

CANADA AND THE COLOMBO PLAN, 1950-1960  
A Study in Government Policy and Public Opinion



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## ABSTRACT

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Up to 1950, Canada had little contact with South-east Asia. Understandably, her government entered the Colombo Plan with uncertainty.

The Plan's achievements by 1960 generally fell short of its goals. Responsibility for this partly rested on the western nations' inadequate help. Canada's part, closely limited by cabinet caution, self-interest and administrative obstruction, was unexceptional.

Evidence indicates that informed Canadian opinion supported the Plan in advance of government policy. Many Canadians, however, knew little about either the Plan's goals or methods. This was the result of their historical orientation toward Europe and of meagre Plan publicity.

At the end of the decade, there were steps toward administrative reform and greater public awareness. This improved context gave Canada's political leaders an opportunity for initiative that deserved acceptance.

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## PREFACE

The purpose of this paper is to analyse Canada's part in the Colombo Plan from 1950 to 1960. The ultimate question asked is whether the Canadian Government has been behind or ahead of public opinion regarding its foreign aid commitments. To justify posing this question, there is a preliminary assessment of the Plan itself. Administration of Canada's programme is considered only to the extent that it influenced Government policy. Finally, no attempt is made to judge the engineering feasibility of specific Canadian aid projects in South-east Asia.

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## CHAPTER I

### CANADA AND ASIA: THE BACKGROUND

#### Canada's Rise

Historically, Canada's external policies have been cautious, pragmatic and very limited in scope. Balancing insecurely between the United States and Great Britain, its early leaders could play only a small part in international affairs. After Confederation in 1867, they concentrated on settling several boundary and other disputes with Washington. By 1900, partly in reaction against real or imagined centripetal trends in London, a drive for national status began to emerge. Participation in the First War and admittance to the League of Nations in 1919 were both considered mainly as milestones in this development. Few Canadians as yet wanted or even perceived the obligations that would accompany nationhood. Recognition, not responsibility, was the primary goal.

Had Arthur Meighen, the Conservative leader, won the 1921 election, Canada's external policy might have evolved along broader lines. But under his Liberal opponent, Mackenzie King, the narrow drive for national status continued unabated. When Britain precipitately invited Canadian troops to help defend a dubious cause

at Chanak in 1922, what incipient internationalism there was in Canada evaporated. Autonomy and withdrawal became synonymous objectives. Mr. King pursued these doggedly at the Imperial Conferences of 1923 and 1926, and with the registration of separate "Dominion status" at Westminster in 1931, Canada seemed henceforth secure from involvement in either world or Commonwealth problems.

Whether this paper victory was worth the disintegration of the Commonwealth into a flaccid "Concert of convenience" will always be debatable. Moral unity, based on closer cooperation in a common cause, might have proven impossible to preserve, but it deserved a greater effort. Canada's leadership into the cul de sac of separatism is in retrospect less creditable than it then appeared.

In fairness to Mr. King, the Canadian public generally applauded his policy, or rather, his avoidance of one. Disillusion with the war, distrust of the League, and cautious pacifism were all widespread. Quebec, in particular, remembered bitterly the conscription crisis of 1917 and resisted all international commitments. Its Church had already condoned Fascism, so Italian aggression, for example, was by no means a clear-cut moral affront. Throughout Canada, a majority agreed with Mr. King that they should not again be expected to "bail out" Europe

from its troubles. It took the whirlwind of a second war to dispel these illusions.

After peace was restored, Mr. King's successors, Louis St. Laurent and L.B. Pearson took the lead in developing more constructive policies. The old drive for national status changed to one for recognition as a Middle Power, with representation in world councils commensurate with contributions. Though this "functional principle" met defeat, Canada did enter many United Nations agencies. In all of these, its delegates showed a willingness to assume duties that contrasted favourably with the inter-war timidity.

Since its economy still depended to a large degree on export markets, Canada was also active at the 1944 Bretton Woods Conference to stabilize exchange rates and restore commercial equilibrium in the world. To the same end, unprecedented reconstruction loans were granted to the liberated countries of Western Europe. Through UNRRA, the United Nations relief agency from 1943 to 1947, Canada gave outright an additional 154 millions. By any standard, it was a creditable performance.

An even more radical departure from tradition was the entry into peacetime alliances, made necessary by the truculence of the Soviet Union. Apprehension was crystal-

lized by the spy trials at Ottawa in 1946, and the next year the Government renewed the Permanent Joint Defense Board with the United States. Following this trend in 1948, Mr. St. Laurent advocated a larger defense alignment, embracing Western Europe, to compensate for the evident limitations of the United Nations. This was realized in the North Atlantic Treaty Organization in April of 1949.

Canadian public opinion almost unanimously approved these policies. Pacifism had been discredited at Munich. Startling advances in the technology of war, the dramatic American entry into world affairs, and the nearness of Soviet Russia had combined to overcome the remnants of isolationism. French Canada, for its part, was unambiguous in its hostility to atheistic communism, and proved willing to follow a native son into internationalism. Taken together, the reactions of the Canadian people added up by 1950 to an approximation of national maturity.

But viewed within this evolutionary process, Canada's relations with Asia were barely perceptible. Until 1950, it had practically no Pacific policy. Geography helps explain this, since both the Western Cordillera and the St. Lawrence waterway orientate the country toward Europe. Reinforcing this is Canada's

almost exclusively European origin. Immigration from Asia, closely limited by a series of gentlemen's agreements, was negligible. Nor did trade with Asia ever amount to more than five percent of Canada's annual total. Even Vancouver, Canada's chief Pacific port, grew appreciably only after the Panama Canal gave it access to the Atlantic. Regarding diplomatic ties, Canada had no representative in Asia, except for a legation in Tokyo, before 1946.

Nor was there much public interest. A number of missionaries were sent out, the first to India in 1847. Regarding immigration, working class riots, in protest against Hindu arrivals, erupted occasionally, as at Vancouver in 1907. In Canadian universities, study of Asia was largely incidental and intermittent. Also, a few entrepreneurs initiated commercial contacts, and these helped redress the unfavourable balance of trade with the United States. But most Canadians, as far as it concerned them at all, regarded the East simply as a distant and exotic curiosity.

By 1931, when Japan seized Manchuria, this lack of interest was clearly inappropriate. A decade later, the bombing of Pearl Harbor ended it forcibly. As Canadian troops were marched into Japanese concentration camps, Asia and its troubles became immediate and personal.

Indeed, just as the first war destroyed the more orderly, civilized Europe of the nineteenth century, so did the second war destroy the older, less troubled Asia -- for Canada no less than for the world as a whole.

