U Nu served as the first prime minister.

With the establishment of the People’s Republic of China, the West attempted to contain the southward influence of the Communist Party of China. Because of its strategic position, Myanmar became an important link for the West in building the Cold War chain of the Southeast Asia (SEA). Thus, a clear consensus was reached on economic aid<sup>3</sup> to Myanmar between the UK and the US that the UK bore the main obligation while the US played a complementary role. Around this consensus, they formed a competitive landscape by degrees when cooperating mutually during the period from the establishment of the People’s Republic of China in autumn 1949 to the termination of US aid to Myanmar in mid-1953. With respect to their economic aid consensus on Myanmar, why did the US and UK worry about each other? What were the changing trend and phased features of their aid competition? What were the reasons behind them? Discussing these questions is helpful for us to understand the relations of both UK-Myanmar and US-Myanmar in the early days of the Cold War, to observe the development of the Western Cold War policy in Southeast Asia, and to examine how the British and Americans specifically use economic aid as a tool to pursue their political goals. So far, relevant researches in academia have briefly touched on this topic when introducing the Anglo-American economic aid to Myanmar, especially some scholars have made important comparisons on the features of their aid to Myanmar, which is of enlightening significance,<sup>4</sup> but few academic achievements about the systematical competition process have been made. Therefore, this article will

<sup>2</sup> “Treaty between the Government of the United Kingdom and the Provisional Government of Burma regarding the Recognition of Burmese”, (London, 17 October 1947), [http://www.ibiblio.org/obl/docs/1947\\_treaty.htm](http://www.ibiblio.org/obl/docs/1947_treaty.htm). Accessed July 19, 2020.

<sup>3</sup> In order to facilitate the discussion in this article, this article incorporates technical assistance into economic assistance.

<sup>4</sup> Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, London; New York: Routledge, 2010. Other related research achievements: Ademola Adeleke, “The Strings of Neutralism: Burma and the Colombo Plan”, *Pacific Affairs*, University of British Columbia, vol.76, no.4 (December, 2003), pp.593-610; Ademola Adeleke, *Ties Without Strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980*, National Library of Canada, Grantor: University of Toronto, 1996, pp.160-171; Liang Zhi, “The Origin of Myanmar’s Neutral Diplomacy (1948-1955)” (梁志:《缅甸中立外交的缘起(1948-1955)》), *World History* (《世界历史》), no.2 (2018), pp.48-49.





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use the Anglo-American archives and the existing academic achievements to deal with these problems, striving to show the full picture of the Anglo-American competition process of their economic aid to Myanmar during the years 1949-1953, and especially exploring the features and causes of its evolution by comparisons.

### **I. Anglo-American Consensus on Economic Aid to Myanmar and its Problems**

With the founding of the People's Republic of China and the brewing Cold War in Asia, the SEA strategic value became increasingly apparent. America strengthened its ties continuously in the region and sought to build a Cold War chain in the Far East from Japan to South Asia.<sup>5</sup> Britain also held the view that Communism seriously threatened the West's interests in the SEA, and it must be stopped from advancing southward.<sup>6</sup> Foreign aid was the main means by which the West attracted emerging nation-states so as to "bring Asia and the Middle East actively into the cold war for the purpose of building centers of opposition to the Soviet-Chinese bloc".<sup>7</sup> In addition, by providing aid to Southeast Asian countries, the US and the UK intended to expand their influence, spread Western values, and acquire strategic materials such as rubber and tin. The Point Four Program and Colombo Plan were the products of these motivations.

In his inaugural speech, on January 20, 1949, President Harry Truman proposed the Point Four Program of providing economic and technical aid to the underdeveloped countries and regarded it as "the strongest antidote to Communism" in these areas.<sup>8</sup> The US subsequently launched economic assistance to the SEA based on it. The first Commonwealth Conference of Foreign Ministers was held in Colombo, Ceylon, in January 1950, and a set of economic and technical aid proposals for South Asia and SEA was reached, with a Commonwealth Consultative Committee (CCC) created. This marked the advent of the Colombo plan, one purpose of which for the UK was to curb the huge impact of Chinese Communism on the Asian situation.<sup>9</sup> These two plans, however, not only shared the commonality of Western anti-communism,

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<sup>5</sup> *Foreign Relations of the United States (FRUS)*, 1949, The Far East and Australasia, vol.7, pt.2, Document 317; *FRUS*, 1949, The Far East and Australasia, vol.7, pt.2, Document 387. The Frus files in this article are all from the following website: <https://history.state.gov/historicaldocuments/frus>

<sup>6</sup> FZ 10114/17, Antony Best, ed., *British Documents on Foreign Affairs(BDFA), Part IV, From 1946 through 1950.Series E, Asia 1950, vol.11, Burma, South-East Asia and the Far East, Indonesia, Nepal and The Philippines,1950*, Bethesda, MD : University Publications of America (UPA), 2003, pp.86-93.

<sup>7</sup> Norman A. Graebner, "Foreign Aid: A Strategy in the Cold War", History University of Illinois, 1959, p.26, <https://ageconsearch.umn.edu/record/17762/files/ar590020.pdf>. Accessed May 19, 2020.

<sup>8</sup> Harry S Truman, *Memoirs, vol.2: Years of Trial and Hope*, New York: Doubleday, 1956, p.239.

<sup>9</sup> G. Bennett and K. Hamilton, ed., *Documents on British Policy Overseas(DBPO), Series I,vol.8, no. 110*, London: Routledge, 2013, p.419; "Discussion on Communist Threat in Asia: British Delegates' Plans for Colombo Talks", *The Times of India*, Jan. 4, 1950, p.7; "From Colombo the Commonwealth Looks to Washington: The Common Problem Work", *New York Times*, Jan. 11, 1950, p.19; "Commonwealth Consultative Committee for South and Southeast Asia", *International Organization*, vol. 5, no. 4(1951), Madison: University of Wisconsin Press, pp.841-842.





but the competitiveness of their national interests. The former served a purpose of US to exclude European imperialism in Asia-Africa;<sup>10</sup> while the latter had British considerations for maintaining its own traditional Asian influence.<sup>11</sup> Anglo-American assistance to Myanmar was a concrete manifestation of the above composite relations.

In the latter half of 1949, the US interests in Myanmar gradually increased for the Cold War motives. The Truman administration deemed that Myanmar was as important as Indochina to the West: If Myanmar and Indochina could be held against Communism, they would probably defended SEA, and if any of them fell, the entire SEA would be lost.<sup>12</sup> An official British document also pointed out: if Myanmar went, the Communists would drove a wedge between India and East Asia and the SEA would be most sensitive and dangerous.<sup>13</sup> Thus, both the US and UK thought that they should strengthen aid to Myanmar. But when the Americans began to be involved in Southeast Asian affairs as a whole, the British had mixed fortunes. Some people thought the US as a superpower would surely gain more political prestige and economic benefits in the region, which might push the British aside, while some other people said in the summer of 1949 that the long-time colonial ties made it clear that only the UK could deeply understand the problems and their potential solutions of relevant Southeast Asian countries, however the US lacked these traditional advantages enjoyed by UK.<sup>14</sup> So while expressing its favorable acceptance to the US, the UK strove to maintain its influence, as a British diplomat in Myanmar James Bowker said:

*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>15</sup>

The US was well aware of Britain's worries and pledged to provide Myanmar with "a

<sup>10</sup> Harry S Truman, *Memoirs, vol.2: Years of Trial and Hope*, pp.228, 232.

<sup>11</sup> Tilman Remme, *Britain and Regional Cooperation in Southeast Asia 1945-1949*, London: Routledge, 2005, p. 204; Cui Pi, "The Making of America's Collective Security System in Asia-Pacific and Britain, 1950-1954" (崔丕: 《美国亚洲太平洋集体安全保障体系的形成与英国(1950—1954年)》), *Cold War International History Studies*(《国际冷战史研究》), no.1(2004), pp.17-18.

<sup>12</sup> *FRUS*, 1950, East Asia and the Pacific, Vol.VI, Document 115.

