

# **Tea Production On the Periphery of the British Empire**

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Many years prior to the incorporation of Burma into the British Empire, tea production had been an important economic activity in the non-Burman region. One source suggests that the necessity for Theravada Buddhist monks to observe the vinaya in a manner stricter than hitherto practised stimulated tea production in some of the Shan States in the fourteenth century.[1] Local legend from one of the States, Tawngpeng,[2] indicates that tea seeds were obtained from a magical bird and brought to the region by King Alaungsithu of Pagan (1111-1167)[3] who gave the seeds to two Taungthu[4] cultivators. The King ordered that the seeds be planted to the north-west of a local pagoda and that a festival be held annually to commemorate the event. After determining that the Palaungs, the majority population in Tawngpeng, originated from a union between a Naga princess and the Sun King, he appointed Bala Kyautha Sao Hkun to head the local administration[5]. Since the Taungthu recipients of the tea seeds accepted the King's gift with one hand instead of with two, they were deemed to be uncivilised. Consequently, the tea plants were named let-pet (one-hand).

Tawngpeng State, the major tea-producing area in the Federated Shan States,[6] contained an area of 938 square miles. As of 1939 the population of Tawngpeng was 59,398 and it had a revenue of Rs. 645,634.[7] The State was divided into 16 circles which corresponded as closely as possible to clan-divisions. Geographic features were characterised by hills ranging from five to seven thousand feet in height interspersed with valleys that averaged approximately ten miles in length and from a few hundred yards to a few miles in width. Maurice Collis, a former Burma civil servant, noted that upon approaching Namhsan, the capital of Tawngpeng which lies at the centre of the State at a height of six thousand feet, 'there is a vale and in the midst, ten miles away, is a ridge, on one end of which stands the town of Nam Hsan with the palace over it on a circular hill....The vale is one vast tea garden'.[8] On the lower levels of the hillsides, Palaungs and Shans grow tea whilst higher up Kachins and Lisus practice shifting agriculture. Shans predominate in the valleys where rice is the staple crop.

A survey conducted in 1896-97 by Mr. W.G. Wooster revealed that the State had 9,199 acres under cultivation of which 5,315 acres were taken up by tea production.[9] Four crops were picked throughout the year: Shwepyi (May to July), Hka-gyin (July and August), Hka-rawt (Sept. and Oct.), and Kha-reng (Nov.). Both wet (salad or pickled) tea[10] and dry tea[11] were manufactured with four more times pickled tea than dry tea being produced. To obtain pickled tea, the picked tea leaves are laid out in the sun to dry for a few days before being steamed. After steaming, the leaves are compressed and placed into pits which are weighted down. At this point the tea leaves are left to ferment until the desired result has been produced. Although there is no set time period for the fermentation process, the leaves are examined from time to time. The process for producing dry tea is far simpler. The picked leaves are placed on bamboo mats and left to dry in the sun.[12]

The majority of the tea gardens were located on hillsides and planted at random. Seed is collected in November and sown in nurseries in February or later. Once the plant reaches 2 feet in height, it is planted on cleared slopes in August and September. The trees are not pruned since the Palaungs believe that pruning will cause the trees to die; consequently, they grow freely. Any available space in a garden is filled annually with new trees. The plants are picked for the first time in the fourth year, and they continue to bear useable leaves for a period of ten to twelve years.[13] At the end of its lifespan, the garden is often cut down and burnt.

In the late-nineteenth century, the tea gardens were considered to be the common property of the village. Capital-intensive plantations such as those worked in India and Ceylon were non-existent in the

Shan States. In Tawngpeng, the average size of a tea garden was just over an acre in size.[14] The Commissioner of the Federated Shan States, John Clague, noted that any villager could claim tea land in which he had cleared jungle and planted tea. Generally speaking, full rights to the crop were granted to the planter or occupier as long as State taxes had been paid.[15] Custom dictated that tea gardens could be transferred only through sale or inheritance to another member of the same village; however, by 1911-12, in the vicinity of Namhsan, some purchasers and inheritors of tea-gardens were not residents of the villages concerned.[16] Moreover, the Tawngpeng Sawbwa used his own finances and an agricultural loan from the State treasury to obtain large holdings and bring the purchased land under tea cultivation in the early twentieth century.[17] By the 1930s, the communal aspect of the tea gardens was maintained through the village possessing the right to approve or deny an outsider's bid to obtain land in any particular village.[18]