Yet in 1945 this was not generally realized at Ottawa, or if realized, not acted upon in any redirection of policy. New Asian members of the Commonwealth were cordially welcomed as they became independent; High Commissioners were appointed to India and Pakistan in 1947; and membership on the Security Council involved Canada briefly in an attempt to resolve the Kashmir dispute. But apart from this, and some ill-advised post-war loans to Chiang Kai-shek, the Canadian government continued to face toward Europe as its primary, almost exclusive, concern. It is understandable, therefore, that Australia's bold proposal of the Colombo Plan in January of 1950 caught Canada quite by surprise.

#### Southeast Asia's Crisis

The area involved in the Australian proposal encompassed the countries of India, Pakistan, Ceylon, the Federation of Malaya, Singapore, North Borneo, Sarawak, Brunei, Burma, Thailand, the Associated States of Cambodia, Laos and Viet-Nam, and Indonesia. For simplicity's sake

they will henceforth be referred to generally as Southeast Asia. Together they contained in 1950 five hundred and seventy million people, or over one-quarter the total population of the world.

Economically, the region was of inestimable importance. Before 1939, it had provided most of the rubber, tin and jute used in the United States and had exported tea, oils and fats to Europe. From the latter, it obtained its textiles, iron and steel, and machinery. Since it enjoyed a trading surplus with the United States, moreover, it helped the nations of West Europe, particularly Britain, to finance their dollar deficits. In the same way, Canada's balance-of-payments position was aided both directly and indirectly. Southeast Asia was an essential partner in the triangular pattern of world trade.

The war dramatically altered this pattern. Japanese scorched earth policies blighted many farming areas and Southeast Asia's export production virtually ceased. Jungle reclaimed roads and plantations. In India, the heart of Allied defence, factories were worked to capacity and repairs were postponed. Money was weakened by inflation, which raised prices in some regions by as much as 1000 percent. At the end of the

war, the trading surpluses of Southeast Asia had been almost wiped out.

Consumer industries were similarly dislocated. Accumulated depreciation during the war overtook India's great textile industry, while her raw cotton production was cut in half. Burma, Thailand and Indo-China, comprising the region's rice bowl, suffered such severe despoilment and neglect that in 1946, fifteen million acres of rice paddies lay abandoned. For millions of Asians, destitution and starvation were imminent.

Had political stability been maintained, economic recovery would have been easier, but the war precipitated nationalist revolutions which refused to be deferred to more appropriate times. Within five years, the map of Southeast Asia was transformed. India and Pakistan became independent first, in August, 1947, and the transfer of power was remarkably peaceful. Riots, caused by religious differences and local famine conditions, did occur in some areas, but the major economic damage was done by partition itself. Thousands of refugees were uprooted from their traditional employment, factories were cut off by the new political boundary from their customary sources of supply, and natural markets were truncated. Burma became a republic five months



later, and was immediately plagued by wholesale assassination, rebellious minorities seeking autonomy, and the ominous beginnings of communist guerrilla warfare. Ceylon was somewhat more fortunate in its tranquil transition to Dominion status in February, 1948. Farther east, bitter civil wars had already erupted in French Indo-China and Indonesia. For almost a decade, these stubbornly continued, punctuated by broken agreements and savage reprisals. In such circumstances, economic chaos was inevitable.

Even after the achievement of independence, moreover, stability was by no means assured. The nationalist leaders were primarily revolutionaries, more skilled in oratory than administration. India fortunately enjoyed a reliable British-trained civil service, but elsewhere experienced government officials were at a premium. Some Asians responded to the challenge with honesty and loyal dedication; while others rapidly proved incompetent or corrupt. This hindrance to economic recovery and progress in the region was to prove one of the most serious and persistent of all.

Closely allied with it were several other grave social problems, some centuries old. Asian life generally was still in the feudal era, except for urban pockets of westernized society. Class structure was comparatively

rigid and reduced economic incentives and mobility. Other-worldliness, though it has been exaggerated, also inhibited progress, while beliefs like that asserting the sacredness of cattle adversely affected the use of resources. Among the small intellectual élites, a sense of social responsibility was often lacking, and study of the humanities was pursued into directions remote from practical needs. Among the wealthy aristocracies, hoarding and conspicuous consumption absorbed money needed to finance production. Even the capital that was directed to investment frequently went into land and commerce instead of factories.

The narrowly limited ownership of land underlay a whole spectrum of difficulties in agriculture. Almost every industrial country, from Britain in the 18th and 19th centuries, to the Soviet Union in the 20th century, reached the "take-off stage" in economic development from an agricultural base. Farm revenues provided surplus capital for industrial expansion and technical improvements liberated workers for transfer to factories. But in Southeast Asia, irresponsible absentee landlords, exorbitant rents, directed to non-productive purposes, and an almost complete lack of reasonable credit facilities for the tenant-farmer had forestalled such improvements

save where foreign direction had fostered plantation agriculture. Hence farming, which generally occupied eighty per cent of the population, was characterized by archaic, wasteful methods, fragmentation, indebtedness, underemployment and near-subsistence levels of production. Unfortunately, also, the alliance between the feudal classes and the governments, both colonial and later nationalist, retarded the urgently necessary reforms in land tenure.

This lack of capital and incentive in agriculture was responsible for a steady dwindling of acreage-yields from the beginning of the 20th century, during a period when sanitation and public health measures, introduced from the West, were reducing death rates. Traditionally high birth rates, despite this general trend, showed no sign of declining. As a result, average individual food consumption fell below 2000 calories, and chronic malnutrition became widespread. Monsoon failure meant famine.

In this context, general education was impossible. Illiteracy rose more than proportionally with the population. Practical skills were neglected or forgotten as debilitation bred fatalism and passivity. These in turn further handicapped agricultural progress, until the

vicious circle of poverty and despair was complete.

To overcome such a multi-faceted crisis, outside assistance was imperative. Yet the traditional flow of private capital to Southeast Asia had, by 1946, been reduced to a trickle. Europe, itself devastated by the war, lacked even the means for its own recovery; while the disorders of the freedom movement effectively discouraged American private investors. Great Britain, though it could ill afford it, provided the greater measure of help during the crucial period from 1946 to 1949 by the release of sterling balances accumulated in the war. These funds, amounting to £340 millions, helped finance the acute trade deficits of India, Ceylon, Burma and Malaya. Additional assistance, on a much smaller scale, was forthcoming from the new United Nations agencies, and relief shipments of grain were sent from the United States, Canada and Australia to meet famine threats. But by 1949, this was clearly inadequate and Britain was no longer able to bear its burden alone. The magnitude of the task called for a long-term programme of help for which there was no real precedent in the history of international relations.