<sup>13</sup> FZ 1051/50G, Antony Best, ed., *BDEA, part IV, From 1951 through 1956, Series E, Asia 1951, vol.2. Siam, Burma, Indo-China, Indonesia, Nepal and Philippines*, Bethesda, MD: LexisNexis, 2005, p.163.

<sup>14</sup> Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p. 88.

<sup>15</sup> Bowker to Scott, 2 March 1950, FO371/83122/FB10345/4, UKNA. Quoted from *Ibid.*, p.89.





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limited aid with prudent support”. Accordingly, an Anglo-American consensus of aid to the U Nu Regime was formed. Britain bore the main obligations while the US only played a complementary role.<sup>16</sup> As far as the British and Americans were concerned, it was hard to say who proposed that first. On the one hand, the answer seemed to be the British as evidenced by Bowker’s above words, and at their insistence, the American accepted it. But on the other hand, the Americans also noted that their analysis and assertion of it had been agreed by the British, so to this extent, their policy of encouraging the UK’s acceptance of primary responsibility had succeeded.<sup>17</sup> In any case, they formed the consensus, while the Burmese was not consulted.

The Americans realized that U Nu’s Government seemed to be attempting to play the US off against the UK for more aid.<sup>18</sup> Nonetheless, prompted by Myanmar’s domestic crises and the subsequent UK policy performance, the Truman Administration worried about Myanmar’s prospects and felt that London did not fulfill its main obligations well. Meanwhile, Washington actively sent aid missions to many Southeast Asian countries including Myanmar, and the heads of these missions also expressed doubts about the aforementioned Anglo-American aid consensus. During his visit to Myanmar in early February 1950, Philip C. Jessup, US Ambassador at Large, had mentioned the British difficulties in establishing effective relations with the Burmese government, and wondered whether “some other powers, like the United States, might not be able to make more headway”.<sup>19</sup> U Nu’s Government harbored deep suspicions against British aid, which the Americans thought that “had been to a large extent responsible for the failure” of the UK to provide effective military or financial assistance to Myanmar up to the present time.<sup>20</sup> After more than a month, an US mission headed by R. Allen Griffin, also visited Yangon. He warned that the US had to modify its own thought that Myanmar was the primary obligation of the UK, and suggested the US should decide on aid to Myanmar at its discretion. If US aid was related to any British factors, it would induce Myanmar to have the similar sense of distrust of the US as it did the UK. The issue of US aid was not to expand obligations, but to ensure that it could act independently to effectively implement its obligations.<sup>21</sup> The State Department agreed, saying the Americans’ desire was just to persuade the

<sup>16</sup> FRUS, 1949, The Far East and Australasia, vol.7, part 2, Document 317; FRUS, 1950, East Asia and the Pacific, vol.7, Document 114; Antony Best, ed., BDFA, Part IV, Series E, Asia 1950, vol.11, p.28.

<sup>17</sup> FRUS, 1950, East Asia and the Pacific, vol.7, Document 115.

<sup>18</sup> FRUS, 1950, East Asia and the Pacific, vol.7, Document 32.

<sup>19</sup> Foreign Office brief, 10 March 1950, FO371/84514/FZ1022/5, UKNA. Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p.89.

<sup>20</sup> FRUS, 1950, East Asia and the Pacific, vol.6, Document 115.

<sup>21</sup> “The United States Economic Survey Mission to Southeast Asia: A Study of the Emergency Economic and Technical Needs of Burma”, March 23-April 4, 1950, Collection: U.S. Relations and Policies in Southeast Asia, 1944-1958: Records of the Office of Southeast Asian Affairs, Archives Unbound, Gale Group, Inc., SC5105205633, pp.33-34.





British to play their main role, but any obvious association with the United Kingdom in aiding Myanmar would be unwise, and approaches to the Burmese would be on a “detached and independent basis”.<sup>22</sup> A British official document in mid-April stated that American aid would be confined to the provision of technical advisers and equipment, and would in any case be closely coordinated with Commonwealth aid.<sup>23</sup> An Anglo-American diplomatic dialogue meeting on May 4 was held in London. British diplomat Esler Denning stressed the particularly difficult nature of Burmese themselves and their suspicions on the possible Britain’s aid efficiency. American representative Raymond A. Hare reemphasized the Anglo-American aid consensus, but expressed that the current situation in Myanmar was critical and believed that “a real effort must be made to keep it from falling under Communist domination because, if Burma falls, all of Southeast Asia will be gravely imperilled”.<sup>24</sup>

The Truman Administration formulated an important policy document over Myanmar on June 16. It reiterated Anglo-American aid consensus, and was deeply concerned about Myanmar’s severe political situation and linked it to Burmese suspicions about Britain. It mentioned that Burmese suspicions about the Americans were much less than that of their former British rulers, thus the first main political objective of the American proposed aid programs was to overcome Burmese suspicions above. Meanwhile, the document proposed that the US should use its own advantages to strengthen aid to U Nu’s Government for helping the Burmese improve the domestic situation. Moreover, for the need of anti-communism, the Americans should always be prepared to respond to the following unexpected situations: (1) British aid seriously failed to keep pace; (2) When the UK was strongly opposed by Myanmar or when it believed that the situation in Myanmar “had completely lost hope” and decided to withdraw totally from the country; (3) the Communist Party of China gave the Burma Communist Party (BCP) “strong military assistance”. Once any of the above situations occurred, it was necessary for the US to quickly intervene and replace the UK to assume the main responsibility and expand the existing aid programs for Myanmar.<sup>25</sup> After that, although the US did not intend to replace the status of the UK, its economic assistance to U Nu’s Government gradually had a trend that contradicted their aid consensus and showed more independence.

Churchill visited America and got together with Truman in early January 1952. When discussing the issue of aid to Myanmar, they pointed out that their common

<sup>22</sup> Secretary of State to Griffin, 1 April 1950, records relating to the Economic Survey Mission to South East Asia, 1948-50, Lot M46, RG59, USNA. Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p.90.

<sup>23</sup> FB 1015/12, Antony Best, ed., BDFA, Part IV, Series E, Asia 1950, vol.11, 1950, p.28.

<sup>24</sup> FRUS, 1950, Western Europe, vol.3, Document 508.

<sup>25</sup> FRUS, 1950, East Asia and the Pacific, vol.6, Document 115.







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goal was “to seek an increase in the will and ability of the Burmese Government and people to halt the spread of Communism and to defend the country against Communist subversion or invasion”, so it was necessary to develop more efficient ways, and explore joint or coordinated actions in aid to Myanmar.<sup>26</sup> However, with the enhancement of US aid to Myanmar, regardless of the aforementioned US-UK summit, or the subsequent US Documents, NSC 124/2 issued at the end of June,<sup>27</sup> which had a profound impact on its Cold War policy in SEA, an important change was that the US and UK no longer emphasized their aid consensus on Myanmar.

## **II. The Formation of Anglo-American Competition on Economic Aid to Myanmar and America’s Early Superiority**

The BCP launched armed struggles in April 1948, which quickly brought great pressure to Burma’s government. Then a dozen ethnic minorities armed forces such as the Karens also rebelled in succession, which further exacerbated the government’s plight. U Nu’s Government was eager to seek economic and military aids. It first sought aid from the UK because of their historical connections. The Attlee Government considered that if it lost its influence on Myanmar, the political and economic interests of Britain in SEA would be weakened.<sup>28</sup> The British also had some intentions to prevent the US from expanding its influence in the county,<sup>29</sup> and gave their hands to Burmese at first. U Nu’s Government wanted to get US aid too, but then US policymakers felt that Myanmar was primarily in the British sphere of interests.<sup>30</sup>

The Burmese filed an emergency financial loan request with the Commonwealth in early 1949. Yet the British replied that the premise of the loan was that Myanmar must restore domestic order, and proposed in the subsequent negotiations that U Nu’s Government should seek to hold talks with the Karens armed forces and the Commonwealth could act as a mediator between the two sides. Myanmar thought that these strings attached to the loan would undermine its neutral policy but did not accept them. After several discussions, the Commonwealth agreed to continue

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<sup>26</sup> “Negotiating Paper: To Determine What, if any, Action the British and American Governments Should Take to Improve the Seriously Deteriorating Situation in Burma”, White House, Dec. 17, 1951. U.S. Declassified Documents Online, <http://tinyurl.galegroup.com/tinyurl/79J2S2>. Accessed Sept. 29, 2018, GALE: CK2349261581.