On average, a worker is able to gather a viss of tea leaves per day.[19] For this type of labour over a season, a tea-plucker in 1921-22, would earn Rs.10-12 if the wages were paid three or four months in advance. The more patient labourer, who could afford to wait until the end of the season, received Rs . 20-22 . Workers engaged in weeding or hoeing gardens earned the same wages as pluckers. Alternatively, a worker might decide to keep one day's work in the plucking season provided that three day's work was done in the garden at a later date.[20]

At Zeyan village, which was reputed to produce the highest quality and quantity of tea in Tawngpeng, Chinese buyers from Mandalay paid the following prices for wet tea: Shwepyi Á Rs . 25 per 100 viss, and for Hka-gyin and Hka-rawt Á Rs. 20 per 100 viss. Dry tea sold at the following rates: Shwepyi Á Re. 1 per viss, Hka-gyin Á 12 annas per viss, Hka-rawt Á 8 annas per viss, and Hka-reng Á 4 annas per viss . Once the tea reached Mandalay, wet tea obtained Rs . 40-60 per viss, and dry tea fetched Rs . 150-200 per 100 viss . In 1895-96, approximately 15,000 bullock-loads of wet tea were sold, and about 25,450 viss of dry tea were produced including 10,000 viss for local consumption. The remaining dry tea was sold or bartered to traders in exchange for cash or ngapi (fish-sauce), dried fish and rice. The State imposed a tax of Re. 1-0-2 to Rs. 2 on pickled tea sent to Mandalay, and a tax of Re . 1-8-0 to other destinations . In addition, tea transported by pony faced a tax of Re. 1-4-0. Dry tea shipped by bullock-cart was taxed at a rate of Rs. 2 per load while dry tea carried by coolies was assessed at Re. 1 per viss.[21] Responsibility for collecting the various taxes was delegated to village headmen who often appointed agents to gather the revenue.[22]

Mr. R.C. Wright, a tea-planter from Ceylon, offered an assessment of tea production in Tawngpeng:

It is good Manipuri jat, dark leaf....Some of the bushes are good, but as a rule are cut and hacked about and spoiled for tea-bearing purposes. It is all one jat, Manipuri, which is the wild tea of Burma. From what I could see, if it were properly cultivated, it would be very good tea and of very fine quality.[23] Moreover, a future Viceroy of India, George Curzon, visited the Shan States in 1893 and indicated that the tea industry held potential for developing an export trade.[24] But, a lack of investment capital combined with a poor transportation network meant that a tea industry geared to an overseas market was absent in Tawngpeng. In regard to transportation, Table 1 demonstrates that mules, bullocks and coolies carried more loads of tea to the railway head at Kyaukme in the 1920s than did lorries.

Nevertheless, the domestic tea industry was indeed substantial. Tea provided Tawngpeng with a cash crop that could be exported to Burma proper.[25] Based upon figures of carriage provided by the Burma Railways, Clague pointed out that, 'in terms of Shan dry tea at least 11 million pounds are exported from Hsipaw and Tawngpeng every year'. The corresponding figures for wet tea equalled 13,633,669 pounds in 1934.[26] R. McGuire of the Government of Burma's Reconstruction Department reported, in 1944, that the total amount of tea consumed in Burma annually before the Japanese invasion was 16,500,000 pounds of which 14 million pounds originated in the Shan States.[27]

Clearly, the Shan tea industry had been successfully adapted to consumer demand in Burma proper. But the depression of the 1930s created a crisis in which tea prices and sales fell with a consequent hard-

ship for cultivators. One solution devised to overcome the slump in the domestic market was to export tea from the Shan States overseas. However, the proponents of the plan ran into difficulties over misunderstandings and legal undertakings by the tea-licensing authorities in India. Sympathetic officials in London were powerless to intervene in defence of the Shan tea industry so long as Burma remained a province of British India. It was not until Burma had been separated from India that the Government of Burma could contemplate granting approval to the export of tea from the Shan States overseas. By 1941, the Shan tea industry had some prospects of developing a small overseas trade in high-quality tea to supplement the domestic industry.

