

# The Yunnan --- Burma Highway and Yunnan Economy during the Periods of Anti-Japanese War

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## Abstract

The Yunnan-Burma Highway is an important line of transportation explored for need of the war situation. This highway has not only played a positive role in the Anti-Japanese War of China and in the victory of Anti-Fascist war throughout the world, but has made significant contributions to alleviation of the economic pressure during the war, boost of local economic development in Yunnan, reinforcement of development of ethnic regions in the border area and intensification of the close relations between Yunnan and Burma as well as Southeast Asian countries.

**Keywords:** The Yunnan-Burma highway, Anti-Japanese War, Yunnan, Economy during the periods of Anti-Japanese War

The Yunnan-Burma Highway is an important line of transportation explored for need of the war situation during the anti-Japanese War. With its particular strategic status, this highway guaranteed continuous military aid and supported the frontal battlefield all over the nation in terms of material. It has played a positive role in the anti-Japanese War of China and in the victory of anti-Fascist war throughout the world, so it was reputed as the "blood transfusion tube of the anti-Japanese war" and "the main artery of Far east transportation during the Second World War". At the same time, it has also made significant contributions to alleviation of the economic pressure in Yunnan during the war, boost of local economic development in Yunnan, reinforcement of development of ethnic regions in the border area and intensification of the close relations between Yunnan and Burma as well as Southeast Asian countries.

The Yunnan-Burma Highway ranged from Kunming in the east to Lashio in the west within the border of Burma, an entire length of 1146.1 kilometers. Internally, this highway connected the four provinces of Chuan, Qian, Kang and Gui, linking together border areas and inland, and externally was extended to Mandalay and Rangoon in Burma, so it has become a bond of connection between China and Southeast Asian countries. This highway is divided into east and west stretches within China, with the east stretch from Kunming to Xiaguan and a length of 411.6 kilometers, which was built and open to traffic in 1935. The west stretch was from Xiaguan to Wanding, with a length of 547.8 kilometers, and was rushed to repair during the earlier period of the anti-Japanese war. The whole highway wended across the transversal mountain range, with continuous high mountains and large rivers, and there are 369 bridges of all sizes along the way. The atrociousness of its natural environment and the difficulty of the road construction work is well known to the whole world.

## 1. Overview of the economy in Yunnan before the war

Yunnan is situated in the border area of Southwest China, with dangerous topography and multiple nationalities. After the Opium War, Yunnan became the primary target of aggression by British and French colonialists. Especially after the Sino-French War, economy in Yunnan distinctly became increasingly semi-colonized, and Mengzi, Hekou, Simao, Tengyue and Kunming were explored into commercial ports in succession. Britain, France and America, etc, set up foreign firms one after another in Kunming and Mengzi, 34 foreign firms in Kunming and more than 20 foreign firms in Mengzi, mostly French merchants, and British merchants coming second. Until the anti-Japanese War, domestic industries in Yunnan had always been taking a rough, abnormal and slow development path. Manual labour was the primary tool in industrial and mining enterprises, the

industry of match, food, cigarette and urban municipal service, with part of mechanical operation being supplementary. The modern industry in Yunnan at that time still lagged behind the average level of the whole nation at the same time.

Before the anti-Japanese War, rural economy in Yunnan was still in a natural economy state which was developed slowly, and the agricultural population in Yunnan accounted approximately for 90% of the total population of the province. According to statistics by the Department of Construction in 1934, the agricultural acreage of Yunnan was 32,400,798 Mu. According to statistics at that time, each household of peasants of the country occupied an average area of arable land of 22.31 Mu and each household of peasants in Yunnan occupied 18.94 Mu, lower than the average national level. In terms of food production, because Yunnan had not had a high grain output throughout the history, its per capita hold of grain was also not high. In order to resolve the issue of eating, peasants used most of their arable land to grow food crops, which caused the trend of unique grain production in its agriculture. In 1934, the total output of grain in Yunnan was 48,601,197 Dan, and the per capita hold of grain was 450 Jin if calculated by the population of 10,800,266 in the whole province at that time. By contrast, in 1932, per capita hold of grain in Jiangsu Province was 720 Jin. Thus, there were more years to import grain. In 1928, Mengzi imported 40,370 Dan rice and 4,643 Dan corn; in 1929, it imported 110,753 Dan rice and 12,735 Dan corn. It imported flour for three consecutive years from 1928 to 1930, each year above 10,000 Dan. In addition, the cropping index of cash crop in Yunnan was quite low, with monotonous types, laggard animal husbandry and low attainment in agricultural water conservancy.