<sup>27</sup> FRUS, 1952-1954, East Asia and the Pacific, vol.12, pt.2, Document 114.

<sup>28</sup> XS 14/7 (1/47), Antony Best, ed., *BDEA, Part IV, From 1946 through 1950, Series E, Asia 1948, vol.7, Burma, Ceylon, India, and Pakistan, Oct 1947-Dec 1948*, Bethesda, MD : UPA, 2001, p.7.

<sup>29</sup> A British Foreign Office document in June 1948 noted: “Burma is a factor in the defence of India and Pakistan, and so long as either of these remains a Dominion the security of Burma must remain a British interest”, “Americans have never had any great share of Burma’s commerce...; but they are likely to try to gain a larger foothold in the import trade if opportunity is given by the weakening of the British connexion”. F 8359/17/79, Antony Best, ed, *BDEA, Part IV, Series E, Asia 1948, vol.7*, pp.35-37.

<sup>30</sup> Robert H. Taylor, *Foreign and domestic consequences of the KMT intervention in Burma*, Ithaca, N.Y.: Southeast Asia Program, Dept. of Asian Studies, Cornell University, 1973, p.6.





to consider Myanmar's applications at the end of May without political conditions, but required Myanmar to use the loan for specific purposes and receive regular supervision. Hence U Nu's Government promised to do the best to restore domestic order.<sup>31</sup> British Foreign Secretary Ernest Bevin on July 6th met with visiting General Ne Win, Burmese Commander-in-Chief, in London. Bevin expressed his importance to Myanmar's aid request and assured that their offer was "unconditional".<sup>32</sup> Myanmar proposed a new financial aid request on October 14, totaling more than £ 16 million.<sup>33</sup> However, not until March 7, 1950 did the British responded that after consultations with the Commonwealth members, they had decided to provide a loan of £ 6 million to Myanmar(including the £ 3.75 million undertook by the UK), which should be repaid within two years.<sup>34</sup> On March 23, the UK Parliament had approved another short-term loan of £500,000 to Myanmar for the financing of rice purchases.<sup>35</sup> Two days later, the £ 6 million news was officially announced. Compared to the requested conditions, the loan data was greatly reduced, the term also was shortened significantly, and it must be subject to strict supervision at any time. U Nu accepted the loan reluctantly, and he was deeply disappointed in private and resolved not to make any use of it.<sup>36</sup>

Thus Myanmar turned its attention to the US. The combination of Myanmar's need of aid and America's cold war motives in SEA provided opportunities for both sides to expand their relations. Myanmar's Foreign Minister U E Maung visited Washington for help in late August 1949. The Secretary of State Dean Acheson suggested that the US would provide necessary aid to Myanmar based on the Point Four.<sup>37</sup> When he returned to the US on October 21 after visiting Myanmar, George McGhee, the assistant secretary of state for Near Eastern, South Asian, and African affairs, told Acheson that Myanmar deserves "special attention" and called for action to provide emergency assistance to help U Nu's Government defeat the BCP.<sup>38</sup> George McGhee wrote Acheson a letter again in late January 1950, which proposed that the US should take positive steps to provide assistance to Myanmar.<sup>39</sup> Then, Washington

<sup>31</sup> FB 1011/1, Antony Best, ed., *B DFA, Part IV, Series E, Asia 1950, vol.11*, pp.10-11.

<sup>32</sup> F10753/1055/79, Antony Best, ed., *B DFA, Part IV, Series E, Asia 1949, vol. 9*, p.35.

<sup>33</sup> FB 1011/1, Antony Best, ed., *B DFA, Part IV, Series E, Asia 1950, vol.11*, pp.11-12.

<sup>34</sup> FB 1151/47, Antony Best, ed., *B DFA, Part IV, Series E, Asia 1950, vol.11*, pp.22-23.

<sup>35</sup> *Chronology of International Events and Documents, 23 March-5 April 1950, vol.6, no. 7 (23 March-5 April 1950)*, Royal Institute of International Affairs, p.206.

<sup>36</sup> FB 1151/65, Antony Best, eds., *B DFA, Part IV, Series E, Asia 1950, vol. 11*, pp.23-24.

<sup>37</sup> "Burma Aid to Visit U.S.", *New York Times*, Jul 28, 1949, p.4.

<sup>38</sup> McGhee to Acheson, "Attainment of United States Objectives in Burma", October 21, 1949, 845C.00/10-2149, CDF, box 6121, RG59, USNA. Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p. 85.

<sup>39</sup> McGhee to Rusk and Acheson, "U.S. Policy for Burma", Jan. 25, 1950, PSA, Box 7. Quoted from Andrew J. Rotter, *The Path to Vietnam : Origins of the American Commitment to Southeast Asia*, New York: Cornell University Press, 1989, p.136.







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sent the Jessup Mission to the Far East for a visiting tour aimed at “fact finding”. U Nu received Jessup in Yangon on February 8, 1950. He said the SEA problems could only be solved by outside aid, complimented Washington “was genuinely interested in the rehabilitation of SEA”, and hoped the US could provide aid to help Myanmar’s reconstruction. Jessup replied that only until the Point Four Program became law and Congressional appropriations were in place could aid be provided to Myanmar, and mentioned the anticipated participation of American private capital.<sup>40</sup> Griffin Mission was also sent to conduct extensive aid research in Myanmar from March 23 to April 4. U Nu’s Government finally submitted a proposal using US aid in accordance with Griffin’s request. In his subsequent aid, plans for SEA reported to the State Department, Griffin proposed to provide Myanmar with a program of technical and economic aid about \$ 12 million for the 15 months ending on June 30, 1951.<sup>41</sup> With the increase of US interest in SEA, Myanmar had been visited by a series of US officials for several months, and its climax was the arrival of the Griffin Mission. This greatly increased Myanmar’s expectations for US aid. The State Department formulated a systematic policy document for Myanmar on June 16, which for the first time clarified the main objectives and guidelines of assistance to this country.<sup>42</sup>

The US-Myanmar negotiations on an aid agreement began in Yangon in July, 1951. Myanmar was mainly concerned about whether the US would attach conditions to its aid, and the latter made concessions for attracting Myanmar into the Western camp. The “US-Burma Economic Cooperation Agreement” was signed on September 13, which stipulated that US aid would be in units of each fiscal year. The agreement should continue in force until three months after the receipt by either party of written notice of the intention of the other party to terminate it. As a start, the US would provide Myanmar with a grant of \$ 8-10 million without reservation during the current fiscal year, and the actual amount exceeded \$10 million.<sup>43</sup> As a measure of their long-term cooperation, it was the first time that such an arrangement was made between the US and a SEA country. U Nu’s Government was satisfied. Subsequently, the US Economic Cooperation Administration (ECA) launched comprehensive aid works in Myanmar, and built a Special Technical and Economic Mission (STEM) to take charge of them which covered agriculture, public health, education, industry, transport,

<sup>40</sup> *FRUS*, 1950, East Asia and the Pacific, vol.6, Document 113.

<sup>41</sup> “The United States Economic Survey Mission to Southeast Asia: A Study of the Emergency Economic and Technical Needs of Burma”, March 23-April 4, 1950, Collection: U.S. Relations and Policies in Southeast Asia, 1944-1958: Records of the Office of Southeast Asian Affairs, *Archives Unbound*, Gale Group, Inc., SC5105205633, pp.11-31.

<sup>42</sup> *FRUS*, 1950, East Asia and the Pacific, vol.6, Document 115.