### Unfamiliar Meeting-Ground

The first large-scale experiment in the field of foreign aid was the European Recovery Program, launched by President Truman in 1948. It was spectacularly successful. After three years and the expenditure of over ten billion dollars, Western Europe had achieved an impressive economic recovery. From the political standpoint as well, the penetration of communism had been stopped, and a firm base provided for NATO. Encouraged by this progress, the United States Government proposed in January of 1949, the "Point Four" or Technical Assistance Program to aid the poorer countries of Asia and Latin America. This began modestly in 1950 with an initial appropriation of thirty-five million dollars. These two programmes were the only major antecedents of the Colombo Plan.

Of the two, the ERP was no guide for policy in Asia, since Western Europe had possessed the framework and technical experience for economic recovery. Capital alone had been lacking. In contrast, the countries of Southeast Asia lacked almost everything. A cataclysmic social revolution, a wrenching-away from the past were necessary. Disease, ignorance, surplus population, feudal cliques, arch-conservative peasantry, unfamiliar religious

concepts, and volatile, unpredictable government leaders were all interwoven into a veritable Gordian knot.

Nor were world economists in 1950 at all certain how or even whether external assistance could provide a solution. The concept of foreign aid was a novelty. Its purposes, problems and methods were nowhere defined in any mature body of theory.

Some critics argued that the primary role in such a task should be given to private investment on the grounds that government-to-government aid was conducive to socialism. They ignored the facts that 19th century private investment had frequently been dependent on government guarantees, and that in any case, until political stability was assured in Asia, private investment would not be attracted there. Nonetheless, official aid continued to be regarded with skeptical suspicion.

Another objection arose from constitutional considerations. Purists questioned whether government in fact possessed the legal authority to disperse public funds in foreign charity. It was an interesting question and though it never attracted public attention, its implications troubled sensitive politicians. A related matter was the assumption that economic aid was unpopular

at home, if necessary abroad, and few statesmen were bold enough to defend overseas expenditures vigourously in the electoral spotlight.

At the other extreme, fervent internationalists argued that all aid should be channeled through the United Nations. Two reasons were usually given. First, many of the world's poorer countries still considered imperialism a threat to their newly-won independence, and were inclined to suspect bilateral assistance, from some powers at least, as an insidious new "dollar diplomacy", designed to purchase allies or satellites in the cold war. The United Nations, free of this stigma, could efficiently direct its aid in a less politically charged atmosphere. Secondly, it was urged that central administration through the UN would assure coordination of programmes, direct world resources to the best general advantage, and utilize the growing body of experienced international technicians.

Already, it was true, the United Nations Economic and Social Council, and such specialized agencies as the Food and Agriculture Organization, the World Health Organization, the International Bank for Reconstruction and Development and the International Monetary Fund were advising and assisting the Asian states. At the fourth

session of the General Assembly in November of 1949, also, an expanded technical assistance programme was established. Financed by voluntary contributions, its purpose was to supplement and broaden the work of the specialized agencies, offering advice, technical training and experts on request and proof of need. At the same time, there was vocal agitation among the poorer members of the United Nations to create an additional capital projects fund.

For those on whom the burden of sustaining such a fund would fall, however, the UN as an aid agency appeared to have distinct disadvantages. It was felt that, far from being successful in the work of coordination, the UN agencies suffered from considerable overlapping and duplication of effort. Also, the supervisory body, ECOSOC, was handicapped by political rivalries on the one hand and by diffusion and vagueness of purpose on the other. Several of its initial projects were criticized as being uncertain, impractical and wasteful. To a degree, such criticism was warranted. Sometimes the end result seemed no more than the mere collection of awesome masses of information. For these reasons, however justified, there was a reluctance in 1949-50 to entrust substantial funds to the administration of the UN Secretariat for the purposes of economic assistance.



As a compromise to this controversy over bilateral versus multilateral assistance, the Commonwealth possessed certain attractions. When India, Pakistan and Ceylon graduated to independence, they chose to remain within it on a basis of informal partnership with Britain and the older Dominions. Burma, which withdrew, still remained on friendly terms with Britain, and its government at times seemed to regret its decision.

The very fact that the Commonwealth was such a flexible association, with no obligations, no binding commitments, save the traditional procedures of limited consultation and cooperation, made it appeal to the Asian members who jealously prized, even over-valued, as Canada had in the 1920's, their autonomy in the world. It gave them as well, as it had given Canada in the League, a familiar context in which to exercise the novel tools of diplomacy. As Prime Minister Nehru of India had observed, the Commonwealth provided its members with "independence plus".

Almost all of the new nationalist leaders, moreover, had been educated in Britain and many had developed their political philosophy from contact with the Labour Party and from the books of the inter-war economist, Harold Laski. While this relationship did not always

receive approval in the West, it did help explain the lack of suspicion with which the Asian states regarded the Commonwealth. Similarly, the Dominions of Canada, New Zealand and Australia had no imperialist backgrounds to excite distrust. On the contrary, although the analogy was imprecise, they could be claimed to have pioneered the colony-to-nation evolutionary process. Of the three, Australia was especially concerned that its neighbours in Southeast Asia should attain a measure of stability, if only for the sake of its own security. For its part, finally, Britain was unique in its wealth of experience, but unable any longer to furnish alone the resources necessary. Having the Commonwealth share the task could elicit in her people only an understandable spirit of gratitude and pride.

On all counts, therefore, the Commonwealth, already described optimistically as a "bridge" between East and West, was the logical choice for the experimental beginnings of an economic assistance programme in Asia. There could have been, in fact, no more suitable launching-pad for the Colombo Plan. But in the controversial and uncertain atmosphere surrounding the whole concept of foreign aid in 1950, what the Colombo Plan was to be in the Commonwealth, or indeed what it could be for Asia,

were questions defying the boldest conjecture. Lacking any background of experience in Asia, Canada above all approached this unfamiliar ground with reluctance and misgivings.

## CHAPTER II

### THE COLOMBO PLAN'S FIRST DECADE

#### A Slow Start

The Commonwealth Foreign Ministers' Conference that initiated the Colombo Plan in 1950 had its origin two years earlier. A long tradition of Prime Ministers' meetings extended back to 1887, but it was not until 1948 in London that the decision was taken to hold more specialized conferences. The first of these devoted to foreign affairs met in Colombo in January, 1950. Another precedent was set by its being the first Commonwealth conference in Asia. This reflected the post-war accession to membership of over four hundred million Asians. Some observers felt that this growth gave the Commonwealth a greater potential role in world politics than ever before.