It can be seen that, the overall social and economic level in Yunnan before the anti-Japanese War was extremely laggard, with a difficult and slow development. After breakout of the anti-Japanese War, Southeast coastal areas with concentration of industry were rapidly occupied by the enemy. In 1938, the National Government moved its capital to Chongqing, so the political and economic center of the nation moved westward, and southwest areas become the important base for persistence of war. Yunnan, which was in an occluded state and was isolated from inland before the war, became an important district for strategic economic construction. Especially with the throughtrain of the Yunnan-Burma Highway, Yunnan became the strategic channel for goods and materials by allied countries to support China. In order to assume the important task as a rear base for the anti-Japanese war, Yunnan summoned up all its courage and energy to open a transportation road, established military and civil industry, and developed agriculture, commerce and financing, etc, which enabled the social economy to obtain an unprecedented great development and laid a progressive foundation for the economic and social development pattern of Yunnan in the future.

## **2. Construction of the Yunnan-Burma Highway**

After the "Lukouchiao Incident" in 1937, on one hand, Japanese imperialism transferred a lot of relief troops from Japan to move towards North China and Central China and closed in Chinese inland step by step; on the other hand, in view of the weakness of the Kuomintang government in fragile industrial basis and that most military and strategic materials were dependent on foreign aid, Japan blockaded Chinese ships from the month of Yangtze River to Chinese seacoast in Chaozhou. Then, Japan expanded the blockade scope to all Chinese seacoasts except for Liaoning and Qingdao. After Japan blockaded Chinese coastal areas, there was only one entrance for foreign aid of China, that is, Haiphong-Yunnan Railway. As a consequence, once Haiphong-Yunnan Railway was not maintained, then China would be totally in a state without any foreign aid. Therefore, it was required by circumstances to open an alternative external channel.

In August 1937, Kuomintang Government held an emergency meeting for military and political officials in Nanjing. At the meeting, Long Yun made pointed references and proposed an overall analysis in the situation of anti-Japanese War. He said, "it was difficult for the war in Shanghai to last long, and once Shanghai fell into the hands of the enemy, Nanjing would be threatened, difficult to defend tenaciously. Once Shanghai was lost, there would be no international port, and the international transportation would be immediately difficult". "Japan would rapidly make a massive attack upon Shanghai, and once its southward move policy was put into practice, the southern battlefield might be expanded. And by that time, there would be problems to HongKong and Vietnamese Railway." "In my opinion, we should first of all made preparations in advance for international transportation, and immediately set about building Yunnan-Burma Highway and Yunnan-Burma Railway at the same time, which can be directly connected to Indian Ocean." Long Yun's opinion was completely approved by Chiang Kai-shek.

In October 1937, Kuomintang Government sent its people to decide through consultation the specific proceedings to build Yunnan-Burma Highway, and the primary task at that time was to rush to repair the stretch of the highway from Xiaguan to Wanding. In November, the provincial government began to issue commands to

recruit civilian workers in the counties across Yunnan-Burma Highway, and ordered them to start to organize construction of the highway from December. Ultimately, the Yunnan-Burma Highway was finished building on August 31, 1938, and the whole line was open to traffic on December 1.

On January 10, 1939, the first batch of 6000 tons of military materials supported by Russia to China was transhipped from Burma to Wanding in China, and was internally transported to Kunming across Yunnan-Burma Highway, which was the beginning of Yunnan-Burma Highway to transport military materials aided by foreign countries.

Yunnan-Burma Highway was the crystallization of the blood and sweat of people of all nationalities, and “was the monument to the power of Chinese people to survive”, which shocked the whole world. “The Times” in Britain published in succession articles and photographs on May 17, 18 and 19, 1938, and reported the situation of construction of Yunnan-Burma Highway. There was one article saying, “Only Chinese people were able to get it within such a short period of time.” The news of throughtrain was spread to US, and the President Roosevelt did not believe this, so he commanded the American Ambassador Jansen in China to go to Chongqing from Rangoon across Yunnan-Burma Highway. After his inspection, Jansen made the following speech, “route selection of Yunnan-Burma Highway was appropriate which was a huge project. And the scenery along the way was quite beautiful. Admirable was the courageous perseverance and spirit of Chinese Government to complete this arduous project without such a short period of time. Besides, material conditions for construction of the Yunnan-Burma Highway were extremely insufficient, on one hand, lack of machine and on the other hand, purely exploration by man power, totally dependent on the hard-working spirit of the workers along the way, which was out of the reach of any nation in the world.” The arduousness and grandness of the project could be “on a par with the project of Panama Canal”. Thus, it can be seen that, the Yunnan-Burma Highway shared a high reputation internationally at that time.