<sup>43</sup> *FRUS*, 1951, Asia and the Pacific, vol.6, pt.1, Document 131; Ademola Adeleke, “The Strings of Neutralism: Burma and the Colombo Plan”, p. 602; Kenton Clymer, *A Delicate Relationship: The United States and Burma/Myanmar Since 1945*, New York: Cornell University Press, 2016, p.61.





communications and other fields.<sup>44</sup>

A series of US aid programs aforesaid in Myanmar made it more difficult for Britain to attract U Nu's Government to join the Colombo Plan. But owing to Myanmar's some economic, strategic especially political importance, as well as its value in maintaining the UK's position in SEA,<sup>45</sup> London believed that it was necessary to keep on working hard to persuade U Nu's government. The British Commissioner-General for SEA Malcolm MacDonald visited Myanmar at the end of April 1950. Although the British had learned that the Burmese were cynical about the Commonwealth aid and were concentrating on obtaining as much American aid as possible, McDonald still talked about the benefits of the Colombo Plan, U Nu's suspicions eased slightly, but he didn't change his mind.<sup>46</sup>

The first CCC meeting was held in Sydney, Australia, on May 15-19, 1950. Before that, Myanmar had been officially invited to attend the meeting, but U Nu's Government did not reply.<sup>47</sup> According to the recommendations of the Sydney Conference, the CCC continued to invite non-Commonwealth countries such as Myanmar, Indonesia, and Thailand to participate in the following meeting, and the British Treasury officials also went to these countries to explain the mechanism of the Colombo plan. The second CCC conference was held in London from September 25 to October 4. Myanmar sent its ambassador to the UK as an observer to attend the meeting for the first time. The representatives of the member countries discuss with each other in the former phase of the meeting on September 25-29; and in the latter phase of the meeting on October 2-4, the representatives of the member countries introduced the Colombo plan to the representatives of non-Commonwealth countries, and they discussed with each other. However, the effect of British diplomatic efforts on allaying Myanmar's suspicions remained minimal.<sup>48</sup>

McDonald visited Myanmar again on January 18, 1951. When having a talk with U Nu, he urged that a really competent Burmese official representative, even as an observer, should be sent to the CCC meeting to be held on February 12, and felt

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<sup>44</sup> Dennis Merrill, *Documentary History of the Truman Presidency*, vol.32, *The Emergence of an Asian Pacific Rim in American Foreign Policy: The Philippines, Indochina, Thailand, Burma, Malaya, and Indonesia*, Bethesda, Md.: University Publications of America, 2001, p.647; *FRUS*, 1951, Asia and the Pacific, vol.6, pt 1, Document 164.

<sup>45</sup> Nicholas Tarling, *Britain, Southeast Asia and the Onset of the Cold War, 1945-1950*, Cambridge: Cambridge University Press, 1998, p.356.

<sup>46</sup> FZ1102/178, Antony Best, ed., *B DFA, part IV, Series E, Asia 1951*, vol.2, p.45.

<sup>47</sup> Freese-Pennefather to Bevin, 21 September 1950, FO371/83149/FB11345/7, UKNA. Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p. 91; "Commonwealth Consultative Committee for South and Southeast Asia", *International Organization*, vol.5, no.4, 1951, University of Wisconsin Press, pp.841-842.

<sup>48</sup> FZ11013/147, Antony Best, ed., *B DFA, Part IV, Series E, Asia 1950*, vol.11, pp.122-123; Ademola Adeleke, "The Strings of Neutralism: Burma and the Colombo Plan", p. 601.





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sure that once the Myanmar Government had a proper understanding of the plan, they could only profit by participating, without having to undertake any unforeseen commitments. However, U Nu worried that if Myanmar “showed too much interest in the Colombo Plan the Americans might be less forthcoming in their offers of help”. McDonald further explained that the British and Americans had full cooperation in such matters and that the Colombo Plan and US aid were complementary to each other. U Nu was still not happy and obviously unwelcome the strings attached to the Colombo Plan. McDonald “assured him that the position over the Colombo Plan was totally different” from the Commonwealth loan negotiations. U Nu kept reservations in the end, but agreed to send representatives to continue consultations.<sup>49</sup>

Donald D. Kennedy, deputy director of US State Department’s Office of South Asian Affairs, led a delegation to attend the CCC meeting on February 12. Meanwhile, Myanmar sent an observer to Colombo. During the meeting, the British representatives hoped the observer countries such as Myanmar, Thailand, and Indonesia would become members of the Colombo Plan, and assured that CCC would sponsor any of the aid projects that was in favor of their economic progress. “Loans or grants would still have to be negotiated with the donor government on a bilateral basis but would have the benefit of the Colombo plan sponsorship and advice”. However, U Nu’s Government declined, saying that unless it proved that doing so would further promote the acquisition of US economic assistance.<sup>50</sup> In view of the fact that the US was developing its own plans for technical assistance in South and East Asia and some related aid programs had been carried out according to the Point Four Program, Washington believed that American energy was not endless and it should appropriately limit “foreign commitments”. Therefore, when the Commonwealth countries representatives in the meeting asked the US to provide a large amount of financial support to the Colombo Plan, Kennedy responded cautiously.<sup>51</sup> Acheson announced on February 21 that the US was very sympathetic toward the Colombo plan, but would not participate in any arrangements for financing it, because this country expected to have its hands full financing its own program.<sup>52</sup>

James Barrington, Burmese ambassador in Washington, consulted with American officials in April 1951 to inquire what their response would be if Myanmar decided not to participate in the Colombo Plan. The latter just replied that they encouraged

<sup>49</sup> FZ1102/178, Antony Best, ed., *B DFA, part IV, Series E, Asia 1951*, vol.2, p.46.

<sup>50</sup> Robert Trumbull, “Asians Skeptical of Colombo Plan: Non-Commonwealth Nations Want Aid Assurance That U.S. Delegate Can’t Give”, *New York Times*, Feb. 17, 1951, p.3.

<sup>51</sup> Robert Trumbull, “Parley Vows Aid for Colombo Plan: Meeting at Close Is Told U.S. Sees Basis for Genuine Progress in Project”, *New York Times*, Feb. 21, 1951, p. 3.

<sup>52</sup> Felix Belair Jr, “Acheson Bars Aid for Colombo Plan: Stand Toward Commonwealth Project Is Laid to Extent of U.S. Program’s Demands”, *New York Times*, Feb. 22, 1951, p. 4; “Backing The Colombo Plan”, *New York Times*, Feb. 23, 1951, p.26.





Southeast Asian countries to participate in it. To cease Burmese suspicions, the UK also invited the Asian Commonwealth governments to persuade Myanmar that the participation in the Colombo Plan “would not have any political implications or infringe upon its sovereignty”, but the effect was little.<sup>53</sup> Obviously, Myanmar’s attitude toward participation in the Colombo Plan was always negative and deeply influenced by the US position at the time.

### III. The Cessation of US Aid to Myanmar and UK’s Gaining the Upper Hand

The US aid to Myanmar during 1952-1953 had two main problems: The US tried to attach political conditions, and its aid efficiency declined much. The Truman Administration continued to implement aid to Myanmar in the second fiscal year in July 1951. Just then, Washington was planning to modify its foreign aid conditions to contain the socialist camp because of the impact of the Korean War. The US Congress passed the Battle Act (The Mutual Defense Assistance Control Act of 1951) in August. The Act specifically targeted China and the Soviet Union for comprehensive export control and embargo. It stipulated that any country that was receiving US aid and would still had been exporting the embargoed items to communist countries before the end of the year would be disqualified from receiving US aid.<sup>54</sup> The US expected Myanmar to participate in the embargo against China, but U Nu’s Government didn’t fully cooperate,<sup>55</sup> which made Washington unhappy. Nevertheless, the Burmese still hoped that they would continue to enjoy US aid without strings attached in the future, in U Nu’s words, “as if it was a charitable donation to the Red Cross.”<sup>56</sup>

When the US tried to impose political conditions on aid to Myanmar, something indicated it might fail, even if Americans didn’t take it seriously. But the British who had been following Myanmar’s movements understood that “if (the US) Congress were to impose conditions that Burma would find unsatisfactory sterling aid might become valuable”.<sup>57</sup> They had been waiting patiently and seemed to have foresight.