The slump in the Shan tea industry was noticeable in 1931-32. Shwepyi had fallen in price from a rupee in April and May to 6-8 annas a viss in later months. Furthermore, the revenue acquired from the tax placed upon Shan tea exported to Burma proper dropped from Rs. 113,805 to Rs. 79,882.[28] During 1932-33, Shwepyi produced in Tawngpeng improved in price from a low of 8 annas to a high of Rs. 1-4-0 per viss; however, this gain was offset by an estimated 50 per cent decrease in production that resulted from a dry spell in February,

Table 1. Transport of Tea from Tawngpeng State to Kyaukme

Year	WET TEA			DRY TEA				
	Motor Lorries	Carts	Bullocks	Motor Lorries	Carts	Mules	Man Loads	
1925-26	11	42	42,377	4	246	13,912	926	10,587
1926-27	379	41,407	54	380	34,360		2,255	
1927-28	6	392	40,954	64	387	34,611		2,367
1928-29	108	397	37,608	242	290	15,363	2,995	3,792
1929-30	187	589	35,992	383	198	11,757	2,998	3,347

Source: Brief Review of the Working of Federation in the Sha States, 1 922 to 1931 (Rangoon: Superintendent, Government Printing and Stationery, Burma, 1931), P. 39. March and April.[29] A lack of rain continued to hamper production in the following year.[30] In addition, as Table 2 demonstrates, the prices paid for tea to cultivators fell steadily.

Table 2. Prices Paid to Cultivators in the Shan States for Tea per 100 viss, 1929-1936\*

Year	Price Paid (Rs.)
1929-30	125
1930-31	1122
1931-32	100
1932-33	65-70
1933-34	60-70
1934-35	40-50
1935-36	35-40

[Source: IOR: M/3/512. Secretary, Government of Burma, Revenue Dept., Commerce and Minerals Branch to Secretary, Government of India, Dept. of Commerce, No. 49K36(244), 23 April 1936.]What could be done to improve the situation? The answer lay in the potential for growth which Wright, the tea-planter from Ceylon, and Curzon, the future Viceroy, had envisioned in the late nineteenth century. The opportunity to act upon this potential arose with the arrival of E.H. Beadnell to the Shan States. He was a private