Of the delegates who attended, pre-eminent were Ernest Bevin, Britain's Foreign Secretary, and Prime Minister Nehru of India. Their arrivals in Ceylon were a study in contrast. Mr. Bevin, beset by illness, arrived quietly and was carried to secluded quarters in a sedan chair. Prime Minister Nehru, undeterred by assassination rumours, led a triumphal parade through the Colombo streets.

Australia and New Zealand were represented by their External Affairs Ministers, Percy Spender and F.W. Doidge respectively. Canada's delegation was led by Lester B. Pearson, also of External Affairs. South Africa sent only an observer. Pakistan's delegate was her Minister of Finance, Ghulam Mohammed; while Ceylon's Prime Minister, Don Senanayake, presided as chairman, with the assistance of J.R. Jayawardene, his Minister of Finance. The presence of these finance ministers suggested that discussion of economic aid was expected.

Ceylon had probably been chosen as the site for the conference because it was neutral ground between India and Pakistan, and because it enjoyed a unique measure of stability and prosperity in Southeast Asia. It provided a picturesque background. Sessions were held in its old Senate building, a few hundred feet from the Colombo waterfront. Perhaps significantly, speeches were sometimes unheard because of the cawing of sacred crows which flocked about the windows. Twice a day, regardless of the proceedings, bare-footed servants in red sarongs served tea and Ceylonese delicacies. Cocktail parties were held at night among the flame trees on the lawn at Queen's House and at Mr. Jayawardene's luxurious suburban home. There, incongruously amidst hundreds of coloured

electric light bulbs hung from the palms, the delegates watched traditional native dances and heard the quavering high-pitched music of ancient Ceylon.

Several topics were discussed. Disagreement flared briefly on the merits of the Bao-Dai regime in Indo-China, on the question of recognizing mainland China, and on the desirability of a Pacific Pact similar to NATO. But underlying these differences was the general awareness of Southeast Asia's deepening crisis. It was natural that Australia's delegate brought this feeling into focus.

Following the chairman's opening theme that unless Asian living standards improved, communist subversion would increase, Mr. Spender on January 12 outlined proposals for an economic assistance plan. He suggested that the Western nations in the Commonwealth study their resources for providing aid, and report back at another conference in Australia in three or four months. Then a general programme, under a Commonwealth secretariat, could be initiated. In the interval, other nations including the United States could be invited to join. Mr. Jayawardene supplemented these proposals in a speech of a similar, though more general, nature. Hence these two men are usually credited with being the authors of the Colombo Plan.

Few of the delegates expressed immediate support for the Spender suggestions. Mr. Bevin explained that the strain on Britain's balance-of-payments was such as to prevent her from maintaining the post-war scale of sterling releases. South Africa's representative noted his country's primary interest in Africa and declined to participate. Mr. Pearson emphasized Canada's responsibilities in the North Atlantic. It was agreed, however, that a Consultative Committee might be set up to handle any plans; and the final communiqué concluded that "recommendations for the furtherance of economic development in south and south-east Asia will be submitted to the Commonwealth governments for their consideration."<sup>1</sup> On the last day, also, Mr. Bevin first used the Colombo Plan title at a press conference, and it was rapidly adopted.

The next meeting assembled at Sydney in May, 1950. It was partly overshadowed by the NATO conference in London at the same time. Despite Mr. Spender's vigorous chairmanship, moreover, the opening sessions were not encouraging. Britain's Paymaster-General, Lord Macdonald, repeated the need for caution, and representatives of

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<sup>1</sup>The Times, January 16, 1950.

New Zealand and Canada again pointed to the weight of their countries' other obligations. All joined in expressing the hope that the United States would offer to help. On the second day of the conference, an open split developed between Mr. Spender, who advocated the immediate creation of a Commonwealth aid fund, and Lord Macdonald, who wanted the Asian members to submit statements of their needs first.

Fortunately, a compromise was reached. Technical assistance, on a limited scale, was to begin at once. To administer it, a central bureau would be established at Colombo, and Mr. Jayawardene was entrusted with drafting a constitution. Regarding capital assistance, the Asian nations were asked to draw up reports on their development needs and submit these in the fall at another meeting to be held in London. Two other Australian suggestions, that emergency relief begin at once, and that a commodity agreement to bolster Asian export prices be drafted, were postponed and eventually shelved. The final communiqué hopefully repeated its invitation to outside countries.

Mixed reactions met this cautious progress. Conflicting reports from authoritative sources in Washington left the American attitude in doubt. On May 10, the State Department announced it would spend \$64 million on aid to



Indonesia, Indo-China, Thailand and Burma, but the Commonwealth discussions were unmentioned. More definite was the early release from Moscow, characterizing the Colombo suggestions as "an intensification of imperialist expansion".<sup>2</sup> At Westminster, Anthony Eden, the Conservative spokesman, sought assurance that the Labour Government was giving the Plan its full support; and members of the House of Commons cheered Australia's initiative. Similarly, New Zealand's opposition insisted that the government "must go further" in its participation; while at Canberra, the Opposition Deputy-Leader, Dr. Evatt, declared that his party had originated the Colombo idea and that more ambitious decisions should have been secured at Sydney.<sup>3</sup> Canada's opposition party urged Prime Minister St. Laurent to visit India personally to speed up the aid programme, but Government replies emphasized the pressure of other matters.<sup>4</sup> Already, in June, 1950, the Korean War had begun, and increasing defence costs were making the novel Asian aid scheme even less attractive.

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<sup>2</sup>Ibid., January 14, 1950.

<sup>3</sup>Journal of the Parliaments of the Commonwealth, Vol. XXXI, 1950, pp. 140, 547-8 and 773.

<sup>4</sup>Canada, Parliament, House of Commons, Debates, 1950, 2nd sess., p. 395. (Henceforth abbreviated as H. Of C. Debates.)

Thus the Colombo Plan had receded somewhat into the background when the London Conference met in September. Chairman was Hugh Gaitskell, Britain's Minister for Economic Affairs. At a preliminary session, administrative officials had compiled the Asian requests for help into a comprehensive Report.<sup>5</sup> This extended over a hundred pages, and consideration of it was reserved for the home governments. Mr. Jayawardene presented the draft constitution for the Technical Assistance Bureau, which was established at Colombo two months later. Observers from Indonesia, Indo-China, Thailand and Burma were also welcomed by the Consultative Committee. But the United States remained conspicuously absent. The final communiqué noted vaguely that there had again been "a full and frank exchange of views."<sup>6</sup> Progress began to appear excessively gradual.