The Mutual Security Act of 1951(MSA) came into effect on October 10. The MSA combined US strategic objectives with its aid targets in an attempt to force recipient

<sup>53</sup> Ademola Adeleke, “The Strings of Neutralism: Burma and the Colombo Plan”, p.601.

<sup>54</sup> August 27, 1951, *FRUS*, 1951, Korea and China, vol.7, pt.2, Document 315; Cui Pi, “The Adoption of Mutual Defense Assistance Control Act of 1951”(崔丕:《美国〈共同防卫援助统制法(1951)〉的形成及其影响》), *Historical Research*(《历史研究》), no.3(2002), pp.128-129.

<sup>55</sup> Then Myanmar, which disregarded the Truman government’s objection, transshipped some different petroleum products imported from the US to China, and exported some rubber embargoed by the US to China. A .II. MypaHopa, “U.S. Policy to Myanmar”(A .II. 穆兰诺娃:《美国对缅甸的政策》), *Southeast Asian Studies* (《东南亚研究资料》), Translated by Chen Shusen, no.2(1963), p.25; You Hongbo, “Myanmar’s Neutral Foreign Policy during the Cold War”(尤洪波:《冷战期间缅甸的中立外交政策》), *Southeast Asian Affairs*, no.1(2002), p.82.

<sup>56</sup> Ademola Adeleke, “The Strings of Neutralism: Burma and the Colombo Plan”, p.602.

<sup>57</sup> *Ibid.*, p.601.





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countries to serve US national interests and jointly curb communism.<sup>58</sup> Accordingly, the “US-Burma Economic Cooperation Agreement” would have to be renegotiated. The Burmese believed that the term “Mutual Security” was the political condition unilaterally imposed on US aid by Washington, and if they agreed, it would be mistaken by the outside world as an important move for their country to deviate itself the Non-alignment policy and even might cause the domestic “political upheaval”.<sup>59</sup> So U Nu’s Government had so far refused to discuss any 1953 American aid program, although the US Government was actively persuading them.<sup>60</sup> In any case, the possible new agreement signed with the US in the future couldn’t violate the Burmese principle of “no-aid with strings attached”.

Then Myanmar quickly turned its attention back to Britain. U Nu told a press conference on January 2, 1952 that Myanmar decided to join the Colombo Plan.<sup>61</sup> When the US notified Myanmar to sign the new aid treaty by exchange of notes under the MSA on January 8, which sure enough, Myanmar leaders reacted sharply, they thought the requirement was unacceptable because it implied that Myanmar would have to align itself with the US in the future, and even “gradually become a US satellite state”.<sup>62</sup> They questioned that the US might think that the benefits of linking economic aid to political goals far outweighed the embarrassment it caused to the friendly recipient countries and their widespread suspicions about the motives of Washington.<sup>63</sup> Even US officials admitted that the purpose of their aid program was to strive for a direct political impact. So when the Soviet Union accused US aid of being only a hypocritical means for it to control SEA and maintain the imperialist order, Myanmar quite agreed with it.<sup>64</sup> U Nu realized that the “unconditionality” of US aid was no longer reliable, so the next day, Myanmar informed officially the UK

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<sup>58</sup> The Act provided especially in Section 511 (b) that “No economic or technical assistance shall be supplied to any other nation unless the President finds that the supplying of such assistance will strengthen the security of the United States and promote world peace, and unless the recipient country has agreed 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”. US Congress House, Committee on Foreign Affairs, Mutual Security Act of 1951 and Other Basic Legislation, U.S. Government Printing Office, 1952, p.14; *FRUS*, 1952-1954, East Asia and the Pacific, vol.12, pt.2, Document 1.

<sup>59</sup> “Burma Fears U.S. Gifts, Turns to Commonwealth: Can Colombo Plan Fulfil Expectations?”, *The Manchester Guardian*, Jan 29, 1952, p.10; “Burma’s Participation In Colombo Plan: Sharp Reaction to Changed U. S. Aid”, *The Times of India*, Feb. 2, 1952, p.6.

<sup>60</sup> “Burma”, Nov. 14, 1951, Collection: U.S. Relations and Policies in Southeast Asia, 1944-1958: Records of the Office of Southeast Asian Affairs, *Archives Unbound*, Gale Group, Inc., SC5105175918, pp.13-14.

<sup>61</sup> “Burma to Join Colombo Plan: Premier’s Statement”, *The Times of India*, Jan. 3, 1952, p.1.

<sup>62</sup> Tillman Durdin, “Burmese Counter Critics on U. S. Aid: Government Speakers Score Charges Help Makes Nation an American Satellite”, *New York Times*, Mar. 19, 1952, p.3.

<sup>63</sup> William. C. Johnstone, *Burma’s Foreign Policy: A study in Neutralism*, Cambridge: Harvard University Press, 1963, p.64.

<sup>64</sup> Richard D. McKinzie, “Oral History Interview with Merrill C. Gay”, Washington, D.C., July 6, 1973, <http://www.trumanlibrary.org/oralhist/gaymc.htm>. Accessed August 15, 2019.







that it accepted the invitation to join the Colombo plan. The long-awaited British welcomed this decision.<sup>65</sup> On January 23, Mr. Harriman, Director of MSA, announced that the US Government would withdraw all economic and technical assistance because Myanmar continued to delay in signing bilateral agreement under MSA.<sup>66</sup> The disturbance of US-Myanmar aid relations caused the first intensification of the contradiction between them, and US aid suspended for about six weeks.<sup>67</sup> But later, in order to maintain the advantages, the US had to abandon the mandatory provisions of the MSA requiring “such as mutual agreement” and kept the preferential treatment unchanged. Myanmar who had benefited a lot from US aid also didn’t want to give up easily. At last they signed the new aid agreement successfully after further negotiation.<sup>68</sup> The Technical Cooperation Administration(TCA) of Department of State subsequently replaced ECA as the responsible agency for US aid to Myanmar. On March 18, in a government debate on foreign economic aid, U Kyaw Nyein announced that the provisions of the US-Myanmar new aid agreement absolutely didn’t endanger Myanmar’s independence.<sup>69</sup> In late March, Myanmar sent a delegation to attend the Karachi meeting held by the CCC and became a former of the Colombo Plan.<sup>70</sup>

In this background, on the one hand, the US continued to strengthen its assistance to Myanmar, although the actions had failed to reverse the trend of their aid relationship. On March 29, A total of \$5,628,000 US aid goods which included scientific equipment, tractors, plows, and health supplies had been shipped to Myanmar.<sup>71</sup> A Burmese mission headed by U Raschid, the Minister of Housing and Labour, had a visit to US for discussions with TCA officials to make arrangements for implementation of specified agricultural, health, and educational projects in September.<sup>72</sup> On July 25, William J. Sebald, US Ambassador to Yangon visited U Nu to allay Myanmar’s suspicions about the conditions on US aid, “fortunately, any assistance which we are giving to Burma has no strings attached; on reconsideration, perhaps there are two strings: (1) we must be assured that Burma wishes to receive what aid we are able to give, and (2) such aid will assist in bringing about a free, strong, and independent Burma”. He emphasized the US would continue to provide

<sup>65</sup> Ademola Adeleke, *Ties without Strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980*, p.170.

<sup>66</sup> William C. Johnstone, *A Chronology of Burma's International Relations 1945-1958*, Rangoon: Rangoon University, 1959, p.25.

<sup>67</sup> Richard D. McKinzie, “Oral History Interview with Samuel P. Hayes, July 16, 1975”, Washington, D.C., <http://www.trumanlibrary.org/oralhist/hayessp.htm#73>. Accessed August 15, 2019.

<sup>68</sup> Ademola Adeleke, “The Strings of Neutralism: Burma and the Colombo Plan”, p.602.

<sup>69</sup> William C. Johnstone, *A Chronology of Burma's International Relations 1945-1958*, p.27.

<sup>70</sup> “Needs & Problems of S.E. Asia: Colombo Plan Meeting”, *The Manchester Guardian*, Mar 25, 1952, p.10

<sup>71</sup> William C. Johnstone, *A Chronology of Burma's International Relations 1945-1958*, p.27.