investor who had experience with tea production in India and had financial connections in London which would be crucial in raising the capital necessary to develop the tea industry in the Shan States. As a result, Hkun Pan Sing, the Tawngpeng Sawbwa, and Saw On Kya, the Hsipaw Sawbwa, backed by Beadnell's expertise, made an application in Jan. 1934 to the Tea Licensing Committee in New Delhi to grant Beadnell an export licence for one million pounds of tea for sale within the Empire.[31] The Sawbwawas believed that with Beadnell's support the domestic tea industry in Tawngpeng, Hsipaw and Mongmit could be transformed into an Empire export-oriented industry that would be capable of counteracting the undesirable consequences of the slump through economic growth. Unfortunately for the proponents of the plan, the Tea Licensing Committee rejected the request made by Hkun Pan Sing and Sao On Kya, 'on the grounds that those States [Tawngpeng and Hsipaw] do not form a part of British India'.[32] Obviously the criterion employed by the Tea Licensing Committee to reject the application for an export quota in Shan tea was incorrect. The Shan States became part of British India in 1886. However, the Committee did have a legitimate concern over the need to restrict any extension of land under tea production for export. Profits to tea producers were in a depressed state since the onset of the worldwide economic slump. The weakened world market for tea was compounded by the fact that in 1929 tea supply had exceeded consumption by 58 million pounds.[33] Overproduction of tea within the British Empire and the large quantities of cheap tea that had entered the London market from outside the Empire had served to create a huge stockpile in tea and a reduction in profits.[34] The tea surplus crisis intensified in 1932 when India produced a bumper crop of tea at a time in which prospects for increased consumption were unfavourable. To counter the problems in the tea industry, the major tea exporting countries (India, Ceylon and the Dutch East Indies) began discussions in 1931 to regulate production and obtain a balance between supply and demand.[35] The Colonial Office desired that the tea market be permitted to stabilise itself without any international co-operation. It was thought that the tea industry of the Dutch East Indies would be the first to collapse and thus rid the Empire industry of a competitor.[36] However, it was clear that a number of British companies in India and Ceylon would also collapse or be forced to suspend dividend payments; therefore the Secretary of State approved the scheme.[37] Negotiations went forward and culminated in the International Tea Agreement of 1933 which limited tea exports from the three countries to 85 per cent of their average exports in the best exporting year between 1929 and 1931. For example, under this formula the export quota allotted to Ceylon was 215,522,617 pounds of tea.[38] Henceforth, until the expiration of the Agreement in 1938, exports of tea from India, Ceylon and the Dutch East Indies would be regulated to meet consumer demand and to limit any extension of land under tea cultivation. Sir Percival Griffiths noted that, 'an International Tea Committee was set up to co-ordinate all this action and in India the Tea Control Act to give effect to the agreement was passed in 1933'.[39] Thus, a quota system was introduced to regulate the export of tea from British India. It was a request by the Sawbwawas on behalf of their agent, Beadnell, to obtain a quota licence for export which was rejected by the Tea Licensing Committee. The time was not yet ripe for an expansion of the Shan tea industry into Empire markets. Not surprisingly the decision of the Tea Licensing Committee created a bitter and hostile response in Tawngpeng. In a letter written to Beadnell, Hkun Pan Sing queried, 'Will the TLC be dreaming up further Rules to shut out the Shan States'?[40] In 1934-35, the Shwepyi tea crop faced another setback which led to a drop in the amount of taxes paid from tea and thathameda to the State treasury.[41] The Sawbwa had felt that he was on solid ground in attempting to promote the export of Shan tea within the Empire which would help to alleviate the gloomy economic situation. The State already had a tea industry that seemed capable of expansion. In addition, Tawngpeng had two tea experts who had received their training in Ceylon. The Chief Minister, Hkun Hkam Heng, had gone to Peradeniya, Ceylon in 1924 to study tea production. He received the post of Tea Expert upon his return to Tawngpeng in 1925, a position which he held until he became Chief Minister in 1932. His replacement as Tea Expert, Hkun Tun, had also gone to Ceylon in 1924 to study up-to-date methods of tea cultivation and manufacture.[42] The Sawbwa sent another emotional missive to Beadnell in August 1935: Sir Joseph Bhore being an Indian certainly has no interest in Burma or the Shan States. He will do his best to instill the idea to Government not to give any privilege which is to be beneficial to Burma or the Shan States, but the British Government ought to realise that Burma or Shan States are part of British Empire and His Majesty's subjects should get equal treatment. Why should British Government treat us differently? 'are we not British subjects? If we are not given the same privilege as Indians, then I should say that we are not regarded as His Majesty's subjects and it would be wrong for the



British Government to treat us differently. Our people are dependent upon the only product of tea and if we are not given this privilege of having a quota, it would only mean that the Government does not care whether its subjects are starved or not.[43] In his letter, the Sawbwa seemed to be questioning the utility of remaining within the British Empire. Notwithstanding the depressed state of the world economy, and the emotional outpourings of the Tawngpeng Sawbwa, the inability to acquire an export quota for Shan tea demonstrates the vulnerability of interests put forth by a seemingly isolated voice on the periphery of Empire. Officials in both Burma and Britain did materialise in support of the Shan tea industry. Clague, for one, recommended the scheme to Rangoon. He suggested that a guaranteed quota for Shan tea would help to alleviate the financial crisis faced by tea growers. In his outline of the situation, Clague wrote, 'The tea gardens have been exceedingly hard hit by the great depression in prices in Burma which is their sole market at present. At one time during the depression tea was almost unsaleable, and in the Tawngpeng State, in particular, barter for rice had taken the place of many transactions.[44]