### **3. Contributions of the Yunnan-Burma Highway to economic pressure in Yunnan during the war**

Completion of the Yunnan-Burma Highway had certain effects on whether China could acquire a large amount of loan and a large batch of military aids, whether it could sign the Sino-American “Tung Oil Loan” and whether China could purchase strategic materials from America. After the goods and materials supported by Russia was firstly imported through Yunnan-Burma Highway, China succeeded in signing the Sino-American Tung Oil Loan Protocol at the end of 1938. According to incomplete statistics, US altogether supported an amount of \$696,000,000 to China from 1938 to 1942, and during the Second Sino-Japanese War, there was altogether an amount of \$1,370,000,000 loaned to China. From 1938 to 1940, Russia supported an amount of \$450,000,000 to China, and Britain gave an amount of 60,500,000 Pound to China, whereas offertory by patriotic overseas Chinese was up to an amount of 1,563,000,000 national currency during the four years of the war, and purchased an amount of 680,000,000 national currency of the government bonds. Quite a large part of goods and materials purchased with the huge sum was transported across the Yunnan-Burma Highway. Therefore, Kunming became the place of centralization of military goods and materials supported by US and other countries at that time.

In September 1940, the Japanese army occupied French Indochina and Chinese coastal ports and coast defense ports were all blockaded by Imperial Japanese army, after which the Yunnan-Burma Highway became the unique international transportation lifeblood of China during the Anti-Japanese War. Just like a blood vessel, this highway supplemented a large batch of essential strategic goods and materials for the war, supported the persistent war of resistance at the frontal battlefield of Kuomintang, and also alleviated the economic pressure of Yunnan during the war. During the period from completion of the highway until the victory in the war of resistance, the Yunnan-Burma Highway had been continuously imported a large quantity of foreign aided military goods and materials except for the two years of interruption.

Since its throughtrain until July 1940, the traffic capacity of Yunnan-Burma Highway was gradually on the increase. During the eleven months in 1939, there were altogether 28,000 Tons of weapons and other goods and materials transported through the Yunnan-Burma Highway, with an average of more than 2,000 Tons each month. In November 1939, the American Government revised the Neutral Act, and in September 1940, Japanese army occupied Northern Indochina, which caused traffic interruption of Haiphong-Yunnan Railway. Thus, the Yunnan-Burma Highway became the only onshore passage for China to contact its allied countries, and it was naturally a period during which the Yunnan-Burma Highway was most occupied and the traffic capacity attained the peak. According to statistics, during the six months from the end of 1939 to 1940, military materials transported through Yunnan-Burma Highway attained 10,000 Tons each month. Within the whole year of 1941, the quantity of military materials and other goods and materials imported through the Yunnan-Burma Highway reached more than 132,000 Tons. The traffic capacity in November 1941 was the highest, up to 17,500 Tons,

which turned to be the highest transport record since the throughtrain of the Yunnan-Burma Highway.

Besides, according to statistics by Wu Xiangxiang from Taiwan, there were altogether 221,500 Tons of strategic goods and materials transported during the three years from 1939 to 1941, with 1/3 of petrol and less than 1/5 of military goods. Such an enormous amount of goods and materials aided for China was transported through Yunnan-Burma Highway and internally linked with Kang, Chuan, Qian & Gui, etc, to support China, which had a decisive effect on resolution of difficult economy and the issue of lean oil during the war of resistance and alleviation of the economic pressure in Yunnan. Furthermore, import of these goods and materials equipped a large number of nationalist forces, strengthened the power of the war of resistance of Kuomintang's battlefield, encouraged the morale of Chinese people and laid a foundation for counterattack of the mainland on Japanese army. Thus, it can be seen that, throughtrain of the Yunnan-Burma Highway strategically smashed the attempt of Japanese army to blockade China and further merge China, and also reinforced the strategic status of Yunnan in the war of resistance all over the country.