<sup>72</sup> William C. Johnstone, *A Chronology of Burma's International Relations 1945-1958*, p.29.







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preferential assistance to Myanmar without strings attached. U Nu replied that “those are no strings and if they are, he would gladly accept them”.<sup>73</sup> And even on January 21, 1953, the Myanmar representative U Tin Pe still signed five project agreements for 1953 with Frank Trager, Director of TCA in Yangon. These agreements provided \$ 1,200,000 (K 5,700,000) for projects in public health and sanitation, rice milling and processing, and basic mineral development.<sup>74</sup>

On the other hand, the US-Myanmar aid relations made waves again due to the Kuomintang (KMT) remnants problem and decline of the US aid efficiency. Myanmar’s mainstream media after 1951 continuously suspected that American was supplying the Kuomintang military remnants in the Shan State and criticized US’s anti-China policy, all of which turned into allegations of “dollar imperialism” and of an American desire to oppose nascent Asian nationalism. Moreover, the number of American experts brought in with their families and ECA project managers, who were engaged by U Nu’s Government for national development, were constantly increasing; while the return received from the paper plans drafted by the experts seemed to be relatively small compared to the large cost of the Burmese budget. All these caused a rising anti-American sentiment among the Myanmar public.<sup>75</sup> The amount of material assistance provided by ECA and its successor TCA gradually decreased in 1952, but “the number of American technicians and experts of every sort continue to multiply and there is no doubt that many of them are under-employed”.<sup>76</sup>

Out of the anger at the US support for the Kuomintang, the Burmese media intensified their sharp criticisms throughout 1953. Meanwhile, Burmese doubtful realism about the motives and sincerity of the planning carried out under TCA led US aid to come to an end.<sup>77</sup> Myanmar officially notified Washington on March 17 that it would not receive more US aid and requested that all TCA aid projects be terminated by June 30 until the Kuomintang issue was completely resolved.<sup>78</sup> The move angered Dulles, and he instructed Sebald to tell U Nu’s Government, “TCA aid cannot be turned on and off like faucet pending solution of extraneous problem, and if present program is terminated it will be impossible include anything for Burma in 1954

<sup>73</sup> *FRUS*, 1952-1954, East Asia and the Pacific, vol.12, pt.2, Document 21.

<sup>74</sup> William C. Johnstone, *A Chronology of Burma’s International Relations 1945-1958*, p.31.

<sup>75</sup> FB 1011/ 1, Antony Best, ed., *B DFA, part V, From 1951 through 1956. Series E, Asia 1952, vol.3, China, Japan, Burma, South-East Asia and The Far East, Indo-China, Indonesia, Korea, Nepal, and The Philippines, 1952*, Bethesda, MD: LexisNexis, p.268.

<sup>76</sup> FB 1011/2, Antony Best, ed., *B DFA, part V, From 1951 through 1956. Series E, Asia 1953, vol.5, Siam, Burma, South East Asia, Indochina, Indonesia, Nepal and the Philippines, 1953*, Bethesda, MD: LexisNexis, 2007, p.84.

<sup>77</sup> DB 1011/1, Antony Best, ed., *B DFA, part V, From 1951 through 1956. Series E, Asia 1954, Vol. 7, Burma, Indo- China, Indonesia, Nepal, Siam, South-East Asia and the Far East and the Philippines, 1954*, Bethesda, MD: LexisNexis, 2008, p.13.

<sup>78</sup> *FRUS*, 1952-1954, East Asia and the Pacific, vol.12, Part 2, Document 50.



program...,Burma is doing US no favor in accepting aid”.<sup>79</sup>

From 1951 to mid-1953, the US Government provided 53 technical technicians to Myanmar and helped the country train 72 trainees in various fields such as agriculture, forestry, education, and health and sanitation, etc.(Table 1) And by the time it was terminated, the total amount of US aid allocated to Myanmar under the agreement had been \$31 million. Myanmar actually had received \$12 million, and the remaining \$19 million had not yet been delivered for use.<sup>80</sup> Soon afterwards, in addition to some ongoing small projects, the US canceled the important aid projects worth about \$10 million involved in the remaining balance, which intended to make the Burmese ““suffer somewhat the consequences’ of their decision”.<sup>81</sup>(Table 2) With the completion of the US aid projects one by one, American experts basically withdrew from Myanmar.

**Table 1. Technical Assistance Provided to Myanmar by the US (1951-June 30, 1953)**

Different Fields /Numbers	Trainees	Technicians
Agriculture, Forestry, Fisheries	10	21
Health and Sanitation	28	35
Education	16	14
Natural Resources	3	7
Industry, Trade, Labour	12	8
Transport and Communication	0	10
Public Administration	3	6
Totals/General Projects	72	53

Source: Colombo Plan Consultative Committee, *The Colombo Plan for Cooperative Economic Development In South and South East Asia,1953, Second Annual Report of the Consultative Committee*, New Delhi: Colombo Plan Bureau, p.147.

**Table 2. US Economic Assistance(Grants) to Myanmar, 1950-1953 (Millions of Dollars)**

U.S Fiscal Year	1950	1951	1952	1953	1954	Total
Total		10.4	-0.2	12.8	-1.8	21.2
Technical Cooperation		0.2	0.1	3.4	-0.3	3.4
Others		10.2	-0.3	9.4	-1.5	17.8

Source: United States. International Cooperation Administration, *U.S. Foreign Assistance and Assistance from International Organizations: Obligations and other Commitments July 1, 1945 Through June 30, 1960*, Washington : International Cooperation Administration(ICA), 1961, p.27.

<sup>79</sup> *FRUS*, 1952-1954, East Asia and the Pacific, vol.12, Part 2, Document 51.

<sup>80</sup> “Burma to Refuse U.S. Aid After June”, *New York Times*, Mar 29, 1953, p.1.

<sup>81</sup> “Status of Burma Program”, 24 September 1953, CDF, Office of Far Eastern Operations, Burma Subject Files 1950-61, box 14, RG469, USNA. Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p.105.



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In contrast, Anglo-Myanmar economic aid relations had made significant progress. Since independence in 1948, the Burmese had been quarreling with the British over the ownership of the profits of the Burmah Oil Company (BOC, Burmese largest oil company at that time, owned by the British capitalists). U Nu's Government stated clearly that the company could not continue under exclusive British ownership, it should be established some form of joint venture in the near future. A breakthrough was made in 1951. U Nu's Government asked Attlee to provide a loan of £ 5 million in March 1951. London gave a loan of £ 2.5 million to Myanmar in September, while BOC provided the other £ 2.5 million of shares in exchange for a tax refund and thus BOC was no longer a big dispute between UK and Myanmar.<sup>82</sup>

The UK-Myanmar double Taxation Agreement was ratified and came into effect in April 1952. An Air Transport Agreement was signed in October. Myanmar also began to obtain a few tentative enquiries for small-scale technical assistance from the Colombo Plan countries.<sup>83</sup> Myanmar-UK aid relations continued to improve in 1953. With the coming of this year, Myanmar hosted the first Asian Socialist Party conference in Yangon. As the most important guest, the British Labor Party delegation led by former British prime minister Attlee attended the meeting and was accorded a grand reception by U Nu's Government and Burmese mass media. The visit had "distinct improvement effect" on the Anglo-Burmese relations.<sup>84</sup> U Nu's Government encouraged the British merchants to increase investment in areas such as agriculture and minerals, and hoped jointly to develop Myanmar's resources. The amount of UK-Myanmar trade had been on an upward trend during the period of 1951-1953. British exports to Myanmar increased from nearly 20% to 30%, especially in 1953, Myanmar purchased a large amount of various equipment from Britain, prompting the UK to almost catch up with India, its largest trading country (Table 3 and Table 4).<sup>85</sup> Among them, the British company signed a large contract with U Nu's Government for providing heavy mechanical equipment to help establish a pharmaceutical factory and an engineering university. U Nu's Government also invited some British-funded companies to discuss and participate in matters concerning Myanmar's economic policy and development, which would provide them a good profit.<sup>86</sup> In the sphere of technical cooperation, Burmese showed a much-increased interest in the Colombo Plan and submitted a long list of requests for technical advice and training courses which would wait to pass the review at the end of the year. Several hundred Burmese went to the UK for training courses, and their experiences there and frequent

<sup>82</sup> Morrison to Attlee, 6 September 1951, FO800/631/PM/51/78, UKNA. Quoted from Ibid., p.68.