But, little could be done in view of the International Tea Agreement. Beadnell contacted his brother-in-law in Britain, Colonel Swainson, in an effort to tap parliamentary aid.[45] Swainson gained a sympathetic ear from the Labour Member of Parliament for Limehouse, Clement R. Attlee. Attlee addressed two letters to the Secretary of State for India in defence of the Shan tea industry. In the first letter, Attlee pointed out that, 'it looks as if the interests of a small local industry in Burma was being deliberately damaged in the interests of the big Indian industry'.[46] In his second letter to Hoare, the deputy-leader of the Parliamentary Labour Party noted that the Indian Tea Committee did not realise that the Shan States were part of British India; moreover, he wanted, '...to know whether the Government of Burma took any steps to protect their interest'.[47] Both Clague and Attlee stressed the importance of tea to the local economy in their appeals.

Another determined, and more vocal, ally of the Shan cause entered the debate in the person of R.H. Craddock who had been the Lieutenant-Governor of Burma from 1918-23. Craddock had been the architect of the Shan States Federation in 1922, and he did not want the Shan tea issue to be neglected. The Sawbwa's letter to Beadnell was of particular significance to Craddock:

...it deserves attention because it is the genuine outpouring of a Shan Chief to his Agent...it is most important that the Chiefs should not be under the impression that they are of no account in the British Empire. In the event of any troubles arising in Burma proper...it is very important that the Shan Chiefs and their people should be well affected to the British Empire. They are the buffers between China and Burma.[48]

The former Lieutenant-Governor had more to say than to outline the essence of the political and strategic roles that the Shan States were expected to play in the Empire. He attacked the Governor of Burma, Sir Hugh Stephenson, for his disappointing performance in not undertaking a more vigorous defence of the local Shan interest. He argued that a duty of the Governor was to promote issues important to, 'the ignorant Palaungs' and, 'to see that the Shan Chiefs are equitably treated'. The Governor had failed in his duty according to Craddock: '...I have great respect for Sir Hugh Stephenson but I cannot honestly feel that he has realised that the whole question turned upon him...'. Finally, Craddock urged Lord Zetland, who had replaced Hoare as Secretary of State for India, 'to make it clear that it is the Governor-General and not the Tea Committee who is the proper authority to put matters right'.[49] The rather brusque handling of the affair by the Tea Licensing Committee had generated a reaction which demanded a more detailed and delicate study of the matter. Whether or not the more forceful approach advocated by Craddock would have succeeded with the Tea Licensing Committee is open to debate, but it is possible that the Committee would have handled the issue with more tact and knowledge than was displayed in their response of 14 February 1934.

The key difficulty in finding a solution to the Shan tea issue was that virtually nothing could be done whilst Burma remained a province of India. One area in which there was some room to manoeuvre centred upon the Indian Tea Cess Act. In 1901, the Indian Tea Association made a proposal to the Government that a

cess should be imposed upon tea exported from India. The revenue obtained from the cess could be used to promote the consumption of Indian tea in the domestic and world markets. Ceylon had already provided a lead in this regard. In 1892, Ceylon had imposed an export duty upon tea which, by the turn of the century, brought approximately Rs. 3 lakhs per annum for the Ceylon tea publicity campaign. The Indian Government accepted the proposal, and legislation for a Tea Cess became law on 1 April 1903. A committee of 20 members was established to administer the cess from representatives appointed by the Bengal and Madras Chambers of Commerce, the Indian Tea Association, and by the Viceroy. As of April 1935, the cess on exports of Indian tea stood at 12 annas per 100 pounds.[50]

In what way did the Indian Tea Cess Committee bring benefits to the Shan tea industry? At the India Office, D.H. Montearth provided the answer:

The papers in connection with Mr. Beadnell's application suggest that the Government of India has hitherto had little, and the tea trade of continental India no knowledge of the production of tea in Burma. The report of the Indian Tea Cess Committee is devoid of any evidence of knowledge of, or interest in the Burma side of tea production. It may be inferred that Burma tea growers, such as they are, derive and have derived no benefits from the activities financed by the Tea Cess, and this inference is strengthened by the fact that the Tea Cess Committee does not contain and has not contained a representative of Burma.[51]

In other words, the Shan tea industry had yet to reap any benefits from Burma's inclusion within the scope of the Tea Cess Act. Consequently, almost two years after the controversy had begun, Montearth recommended that the Indian Tea Cess Act should be so amended that it would cease to apply to Burma. In addition, he wanted the amendment to become effective prior to the separation of Burma from India.[52] Montearth pointed out that the exclusion of Burma from the provisions of the Act would be advantageous for both India and Burma. India would be able to assess the cess upon tea exported to Burma, but continue to receive, '...the not inconsiderable exports of Burma tea to continental India...free of this cess'. On the other hand, the increased cost of Indian tea might persuade consumers in Burma to purchase domestic tea which would stimulate growth in the local industry. Furthermore, tea exported from Burma could prove to be an attractive buy for overseas customers since it would be cheaper than tea exported with the cess applied. Most importantly, Montearth stressed the point that India and Burma would remove, '...an anomaly which might, in time, become an irritant'.[53]

Neither the Indian Tea Licensing Committee nor the Commerce Department of the Indian Government expressed any sympathy or agreement with the statements in support of the Shan tea industry. The Committee's Secretary was emphatic that only the individual tea garden owners, and not the Sawbwas of Tawng-peng and Hsipaw, were legally entitled to apply for export quotas on behalf of Beadnell:

Forms purporting to be applications for quota have been received from Mr. Beadnell in respect of the States not in respect of the individual tea gardens in the States....the Sawbwas of the States....are not the owners of the estates and...it is only the owners who are recognised by the Licensing Committee in their administration of the Act.[54]

The Act was designed to deal with large plantation owners in the first instance, and small garden owners if necessary, but a provision to negotiate with traditional leaders who attempted to act on behalf of their subjects did not exist. Of course, to permit the Shan States to export tea would be, 'a violation of the international obligations undertaken by the Government of India on behalf of India and Burma'.[55]

This point was the key according to the Government of India. As the Viceroy pointed out to Zetland: 'We do not feel justified in taking action to remove any of the technical difficulties which stand in the way of the allotment of a quota to the Shan States, since their object is to defeat the purposes of the Act'.[56] H. Dow, acting on behalf of the Commerce Department in India also took issue with certain allegations made by critics such as Craddock and Montearth. He refuted allegations that the slump in the Shan tea industry could be associated with the Indian policy of tea control. While he conceded the point that Indian tea had

entered the domestic market of Burma in 1934 at progressively reduced prices,[57] he argued, 'that 1934 was the year in which prices reached their maximum depression and in which the purchasing power in Burma was at its lowest ebb'. Also, he corrected Monteath's premise that India received large quantities of tea from Burma. Dow doubted that little, if any, Burma tea reached India or anywhere else. In fact, the Burma tea exports mentioned by Monteath actually consisted of Chinese tea which was shipped to Tibet via Burma and Calcutta. Dow concluded, 'that the Indian Tea Control Act does not apply to those States [Tawngpeng and Hsipaw]'; and that he would not recommend the extension of the Act to those States.[58]

The Shan tea issue was brought into the Legislative debates in India and Burma during the fall of 1936 but without success.[59] In London, Dow's letter created an atmosphere of resignation and frustration. Zetland continued to believe that it was a technical decision,[60] whereas in the House of Commons R.A. Butler stressed India's position as one of expediency.[61] An official at the India Office realised that Burma's hands were tied until the International Tea Agreement expired in March 1938.[62] Monteath suggested that the issue was reminiscent of a scene from the pen of Lewis Carroll:

...the position of the Shans seems rather Alice-in-Wonderland-like: the Tea Control Act has never been applied in the Shan States, so they can have no quota: but as soon as their tea comes into the ports of Burma where the Act is in force it becomes subject to it to the extent that it cannot be exported without a licence; & no licence can be given because it is not within the quota which cannot apply.