The Report emphasized that Southeast Asia's crisis was "a world problem of the first magnitude and not a purely national or regional one..."<sup>7</sup> Approximate total requests from India, Pakistan and Ceylon, covering 1951-57, were as follows:

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<sup>5</sup> The Colombo Plan for Cooperative Economic Development in South and South-east Asia, Report by the Commonwealth Consultative Committee, (London, 1950). Henceforth referred to as Colombo Report.

<sup>6</sup> The Times, October 6, 1950.

<sup>7</sup> Colombo Report, p. 3.

TABLE I

ESTIMATED NEEDS (COLOMBO REPORT, 1950)<sup>8</sup>  
(Capital sums in millions of British pounds)

	<u>India</u>	<u>Pakistan</u>	<u>Ceylon</u>	<u>Total</u>
Financial aid	818	145	60	1,023
Training positions	3106	535	142	3,783
Experts	638	460	154	1,252

Altogether, it was estimated that \$5 billion would be invested in the economic development of the area by 1957. Of this, \$3 billion would be sought from external sources. Major emphasis was to be in agriculture, transport, power and social welfare. The requests, according to the Report, were the minimum necessary to make any impact on the region's poverty, and the final communiqué of the London meeting termed them "thoroughly realistic."<sup>9</sup>

Nonetheless, the magnitude of the need, by contemporary standards, was somewhat startling. To some, the Report seemed grandiose and unrealistic; while reporters, mistaking the requests for actual commitments, hailed

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<sup>8</sup>Ibid., pp. 51-58 and 73-89.

<sup>9</sup>The Times, October 6, 1950.

a new Marshall Plan. Editors of one Canadian newspaper thought at first that the total reported figure was a typographical error.<sup>10</sup> The governments expected to fill the requests, meanwhile, generally remained silent. Perhaps there was some consternation in cabinet circles.

To consider the raising of funds, the Consultative Committee met again at Colombo in February, 1951. For the first time, the United States sent a delegate, and this was believed at the outset to be of "great significance".<sup>11</sup> Total Commonwealth pledges amounted to less than \$1 billion, or about one-third the original specified need. Regarding the balance, however, the American representative declined to make any definite offer. Instead, with Canadian support, he defeated a combined Australian and British proposal to set up a central secretariat to administer the capital assistance fund. Beyond this negative contribution, American policy was unclear, and at the final session, her delegate said only that the proposed Colombo Plan "appeared to offer a basis for genuine economic progress."<sup>12</sup>

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<sup>10</sup>The Globe, October 7, 1950.

<sup>11</sup>The Times, February 13, 1951.

<sup>12</sup>New York Times, February 21, 1951.

The continuing uncertainty appeared to cause some depression among the Asian delegates.<sup>13</sup> Over a year had elapsed since the first Spender proposal. Of the six non-Commonwealth nations present at the second Colombo meeting, only Vietnam decided to join the Consultative Committee. The conference chairman, A.G. Ranasinha of Ceylon, felt obliged to conclude the last session by saying that it was "not necessary to disperse in an apologetic atmosphere", since there had been "a useful and constructive exchange of views."<sup>14</sup> Whether this was enough, after four conferences, was doubtful. Already the regrettably long delay in specific accomplishments had dissipated much of the Colombo Plan's initial impact.

#### Gradual Progress

By the end of 1951, several commentators had begun referring to the Colombo Plan as "the so-called Colombo Plan". This was so because, in its evolving form, it was not really a plan at all. After the proposal for a central secretariat was defeated, all capital assistance was negotiated and provided bilaterally. Once a year, the Consultative Committee assembled informally to adopt a general progress report, compiled from national data

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<sup>13</sup>The Times, February 17, 1951.

<sup>14</sup>Ibid., February 21, 1951.

by national officials. Policy decisions were largely limited to welcoming new members. Verbal emphasis was given such chronic problems as the need for private investment, the dangers of deficit financing, the need for birth control, and the continuing development requirements of Southeast Asia. The meetings also achieved a measure of publicity, although this appears to have been slight. The Colombo Plan became, in effect, a nominal reference to all the various development programmes in Southeast Asia, a summary of national efforts instead of the international organization for which some of its founders had hoped.

A short-lived exception to this was the Technical Cooperation Bureau at Colombo. This was established at the end of 1950 to organize and administer all technical assistance, correlate requests with offers, and ensure coordination with UN agencies.<sup>15</sup> To handle these duties, a Director and Council were appointed. But the work never materialized, since bilateral procedures prevailed in technical as well as capital assistance. The Bureau was gradually by-passed, and its functions diverted to publishing a monthly newspaper and collecting statistics. A Canadian who served as Director in 1956-57 stated that he was never quite sure what his position entailed. Today

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<sup>15</sup>Colombo Report, pp. 99-101.

the Bureau does not appear to have any convergent effect on the Colombo Plan.

The Plan's lack of centralization had one advantage in that it made possible the association of the United States. Unlike the other contributors, the United States did not specifically allocate sums under the Plan. Its programmes remained independent and distinctive, particularly in their emphasis on surplus disposal and military aid. Until 1959, it even refrained from joining the innocuous Bureau. But from 1951 on, it was considered a member of the Consultative Committee. Thus its aid was included in the annual reports, making the total effort more impressive. It became possible to claim also that the Commonwealth had drawn Washington's attention to the problems of Southeast Asia.

Be this as it may, it was the United States which gave the Colombo Plan its second impetus, after the nadir of 1951. On March 6, 1952, President Truman proposed to Congress a major increase in the Mutual Security Program, including \$1 billion in aid for Asia.<sup>16</sup> A few days later, the Consultative Committee assembled at Karachi in a mood

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<sup>16</sup>Dept. of State Bulletin, March 17, 1952, pp. 403-411.

of cautious optimism. Because of the Korean War, South-east Asia's export earnings had risen sufficiently to cover its development costs in 1951. Future prospects were worse, however, because costs were now overtaking earnings.<sup>17</sup>

External aid during the first year was somewhat below expectation. Including sterling releases and American aid, capital assistance in 1951-52 was below \$300 million,<sup>18</sup> or about half the original estimated need for the period.<sup>19</sup> Some of this was not yet allocated to specific projects. In technical assistance, there was also noted "a considerable discrepancy between the estimates of requirements and the numbers supplied..."<sup>20</sup> For example, of the minimum five hundred experts said to be necessary at any given time,<sup>21</sup> by December, 1951, eighteen months after the technical help scheme was launched at Sydney, the Commonwealth contributors had been able to supply only forty-five.<sup>22</sup> Administrative

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<sup>17</sup>Progress Report by the Consultative Committee, (Karachi, 1952) pp. 8-11. Henceforth referred to as First Annual Report.