<sup>83</sup> FB 1011/2, Antony Best, ed., *BDEFA, part V, Series E, Asia 1953, vol. 5*, pp.83-84.

<sup>84</sup> FZ 2191/5, Antony Best, ed., *BDEFA, part V, Series E, Asia 1953, vol.5*, pp.74-75.

<sup>85</sup> FB 1015/28, Antony Best, ed., *BDEFA, part V, Series E, Asia 1953, vol.5*, pp.95-96.

<sup>86</sup> DB 1011/1, Antony Best, ed., *BDEFA, part V, Series E, Asia 1954, vol.7*, p.13.



exchanges with the British contributed noticeably to Burmese feelings of friendship towards the UK.<sup>87</sup> There had been 13 places of technical experts and trainees applied to the Colombo Plan by U Nu's Government in the first half of 1953, 7 of which finally were got.<sup>88</sup>

**Table 3. UK Trade in Goods with Myanmar,1950-1954 (Millions of Dollars)**

Year		1950	1951	1952	1953	1954
U.K	Exports	6.7	8.4	10.8	11.8	12.5
	Imports	1.4	3.3	6.2	4.4	3.9

Source: United Nations, *Economic Survey of Asia and the Far East, 1955*, Bangkok: United Nations Economic Commission for Asia and the Far East, February 1956, p.218.

**Table 4. Myanmar's Percentage Total Imports from the UK, India and Japan, 1952-1953**

Period	4 <sup>th</sup> quarter of 1952	1 <sup>st</sup> quarter of 1953	April and May, 1953
UK	19	27	28
India	38	26	23
Japan	8	17	16

Source: FB 1015/28, Antony Best, ed., *BDEA, part V, Series E, Asia 1953, vol.5*, p.95.

In addition, by the end of April 1952, there still were £ 27.8 million of Myanmar's unpaid debt according to the requirements of Article 6 of the Nu-Attlee Agreement. Owing to economic difficulties, Yangon had requested the British Government to agree to the postponement of the repayments then.<sup>89</sup> Evidently, Myanmar sought to reach a new agreement on the debt amount. During later negotiations that lasted more than one year, London finally had made very generous concessions so that the Burmese could apply all available funds for their reconstruction and development. In the summer of 1952, a Myanmar's financial mission was sent to Britain to negotiate a new settlement of Myanmar's outstanding debts and brought back the British proposal to substantially reduce Burmese debts.<sup>90</sup> After a few months, the UK offered to lower Myanmar's debt to £ 13.5 million.<sup>91</sup> At the beginning of November 1953, the two Sides reached an agreement that Myanmar's debt to be repaid was greatly cut down to

<sup>87</sup> Ibid., p.12.

<sup>88</sup> Colombo Plan Consultative Committee, *The Colombo Plan For Cooperative Economic Development In South and South East Asia*,1953, p.132.

<sup>89</sup> "Burma (Debts To UK)", debated on 21 April 1952, Great Britain. Parliament. House of Commons, *Parliamentary Debates (Hansard): House of Commons official report, vol.499*, London: H.M. Stationery Office, 1952, pp.33-34.

<sup>90</sup> FB 1011/2, Antony Best, ed., *BDEA, part V. Series E, Asia 1953, vol. 5*, p.83.

<sup>91</sup> Foreign Office to Rangoon, no. 415, 8 November 1952, FO371/101019/FB1112/65, UKNA.Quoted from Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, p.72.

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£ 7.3 million, and soon after, the single payment was reduced again to £ 4 million.<sup>92</sup>  
U Nu's Government repaid it in the early next year. (Table 5)

**Table 5 . UK Economic Assistance to Myanmar, 1950-1954 (Millions of Pounds)**

Year	1950	1951	1952	1953	1954	Total
Loan Assistance	3.75+0.5	2.5				6.75
Debt Relief(Debts Due)		0(27.8)	14.3(27.8)	6.2(13.5)	3.3(7.3)	23.8(4)
Colombo Plan				--- <sup>a</sup>	1.45 <sup>b</sup>	

Note: The table was drawn based on the relevant data on British aid to Myanmar in this paper.

(a) Myanmar and CCC were negotiating in detail on related economic assistance programs during the period 1952-1953, so the aid amount involved was included in the next year.

(b) Hugh Tinker, *The Union of Burma: A Study of the First Years of Independence*, London and New York: Oxford University Press, 1959, p.122. (K 2 lakhs= £ 1.45 million)

For the UK's purpose of strengthening aid to Myanmar, in addition to pursuing economic benefits and gaining a competitive advantage over the US, "the fundamental problem is the safeguarding of the country from absorption into the Moscow-Peking orbit." So with regard to the deterioration trend of US-Myanmar relations caused by the political conditions which US aid was attached to, British officials thought with pleasure that "this change of outlook can be welcomed so long as it is not carried to extremes".<sup>93</sup> Even it itself admitted that the current "UK-Myanmar relations were satisfactory and benefited from the ending of the Burmese-American honeymoon of post-independence years".<sup>94</sup> So at least to some extent, the continuous tension in US-Myanmar relations offered opportunities for the British. To sum up, the problems of the US aid and the positive changes of the UK aid, accompanied by some other factors such as the settlement of UK-Myanmar debt issues, had jointly promoted the significant improvement of Anglo-Myanmar aid relations during 1952-1953.

#### **IV. The Phased Features and Causes of Anglo-American Aid Competition in Myanmar**

In short, the US and UK initially reached an aid consensus on Myanmar, but with mutual doubts around the consensus. They gradually formed a competitive landscape. The competition compared with their cooperation was secondary and limited, but had an important impact on the relations of both US-Myanmar and UK-Myanmar during the years 1949-1953. The phased features following it were shown as below: in the former phase from the autumn of 1949 to the end of 1951, the US took the lead due to

<sup>92</sup> *The Bankers', Insurance Managers', and Agents' Magazine*, vol.176(July to December 1953), London: Waterlow & Sons Limited, p.450.

<sup>93</sup> FB 1015/28, Antony Best, ed., *BDEA, part V, Series E, Asia 1953*, vol.5, p.95.

<sup>94</sup> DB 1011/1, Antony Best, ed., *BDEA, part V, Series E, Asia 1954*, vol.7, p.11.



the British political demands on Myanmar; and in the later phase from January 1952 to mid-1953, the US-Myanmar aid relations turned to be discordant, and the British took advantage of the situation and finally gained the upper hand.

The question here is, why did Anglo-American competitive advantage reverse mutually? On the one hand, the Anglo-American aid competition trend was closely related to their aid policies toward Myanmar. In the former phase, the existence of US aid could not rule out Burmese needs for British aid, but the US took the lead. There were several factors for this. Firstly, for aid conditions, British policy were inherently contradictory. It imposed strict political conditions on loan aid at the beginning; while later repeatedly released goodwill and invited Myanmar to join the Colombo Plan, which caused U Nu's Government to be full of doubts. However, the US actively provided Myanmar with grants or unpaid projects, only requiring effective use of aid, and won Myanmar's favor. Secondly, for time, the drafting and approval of the US-Myanmar aid agreement took only a few weeks, while Myanmar would have to undergo months of difficult negotiations to obtain a loan from the Commonwealth. Thirdly, for the procedures, compared with the simplicity and convenience of US aid, the Colombo Plan aid had a strict set of requirements and complicated procedures. In the face of this bureaucratic style, U Nu's Government would certainly stop due to lack of experience and its domestic turbulence.<sup>95</sup> Furthermore, Myanmar's initial disappointment with Commonwealth loans and the favorable nature of US aid greatly reduced the appeal of the Colombo Plan. Even so, all these factors pushed the British forward, and were eager to persuade Myanmar, but also more difficult.