Monteath added that he had been advised that the tea produced in the Shan States was similar to, 'high-grade China tea'. But, the possibility of India ever acting to promote the Shan tea industry seemed out of the question, thus he believed that Beadnell's only recourse would be to bypass the tea restrictions imposed from India altogether by exporting Shan tea 'ad-lib' through Bangkok, Siam.[63] Craddock knew that Burma would be unable to act independently from India until the Agreement between India, Ceylon and the Dutch East Indies lapsed in 1938. However, he did not believe that India's ability to win debating points had diminished the crisis of low tea prices for growers or for the Sawbwas. He adopted a pragmatic, but political stance: 'It is politically unwise to allow this grievance to simmer among some important Shan States a day longer than is necessary'.[64] Craddock's concern centred upon the discontent which might be generated among the Sawbwas of the tea-growing States who felt that the government had done little to advance their interests.

The Indian Government did make one concession to the India Office. Monteath's recommendation to exclude Burma from the operation of the Tea Cess Act before separation was accepted. The official notification to indicate that Burmese sea-ports ceased to participate in the levying of an export tax upon tea was issued 17 February 1937.[65] The reasons behind this decision were explained by Zafrullah Khan. One, little revenue would be likely to accrue from Shan tea exports. Two, Burma did not have a representative on the India Tea Market Expansion Board. Three, Burma's exclusion before separation would prevent acrimonious wrangling in the future between India and Burma over the handling of the Shan tea issue.[66] Clague wrote that at the time when India had joined with Ceylon and the Dutch East Indies to control and restrict tea exports the Shan tea industry had not been considered since, 'there were no proposals...for manufacture of European tea in the Shan States'.[67] The door had now been opened for the Shan States to prepare and promote a world wide export market in tea.

The consensus at the Burma Office was that separated Burma would not join with India, Ceylon and the Dutch East Indies in ratifying a renewed tea restriction agreement in 1938. Indeed, this prediction proved to be accurate. After separation, the Government of Burma informed India that it could not become a participant since the tea regulating countries would be unlikely to approve the development of an export industry in Shan tea, nor would the legal definition of an 'estate' be applicable to the Palaung and Shan tea gardens. And yet Burma did seek to gain an advantage within the restriction scheme. The Government wanted to continue to import tea from the regulating countries at 4-5 annas per pound while at the same time export Shan tea at just over 10 annas per pound.[68] But no, the Government of India was not prepared to accede to a request of that nature, and the separated Government of Burma decided to remain



outside the renewed International Tea Regulation Scheme of 1938.[69]

One Burma Office official speculated that Burma's refusal to join the tea regulation agreement might lead to a 150 per cent increase in price for imported tea, and that any attempt to obtain tea seeds from abroad would fail.[70] Clague was more optimistic. He commented, 'India treated Burma badly over the proposals...for a quota for Shan States' tea'. He forecast that any large increase in the price of imported tea would only serve to stimulate tea production in the Shan States as a cheaper source of supply. Moreover, he thought that the opium problem might be solved by substituting tea for opium as a cash crop east of the Salween River.[71]

Craddock had warned of dire consequences if the Sawbwas held the Burma Government to have been negligent in protecting their interests and those of their subjects. Clague indicated that it had been concern for the welfare of the tea cultivators that had spurred the Sawbwas on to press for an export quota in tea.[72] Although there may be a case that can be made in favour of the argument that the Sawbwas were genuinely worried about the economic plight of the tea growers, the subsequent action of the Tawngpeng Sawbwa suggests that another, less generous, argument might have been more important. To illustrate, Hkun Pan Sing dismissed Beadnell from the post of Tea Agent and appointed his assistant, Mr. Bennett, as his replacement. Bennett and the Tawngpeng Sawbwa lobbied the Government of Burma to approve their application to India for an export quota in Tawngpeng tea, but they had no intention of fulfilling the terms of the export quota if their application was successful.[73] The conspirators planned to sell their quota to Mr. Ramchand Daga of Messrs. Kaniyalal Laxminarain of Calcutta and keep the money from the sale of the quota for themselves without exporting one ounce of Tawngpeng tea.[74] Stephenson observed that, 'It was pure graft...which could not have benefited the Shan States though it might have put some money into the Sawbwa's pocket'. The scheme collapsed when the Government of Burma refused to sanction the application for a quota export.[75] Needless to say, the incident deprived the Tawngpeng Sawbwa of any right to be morally outraged at the policy of the Government of Burma.