<sup>18</sup>Ibid., pp. 53-62.

<sup>19</sup>Colombo Report, p. 58

<sup>20</sup>First Annual Report, p. 75.

<sup>21</sup>Colombo Report, p. 51.

<sup>22</sup>First Annual Report, p. 71.



difficulties were given as the primary reason for this. Also, the Korean War had stimulated demand for technicians and equipment within the supplying countries.

But the only really impatient comment recorded at Karachi was made by the Burmese delegate. He felt the Western members were not doing enough to "redress the past", and attacked the "imperialist exploitation" which "had not only sapped Burma's material resources but had left the people morally bankrupt".<sup>23</sup> More constructively, Pakistan's Minister of Economic Affairs lauded "the spirit of give and take" developing among the members of the Plan as they realized it was for their "mutual advantage". Because of this cooperative feeling, he noted, "there was no sense of...inferiority tainting the act of receiving."<sup>24</sup> Somewhere between these two judgments lay Southeast Asia's reception of the Colombo Plan.

The Consultative Committee's subsequent meetings alternated between West and East and generally followed the Karachi pattern. The procedure was cautious and deliberate, with few dramatic highlights to attract

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<sup>23</sup>The Times, March 25, 1952.

<sup>24</sup>Ibid., March 29, 1952.

attention. Prime Minister Nehru welcomed the delegates to New Delhi in 1953, and urged that Asians be accepted as equal partners. Australia's new External Affairs Minister, R.G. Casey, praised the Plan as "an experiment in international democracy."<sup>25</sup> At Ottawa in 1954, the American delegate, Harold Stassen, announced an increase in American aid, resulting from the conclusion of the war in Indo-China, and assured the Western delegates that his government's plan to distribute \$1 billion in agricultural surplus would not affect commercial markets.<sup>26</sup>

In 1955, the Committee assembled in Singapore's Memorial Hall, a huge white plastered room whose fans barely moved the moist heat. Thirty miles away, in the Malayan jungle, government forces battled communist guerrillas; and not far from the conference, reinforcements from Britain, Australia and New Zealand were being landed. At the opening session, appropriately, Britain's delegate announced a doubling in her technical aid and expressed hope that this would serve as an example to the other contributors.<sup>27</sup> Uncertainty about the Plan's future was resolved by extending its operation from 1957 to 1961.

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<sup>25</sup>Ibid., October 14, 1953.

<sup>26</sup>New York Times, October 9, 1954.

<sup>27</sup>The Times, October 19, 1955.

The 1956 conference, held in remote Wellington, was later in the year than usual, and overshadowed by the Suez and Hungary crises. A correspondent there later judged that the public impact "was as negative as if the subject of discussion had been seals."<sup>28</sup> More sensational was the next meeting in Saigon. Despite the doubling of police in the area, terrorists bombed the hotels where the American delegates were staying, injuring thirteen.

Thus far, there had been little public awareness in the United States of the Plan's existence;<sup>29</sup> and partly to remedy this, Seattle was chosen as the site for the 1958 conference. The meeting also indicated a more favourable attitude on the part of the American government. President Eisenhower personally greeted the delegates, in an address stressing the need for Asian countries to encourage American private investment.<sup>30</sup> The American

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<sup>28</sup>Ibid., October 22, 1957.

<sup>29</sup>H.F. Bangsberg, "The United States and the Colombo Plan", (India Quarterly, June, 1959) p. 135-136.

<sup>30</sup>Toward a Common Goal, Dept. of State publication, No. 6734 (Washington, November, 1958) pp. 7-8.

Secretary of State, John Foster Dulles, surprisingly remained in attendance throughout the session, and commended the Plan as "a symbol of the economic hopes and aspirations of many hundreds of millions of free people."<sup>31</sup> In part, this warmth was probably due to the 1957 Senate inquiry, where expert testimony approved Colombo Plan procedures and urged the State Department to place more emphasis on economic, rather than military, aid.<sup>32</sup>

In 1959, the Consultative Committee met in Jogjakarta, the ancient capital of Indonesia, where facilities had been built especially for the occasion. President Sukarno characteristically welcomed the delegates with a bitter attack on imperialism; but Asia itself restored the balance when Ceylon's Finance Minister urged its representatives to forget the past and concentrate on building the future. The Plan's operations were extended to 1966, with consideration of another extension in 1964. Since the Plan's tenth anniversary was approaching, the Committee discussed the need for national publicity programmes to commemorate it, and

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<sup>31</sup>Dept. of State Bulletin, December 1, 1958, p. 857.

<sup>32</sup>U.S. Congress, Senate Special Committee to Study the Foreign Aid Program, Foreign Aid Program: Compilation of Studies and Surveys, 85th Congress, 1st Sess., 1957, S. Doc. No. 52.

decided that further arrangements could be made at the Tokyo meeting in 1960.

One indication of the Plan's success over its first decade was its growth in membership. Originally, it included only Commonwealth nations, together with the territories of Singapore, North Borneo and Sarawak. By 1958, it had expanded from ten to twenty-one members, including all the countries of Southeast Asia except Formosa and North Vietnam. Japan, which was admitted in 1954, was the only country whose entry was contested, and the Consultative Committee's meeting in Tokyo in 1960 marked its complete rehabilitation. In addition to the national members, meetings after 1950 were also attended by observers from the International Bank and the U.N. Economic Commission for Asia and the Far East. Regarding further expansion, it was suggested at Jogjakarta in 1959 that France, West Germany and Italy be invited to join, and the Indonesian delegation went further to urge admittance of countries in the Soviet bloc.

Though this seemed unlikely, the fact that it could be suggested illustrated a distinctive aspect of the Colombo Plan. Reflecting Asian neutralism, it tended to remain aloof from the rivalry of the cold war. At the

Ottawa meeting in 1954, Australia, with probable American support, sought to link the Plan with the newly established Southeast Asia Treaty Organization,<sup>33</sup> under Article III of the Manila Treaty which specifically provided for economic aid. While the proposal was being considered, however, Krishna Menon, India's delegate to the U.N. General Assembly, denounced the Manila Treaty for having "diminished the climate of peace and for violating U.N. Charter principles."<sup>34</sup> The next day, it was announced at Ottawa that the suggestion had been dropped.<sup>35</sup> To some observers, this failure to give the Plan a definite anti-communist orientation was a source of weakness; but there is no doubt that it enhanced the Plan's appeal to Asians. Since this was its foundation, the decision on balance appears to have been sound.