Economically, military transportation was the primary service of Yunnan-Burma Highway. However, at the same time, it was also a commercial and trade road. Minerals, farm and sideline products and hand made goods in China were transported through the Yunnan-Burma Highway to Rangoon, such as tin, tungsten, tung oil, stibium, raw silk, bristles and silks and satins, and were sold in Britain, America, European and Southeast Asian countries. Quite a lot of foreign exchanges were obtained, which had a certain effect on supporting finance of the Kuomintang Government and alleviating financial pressure in Yunnan. After the throughtrain of the Yunnan-Burma Highway, the total amount of Chinese trade increased dramatically. We take only the nonferrous metal exported from Yunnan as the example. According to statistics during the five years of the war of resistance, there were approximately 28,400 Tons of fine tin exported, and such a huge amount of export supplied to allied forces for production would certainly strengthen the power of anti-fascist of the allied forces. Export of non strategic goods and materials, such as silks and satins, raw silk and leather, strengthened trade communication between China and its allied countries and improved people's livelihood during the war. Taking goods and materials imported from America between 1939 and 1941, such civilian supplies as cotton yarn and cloth almost accounted for a half in addition to 1/3 of petroleum and 1/5 of ammunition, which was extremely necessary for development of the textile industry in China and improvement of people's livelihood.

Owing to throughtrain of the Yunnan-Burma Highway and the particular strategic position of Yunnan during the war of resistance, most of inland industrial and commercial enterprises were moved to Yunnan and greatly promoted development of industry and commerce in Yunnan during the war. "The population in Kunming increased from 100,000 to 300,000, and its consumption increased rapidly. The markets of production, financing and commerce were also unprecedentedly active and developed." "The place 707 kilometers away from the Yunnan-Burma Highway was originally a desolate and degenerative slope, and after the throughtrain of Yunnan-Burma Highway, there were gradually stores, restaurants and hotels, thus getting the name of Seven Zero Seven. A large batch of native products were all exported for sales through Yunnan-Burma Highway, such as walnut, walnut oil, tung oil and bristles, etc.

At the same time, due to throughtrain of the Yunnan-Burma Highway, foreign trade in Yunnan during the war was also quite active. Foreign trade in Yunnan during the war of resistance attained unprecedented prosperity. Kunming became the central city of Chinese foreign trade at that time. All merchants drew together like clouds and import and export both attained unparalleled development. Especially after the throughtrain of Yunnan-Burma Highway, the total import and export amount rose perpendicularly. For example, the total import and export amount in 1938 was 58,520,000 Yuan of the legal tender. Under such a circumstance, commerce and trade in Yunnan during the war got developed to different extents, such as the trade of tea, automobile materials, photographic supplies and operation of tung oil.

It can be seen that, throughtrain of Yunnan-Burma Highway brought favorable conditions for development of economy in Yunnan during the war, alleviated economic pressure in Yunnan and made significant contributions to the anti-Japanese War.

#### **4. Effect of Yunnan-Burma Highway to development of economy in Yunnan**

Throughtrain of Yunnan-Burma Highway made an enormous contribution to local development of Yunnan and development of national minorities in border areas.

94% of land in Yunnan was mountainous area and mid-levels area, with inconvenient traffic and laggard economy. Before the war of resistance, rural production in the mountainous area was mostly self-sufficiency, with little foreign communication and trade or industrial production. In 1935, the length of highways in operation all over the whole province was only 1,324 kilometers, and motor transport service was merely in its

infancy. After the throughtrain of Yunnan-Burma Highway, all the above situations got improved to a great extent, and connection between border areas and inland was further reinforced. At the same time, after the throughtrain of Yunnan-Burma Highway, international carrying capacity was increased largely and military transport capacity was particularly large, which promoted development of local motor transportation service and repairing and maintenance in Yunnan. Before the throughtrain of Yunnan-Burma Highway, motor transportation service in Yunnan was officially limited, but after its throughtrain, there were as many as approximately 700 motor transportation companies in Kunming and more than 10,000 steering vehicles, which enabled the laggard Yunnan at that time to become the pivot of economy, culture, military vital area and traffic transportation in the large Southwest area.

With development of the situation of the war of resistance, within the period of several years, capital and production technology outside the province were poured into Yunnan in a steady stream, many coastal industrial and mining enterprises were moved into Yunnan in succession and some local industrial and commercial enterprises were also rapidly developed. Establishment of some new enterprises also filled the gap of industry in Yunnan, such as mining corporation, coal corporation, Kunming Steel Works, and China Electric Steel Works, etc. With completion of Yunnan-Burma Highway, the following industries were developed: tyre and rubber products, wires and mechanics, and vehicle repair, etc. The import of Burmese cotton was 3,580 Tons from 1939 to 1940, jumping almost 200 times of the amount of 18 Tons from 1937 to 1938, which developed greatly the textile industry in Yunnan. These industrial and mining enterprises played an important role in exploring the natural resources in Yunnan and changing the industrial structure in Yunnan and its import technology and management, etc.