A ramp along the lines described above did not prove to be unusual under the conditions of control and restriction in India. Griffiths reports that the selling of quotas was one of the flaws in the regulatory system. He discovered that many small tea estates were able to obtain quotas which were then sold to middlemen without any tea leaving the estate. Other estate owners sold their quota and kept the tea produced for sale in the domestic market.[76] Thus, for some tea estate owners and less than honest merchants, the tea restriction system turned out to be a financial bonanza which required little effort beyond that of obtaining the export quota licence. Beadnell had proved to be an honest man who displayed confidence that he could obtain the consent and labour of the Palaung and Shan tea growers to transform the domestic tea industry into one capable of gaining a share of the world market. Clague believed that Beadnell had a fair chance for success.[77] Nothing like this could be said for the quota fraud that Hkun Pan Sing and Bennett had planned. Furthermore, the incident served to vindicate the cautionary approach of the Burma Government somewhat in light of Craddock's criticism.

A large-scale export industry in Shan tea could not be created overnight once the Tea Restriction Agreement ceased to apply to Burma. Moreover, Burma proper suffered from an economic downturn in the summer of 1938 largely as a result of ethnic tension between Indian Muslims and indigenous Buddhists caused by the re-publication of a book written by Shwe Hpi, an Indian Muslim, which had less than kind remarks to make about the Buddhist religion.[78] Nevertheless, the Lipton Company purchased a large quantity of Tawngpeng tea to test its marketability in Burma proper.[79] And the Bombay Burma Trading Corporation Limited took some steps towards indicating the potential for Shan tea exports outside Burma.

In February 1939, the Corporation erected a factory to manufacture tea at Namhsan, the capital of Tawngpeng State. During its first season of operation, which lasted from 1 Aug. to 8 Nov. 1939, 47,900 pounds of tea were produced of which 16,732 went to Burma proper, Australia imported 10,812 pounds, and 4,128 pounds were sold at the Colombo Auction in Ceylon.[80] This modest, but encouraging, start was

surpassed in the second season of production which began 6 April and ended at the end of June, 1940. The Namhsan factory produced 154,561 pounds of tea of which 63,940 pounds were sold in Burma proper, 11,772 pounds were auctioned in Ceylon, and 29,414 pounds were purchased by the United Kingdom Ministry of Food.[81] Collis noted that in Tawngpeng, They exported fifteen million pounds annually. We were continually meeting tea caravans; the tea packed in tall, white baskets with leaves at the top, which were carried generally by bullock, a basket on each side of the saddle.[82]

Although the 1939/40 Tawngpeng State budget did not reflect the upturn in its tea economy, this situation can be explained by the generous contribution made by the Tawngpeng Sawbwa to the Lord Mayor's Fund for War Relief of Rs. 1.33 lakhs.[83] Tea growers had reason to be satisfied as well. Not only did they have new markets for their tea, but the company guaranteed the tea suppliers approximately 'Rs. 100 per 100 viss of dry tea' irrespective of fluctuations in the market.[84]

Obviously, tea produced in the Shan States was not about to displace or challenge the share of the market held by the major tea-producing countries such as India and Ceylon. For example, Ceylon exported 235,739,000 pounds of tea in 1938.[85] And yet the Tawngpeng tea growers had demonstrated a potential for growth by obtaining a share of Empire tea sales which brought benefits to investors, cultivators and consumers alike. Unfortunately for the fledgling Shan export industry in tea, its full potential was never realised.

246 Icon      November 23, 2007. Birger Nielsen, [bnielsen@daimi.au.dk](mailto:bnielsen@daimi.au.dk), drinker of tea.

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