Nonetheless, Australia and the United States continued to be attracted by the possibilities of the Southeast Asia Treaty Organization as a vehicle for economic aid. In 1956, Australia's External Affairs Minister, Mr. Casey, who had made the earlier proposal in Ottawa,

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<sup>33</sup>Sydney Morning Herald, October 4, 1954.

<sup>34</sup>New York Times, October 7, 1954.

<sup>35</sup>Sydney Morning Herald, October 8, 1954.

announced that 2 million in aid would be provided through that body.<sup>36</sup> Only about one-quarter of this amount, however, had actually been expended by 1959.<sup>37</sup> In the case of the United States, the three Asian members of the Southeast Asia Treaty Organization, Pakistan, the Philippines and Thailand received disproportionately higher grants after 1954. Thus by 1958, they had received almost three times the aid provided to the more neutralist countries: India, Ceylon, Burma and Indonesia.<sup>38</sup> About 1957, the year of the Senate inquiry, however, American policy began to shift away from the limited purposes of the Manila Treaty. The proportion of military assistance in the American programme declined from about 50 per cent of the total in 1958, to 42 per cent for 1959, and to an estimated 35 per cent in 1960.<sup>39</sup> This trend toward a greater emphasis on economic aid was more in keeping with the spirit and practice of the Colombo Plan.

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<sup>36</sup>Commonwealth Survey, March 19, 1957, p. 258.

<sup>37</sup>Official Year Book of the Commonwealth of Australia, 1960, (Canberra, 1960) p. 827.

<sup>38</sup>U.S. Congress, House Administration Committee, U.S. Foreign Aid, Its Purposes, Scope, Administration, and Related Information, 86th Cong., 1st sess., June 11, 1959, House Doc. no. 116, pp. 102-111.

<sup>39</sup>Statement by Under-Secretary Dillon before the Senate Foreign Relations Committee, May 4, 1959. (Dept. of State Bulletin, June 1, 1959) p. 805.

Despite the distracting effect of the Manila Treaty after 1954, the annual scale of aid provided under the Plan increased substantially over the decade. While the contributions of Australia and New Zealand remained fairly static, Canada's assistance doubled, and that of Britain, exclusive of sterling releases, more than tripled. Japan, despite its remarkable post-war recovery, limited itself mainly to technical help, and its contributions contradicted the enthusiastic promises made when it entered the Plan in 1954. This disappointment, as well as the Japanese tendency to identify its reparation payments as aid, aroused increasing criticism among the other members, even at the 1960 meeting at Tokyo.<sup>40</sup> Of all the contributions, American aid increased most dramatically, though its total figure was misleading in that it included loans as well as grants, and also, as has been seen, included a substantial portion of funds for military support. The general increase of national contributions over the period was as follows:

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<sup>40</sup>The Times, November 15, 1960.



TABLE II

NATIONAL CONTRIBUTIONS, 1952-53 AND 1959-60

(In millions of national currency units)

	<u>1952-53</u> <sup>41</sup>	<u>1959-60</u> <sup>42</sup>
United Kingdom*	£12.5m	44.5m
Australia	£4.6	4.44
New Zealand	£1.6	1.0
Canada	\$25.4	50.0
United States**	\$132.0	1,538.0
Japan***	-	¥258.0

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\*Excl. sterling releases

\*\*Incl. loans

\*\*\*Excl. reparations

Total assistance provided in 1960 was almost \$1.8 billion, training awards amounted to 4,268, and 535 experts were sent out.<sup>43</sup> It was a notable increase over the first years.

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<sup>41</sup>Second Annual Report, (New Delhi, 1953) pp. 75-88.

<sup>42</sup>Ninth Annual Report, (Tokyo, 1960) pp. 184-217.

<sup>43</sup>Ibid., p. 234.



A related development was the beginning of technical assistance contributions by the Southeast Asian members themselves. By 1960, over 1,700 training positions and about 135 experts had been provided within the Plan area.<sup>44</sup> This was doubly significant. First, since this mutual assistance did not usually involve as great cultural and linguistic obstacles as did Western help, it could potentially achieve greater results at lower cost. Secondly, it strengthened the partnership principle in the Colombo Plan. Even though such aid was unlikely to reach sizeable proportions in the foreseeable future, it helped blur the invidious distinction between donors and recipients.<sup>45</sup>

Altogether the total aid provided from 1950 to 1960 amounted to approximately \$9 billions. Individual contributions were as follows:

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<sup>44</sup>Ibid., pp. 189-207.

<sup>45</sup>The distinction was adopted by the Consultative Committee in 1955, but later dropped.

TABLE III

APPROXIMATE TOTAL CONTRIBUTIONS, 1950-1960<sup>46</sup>

(In millions U.S. dollars at 1959 exchange rates)

	<u>Total Assistance</u>	<u>Training Positions</u>	<u>Experts</u>
United Kingdom	1,184.0	3,272	385
Australia	78.8	3,076	369
New Zealand	26.0	738	144
Canada	362.5	1,369	162
United States	7,378.0	11,303	2,006
Japan	231.4	341	220

In addition, the International Bank provided the area with about \$1 billion in loans for economic development. This brought the total to about \$10 billion.

Although the Plan had begun as a Commonwealth project, over four-fifths of this money was provided by the United States. Of this, a large part was military aid. The balance available for genuine economic develop-

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<sup>46</sup>Ibid., pp. 184-217. The table is intended only as a rough indication, since it does not take into account exchange rate fluctuations over the decade. Totals include loans, supplementary grants, and sterling releases in the case of the United Kingdom.

ment, from all the contributors, can be very generously estimated at under \$7 billion. Twice as much was spent under the Marshall Plan in half the time.<sup>47</sup> From another standpoint, the gross public and private investment in Canada in 1956 alone was substantially greater than all economic aid to Southeast Asia over the decade.<sup>48</sup> By these standards, the Colombo Plan did not appear to be much more than a token gesture.

The 1950 Colombo Report had suggested hopefully that Western aid would supply three-fifths of the area's minimum capital needs. In practice, it comprised less than one-quarter of development expenditure. From 1956 to 1959, for example, India spent about Rs. 25 billion on development projects, and of this, approximately Rs. 5 billion came from external sources.<sup>49</sup> Southeast Asia's own funds were generally derived from its spasmodic export earnings and from various forms of budgetary juggling. In the later 1950's, as maturing programmes created almost irresistible demands on national treasuries, whether these would suffice

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<sup>47</sup>Approx. \$14.1 billion. U.S. Bureau of the Census, Statistical Abstract of the United States, 1954, (Washington, 1954) p. 903.

<sup>48</sup>Approx. \$8.03 billion. Canada, Dominion Bureau of Statistics, National Accounts, Income and Expenditure, 1960, (Ottawa, 1961) p. 59.