During this period, urban population in Yunnan increased rapidly from over 100,000 before the war of resistance to 300,000 in 1940, and the population in Kunming jumped to 500,000 in 1943, increase in population leading to rapid increase in consumption. Emergence and development of industrial production also promoted development of financing and commerce, so unprecedented prosperity was presented in Kunming and its foreign trade was also on a continuous increase. Due to throughtrain of Yunnan-Burma Highway, industry, traffic and commerce, etc, were also born at the right moment like mushrooms after the rain in the following important cities and towns across Yunnan-Burma Highway: Lufeng, Chuxiong, Zhennan (namely, Nanhua today), Xiaguan, Yongping, Baoshan, Mangshi, Zhefang and Wanding, etc. Thus, the out-of-the-way and backward ethnic minority areas in Western Yunnan were strongly and extensively impacted by modern civilization, and people in all ethnic groups broadened their field of vision and improved knowledge, which facilitated economic development of local society.

At the time of strengthening connection between all national minorities of western Yunnan and the inland, completion of the Yunnan-Burma Highway also enabled the culture and education of all ethnic groups in western Yunnan. Education in elementary and secondary schools in important towns along the line of Yunnan-Burma Highway was expanded and improved. For example, normal schools were set up in places like Baoshan, and the number of young people in western Yunnan was also continuously increased who entered schools of a higher grade. Books and magazines, post and telecommunications were rapidly developed, which played a crucial role in improvement of culture, education and scientific technology at border areas in Yunnan.

In addition, completion of the Yunnan-Burma Highway has strengthened communications between all nations, eliminated national estrangement, developed economic trade and enhanced solidarity and cooperation between nations. In order to defend the country and resist foreign aggression, people of all nationalities inspired the strong national awareness and had strong centripetal force in the process of building the Yunnan-Burma Highway.

##### **5. Yunnan-Burma Highway strengthened relationship between Yunnan and Burma as well as Southeast Asian countries**

After the breakout of the Pacific War, Chinese Expeditionary Army marched to Burma through Yunnan-Burma Highway and constituted an allied force together with British and American army, fighting against Japanese Army at the battlefield of India and Burma and aiding the Anti-fascist War of Southeast Asian people, which was also the beginning of China to join in the combat of Anti-fascist in terms of the organizational form. Besides, Burma is a neighbouring country of China and these two countries have had associations long before. After its completion, the Yunnan-Burma Highway became the bridge for friendship of China and Burma and moreover, strengthened the friendly relationship between people of these two countries. In January 1941, the Deputy Head of the visiting delegation to China by Burmese journalists, Yu Dundan, said in his farewell speech in Chengdu, "I wish that Yunnan-Burma Highway, which of great help to China, could become a golden chain to strengthen

relationship between commerce and culture of the two countries." The international friend Volpp pointed out at that time, as a modernized international commercial road, Yunnan-Burma Highway intensified welfare of people within the large two districts of China and South Asia. We take only the period from January to October 1941 as an example. At that time, Yunnan-Burma Highway was the only onshore road, and the total export of China attained 258,600 Yuan (Fiat Money), jumping more than twice than the total export of 83,800 Yuan (Fiat Money) in 1937 when Haikou was opened. A large batch of goods and materials of aid for China were transported into China across the border of Burma, which also benefited Burma a lot. Previously, Yunnan had always been the traditional market for raw silk from Sichuan. However, after the throughtrain of Yunnan-Burma Highway, the sales of raw silk increased, which resulted in the circumstance when supply fell short of demand. Thus, Yunnan-Burma Highway promoted trade between China and Burma and facilitated economic development in Burma. At the same time, during this period, there were as many as over 300,000 Chinese overseas who entered Burma across the Yunnan-Burma Highway, and most of them were from Yunnan. These Chinese overseas were mostly located in Northern Burma, and a large majority of them were engaged in mining, lumbering, road repairing and construction, etc, and they made significant contributions to development of Northern Burma together with Burmese people.

In one word, the imperishable merits and achievements of Yunnan-Burma Highway not only occupied an important status in the history of the war of resistance in China, but also played a particular role in the Anti-fascist War of the world. It made significant contributions to alleviation of economic pressure in Yunnan during the war, promotion of development of local economy in Yunnan, reinforcement of development of national minorities in border areas and strengthening relationship between Yunnan and Burma as well as Southeast Asian countries. Up to this day, Yunnan-Burma Highway has still been an important traffic line. As an important passage from Western Yunnan, even Yunnan, to Southeast Asia and South Asia, the Yunnan-Burma Highway played a more and more important role in opening up wider to the outside world, speeding up development of Southern China, flourishing economy at border areas, strengthening regional economic cooperation and facilitating construction of ASEAN Free Trade Area, under the circumstance of regional economic integration.

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