In the latter phase, conversely, Britain gained the advantage over the US. The primary reason was to aid conditions. The US began attaching political conditions to economic aid from the late 1951, which required Myanmar to cooperate with it in pursuing an anti-China strategy while receiving aid, but that was rejected by U Nu's Government. Then the UK took the opportunity to actively woo Myanmar by prompting the continuous reduction of the political conditions of the Colombo plan. Secondly, whereas US aid caused dissatisfaction increasingly among the Burmese media and people because of its decline in efficiency, CCC gradually simplified the aid procedures and presented more convenience. Thirdly, the US at first secretly supported the Kuomintang remnants against communism, then denied Myanmar's accusations after the cover actions were exposed, and at last felt seriousness of the issue and pressed Chiang Kai-shek to withdraw these troops, but it was no longer possible to reverse the decline of its influence here. On the contrary, when Myanmar resorted to the United Nations, the UN passed a resolution calling for the withdrawal

<sup>95</sup> Matthew Foley, *The Cold War and National Assertion in Southeast Asia: Britain, the United States and Burma, 1948-62*, pp. 90-91.







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of the Kuomintang, and Britain's strong support for Myanmar made it very grateful.<sup>96</sup> The end of Myanmar's acceptance of US aid has generally been thought to be caused by the Kuomintang remnant issue. But someone has believed that this was just an appearance, the real hidden reason was U Nu's Government had obtained a guarantee of alternative assistance from the Colombo plan.<sup>97</sup> Objectively speaking, it was caused by a combination of various factors, but some of the main factors that cannot be denied were the US aid conditions attached and its efficiency problems.

On the other hand, the Anglo-American aid competition trend was also constrained by the attitude of U Nu's Government towards foreign aid. So it should be described briefly here. On May 25, 1948, U Nu stated in a political program that Myanmar would refuse "any foreign aid of a kind which will compromise the political, economic and the strategic independence of Burma".<sup>98</sup> It meant the Burmese would only accept foreign aid in good faith and oppose any political conditions attached. This was the first time that the argument had been put forward, which laid down the basic principle for U Nu's Government to treat foreign aid from then on. U Nu repeated it on December 11, 1949, and pointed out that Myanmar's environment required that it must follow the policy of not aligning with any major power, and "any other course can only lead the Union to ruin".<sup>99</sup> The premier emphasized again on February 23, 1950 that Myanmar could not progress without foreign aid; and the non-alignment policy did not exclude Myanmar from accepting aid from Western countries.<sup>100</sup> U Nu announced on July 19 that Myanmar would strive to maintain friendly relations with each country, and reasserted Burmese willingness to accept all suitable foreign aid, as long as it did not damage Myanmar's sovereignty, regardless of which country it came from.<sup>101</sup>

The current academic community basically has believed that Myanmar's foreign policy in the first years of its independence had undergone a transition from the appeal for alliance toward the West to the implementation of the Non-alignment route or Neutralism.<sup>102</sup> In any case, the principle of U Nu regime's acceptance of foreign aid

<sup>96</sup> DB 1011/1, Antony Bested, ed., *BDEA, part V, Series E, Asia 1954*, vol.7, pp.10-11.

<sup>97</sup> Ademola Adeleke, *Ties without strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980*, p.171.

<sup>98</sup> F 7806/17/79, Antony Best, ed., *BDEA, part IV, Series E, Asia 1948*, vol.7, p.23.

<sup>99</sup> U Nu, *From Peace to Stability: Translation of Selected Speeches by Thakin Nu, Prime Minister of the Union of Burma*, Ministry of Information, Rangoon: Government of the Union of Burma, 1951, p.51.

<sup>100</sup> *Ibid.*, p.76.

<sup>101</sup> *Ibid.*, pp.89-90.

<sup>102</sup> Chi-shad Liang, *Burma's Foreign Relations: Neutralism in Theory and Practice*, pp.61,62; Byungkuk Soh, "The Crisis of 1988 in Myanmar: A Watershed in the History of Myanmar-American Relations", *International Area Studies Review*, vol.11, no.2(2008), p. 386; Liang Zhi, "The Origin of Myanmar's Neutral Diplomacy (1948-1955)", pp. 48-49; Fan Hongwei, "Burma's Neutralist Foreign Policy Tradition: Origin and Continuity" (范宏伟:《缅甸中立外交政策传统的形成与原因》), *Journal of Xiamen University (Arts & Social Sciences)* [《厦门大学学报》(哲学社会科学版)], no.6(2018), pp.106-116.





had never changed since it was first announced, and was carried out on the entire process of Anglo-American economic aid competition in Myanmar in 1949-1953. For example, in the former phase, U Nu's Government rejected the Commonwealth loan with political conditions and was reluctant to join the Colombo plan. Meanwhile, it greatly welcomed and looked forward to preferential aid from the US, making it difficult for Britain to win over Myanmar. In the latter phase, Myanmar believed that the political conditions imposed on US aid would definitely damage Myanmar's sovereignty, so it quickly chose to join the Colombo plan and gradually stopped accepting US aid. The Anglo-American competitive advantage was finally reversed.

It is thus clear that, in the former phase, compared to the commonwealth aid with great suspicions, cumbersome procedures and political conditions, US aid was preferred by Myanmar because it had no colonial baggage, its procedures were convenient, and there were especially no strings attached to it; in the latter phase, Unexpectedly, however, the political conditions of the Colombo plan reduced greatly, while the US aid turned to the opposite side, which is indeed ironic. The phased features of reversal of Anglo-American competitive advantages, not only reflected the gains and losses of their respective initiative of aid to Myanmar, but also were a result of Myanmar's own choice based on its attitude towards foreign aid.

### Conclusion

Throughout the process of the UK-US aid competition in Myanmar from 1949 to 1953, the UK-Myanmar aid relations experienced a transition from friendly to discordant, and again to amicable; whereas the US-Myanmar aid relations moved gradually from harmony to indifference. On a broader scale, the evolution of this aid competition in essence stemmed from the similarities and differences of their Asian policies focus. The direct driving force for Washington to establish an anti-Communist Collective Security System in the Far East came from "Containment". The basic development trends of US Asian Cold War policy gradually expanded from Northeast Asia to Southeast Asia. By contrast, Britain's Asian policy contained both "Imperial Consciousness" and "Cold War Consciousness", which aimed at maintaining its status as a world power, and always adjusted around its interests in SEA; "Imperial Interests" were often higher than and took advantage of "Cold War Interests".<sup>103</sup>

As far as the former phase of the aid competition was concerned, for the US, it was not far from the early post-World War II period. Washington did have the main anti-Communist motivation of Cold War in SEA, but with its dominating economic advantages, one of its important intentions was to exclude European imperialist

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<sup>103</sup> Cui Pi, "The Making of America's Collective Security System in Asia-Pacific and Britain, 1950-1954", p.21.





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powers such as Great Britain in order to expand its influence. Gradually the US gave more and more ideological purposes to foreign aid as a policy tool in SEA to contain China, which reflected the fact that the atmosphere of the Asian Cold War was intensifying. For the UK, the performance showed that the British still maintained their colonial mentality as a former suzerain, believing that by its inherent historic influence the fragile U Nu's Government could not do without British assistance; and took advantage of Myanmar's request for help to interference in the country's internal affairs.

In the latter phase of the aid competition, although the US had other demands, all its objectives must be subject to the Cold War strategy centered on "Containment" in the Far East, including making concessions to Britain in some regional affairs in order to unite it against China. In contrast, the UK was very sensitive to any external challenges to its traditional influence in SEA, and evidently paid more attention to the pursuit of real benefits, that is, "Imperial Consciousness" took precedence over "Cold War Consciousness", and it was more concerned about the reaction of U Nu's Government and in line with the needs of Burmese than the US.

On the whole, regarding their aid competition in Myanmar, the Americans attitude was relatively passive and veiled, while the British showed greater importance and positivity, which obviously led the British to have the last laugh.

Edited by Ning Fan