<sup>49</sup>Ninth Annual Report, pp. 48-53.

frequently appeared doubtful. This accounts for the extreme caution, almost pessimism, characterizing the annual reports of the Consultative Committee at the end of the decade.

#### Evaluation

Any judgment has to be in terms of the Plan's original objectives. There were undoubted administrative benefits gained, such as the experience in economic planning obtained by the governments of Southeast Asia. For the less developed countries, this was of considerable value. Also, there were gains in international cooperation, contributing to a spirit of friendly partnership among the members of the Plan. But such benefits cannot be measured, and may even be readily exaggerated. More tangible is the progress made toward the Plan's basic economic and political goals.

The first of these was to restore national productivity in Southeast Asia, and enable it to return to its pre-war trading position in the world economy. The acute problems of general poverty and recurrent famine, it was hoped, could thereby be alleviated. Foreseeing the implications of population growth, however, the Plan's

founders hoped at first only to improve slightly the critical 1950 position.<sup>50</sup> Little more than this was achieved by 1960.

Rice production, while subject to severe annual fluctuation because of the weather, increased from approximately 70 million metric tons in 1949 to 93 million in 1959.<sup>51</sup> About the same proportional gain was achieved in other food crops. Because the region's population grew about 1.5 per cent a year, however, per capita food consumption was in 1959 only slightly higher than pre-war levels.<sup>52</sup> It was still less than half the world average, and about one-third the Canadian average. In quality, unfortunately, the average Asian's diet by 1959 had deteriorated, mainly because of a continuing shortage of foods containing protein. Starchy cereals and roots comprised three-quarters of the general diet, in contrast with one-quarter in North America. Little headway, therefore, had been gained in overcoming endemic malnutrition.

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<sup>50</sup>Colombo Report, p. 44.

<sup>51</sup>U.N. Economic Survey of Asia and the Far East, 1950, (New York, 1951) pp. 210-211; and Ibid., 1960, (Bangkok, 1961), p. 131.

<sup>52</sup>Ibid., 1960, pp. 9-13.

In industry, certain fields of production registered more impressive increases. India's finished steel production, for example, increased by 70 per cent over the decade,<sup>53</sup> while her general industrial index (1951=100) rose to 153. But India was the pace-setter in the region, and not all of the other countries kept up. Moreover, industry employed below ten percent of the region's population, so improvement in it was not reflected in significant general advances. Thus, while national incomes in the area rose by an average of 45 per cent from 1950 to 1959,<sup>54</sup> this was accompanied by only small gains in per capita income. These, in turn, were also reduced by continuing inflationary trends. In Pakistan, for example, real annual growth averaged little more than two per cent a year, and per capita income in 1959 was still about \$60.00.<sup>55</sup> Similarly in India, the real rise in individual income over the decade was about fifteen per cent; and since the base figure was approximately \$50.00, the absolute improvement was slight.<sup>56</sup> In contrast, Canada's real per

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<sup>53</sup>India: A Reference Annual, 1960 (Government of India Press, Faridabad, April, 1960) p. 314.

<sup>54</sup>U.N. Statistical Year Book, 1960 (New York, 1960) pp. 457-458.

<sup>55</sup>A.M. Huq, "Pakistan's Economic Development", (Pacific Affairs, July, 1959) pp. 144-145.

<sup>56</sup>India, 1960, p. 183; U.N. Statistical Year Book, 1960, loc. cit.

capita income during the same period rose from \$978 to \$1,540.<sup>57</sup> Roughly speaking, a Canadian in 1950 obtained nineteen times as much income as the average Indian; by 1960, he was receiving twenty-seven times as much. More generally, Southeast Asia's economic growth over the decade was about half that of the Western nations.<sup>58</sup> The Marxist implications of this widening gap in living standards were not encouraging.

One reason for this trend was the continuing deterioration in Southeast Asia's terms of trade. From the beginning of the century, primary product prices declined relative to those for manufactured goods. Hence the earning power of Asian exports diminished; and trade deficits mounted despite production increases. In 1928, the region had a trade surplus of about \$1 billion; in 1948, it had a deficit of about \$400 million, and after the Colombo Plan's first decade, this deficit was still about \$200 million.<sup>59</sup> Aid alone was clearly insufficient to restore Southeast Asia's pre-war trading

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<sup>57</sup>Canada, D.B.S., op. cit., p. 40; and Ibid., 1950-1956 (Ottawa, 1957) p. 38.

<sup>58</sup>U.N. Statistical Year Book, 1960, loc. cit.

<sup>59</sup>Ibid., pp. 388-389; U.N. ECAFE, Survey, 1959, pp. 53-55; see also, U.N. Dept. of Economic Affairs, Relative Prices of Exports and Imports of Underdeveloped Countries (New York, 1948).



strength. To reinforce such help, it was essential to assure the region a better export market, with tariff concessions and international commodity agreements.<sup>60</sup> Until these steps were taken, the benefits of the Plan itself would continue to be partly cancelled out.

The second aim of the Colombo Plan's founders was the encouragement of democracy in Southeast Asia. Progress here cannot be measured by Western parliamentary standards: the background of the area is too different. Until the post-war upheaval, government had always been paternal and authoritarian. For the majority, even during the struggle for independence, democracy was a vague, irrelevant concept; while for the Western-trained elite, it was more often a status symbol than an inherent political value. Inevitably, when self-government and formal democratic institutions did not provide order, prosperity and prestige, there was widespread disillusion.

Lacking the necessary traditions, the democratic trappings simply did not work. Landed oligarchies remained powerful enough to frustrate social reforms. Fraud and violence accompanied elections, parties multi-

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<sup>60</sup> Australia, it will be remembered, urged such steps at Sydney in 1950, but was rebuffed by the other Western nations. Supra., p. 21.

plied, and bitter rivalries threatened to tear the newly-formed states to pieces. From such circumstances, for good or ill, there had to emerge strong personal leaders.

In this respect, some nations were luckier than others. After sinking into an abyss of corruption and disorder, Pakistan was rescued in 1958 by a moderate military dictator, General Ayub Khan. Similarly, Burma came under the caretaker rule of General Ne Win during 1958-60. Less fortunate, Thailand and the Indo-Chinese states<sup>61</sup> endured rightist regimes, whose democratic facades could not conceal their illiberal character; while Indonesia, under President Sukarno, became in 1959 a "guided democracy", with a suspended constitution and its political life an uneasy mixture of instability and repression.

Closer to democratic theory, India enjoyed virtually one-party rule, with Prime Minister Nehru's Congress decisively winning elections in 1952 and 1957. No real opposition party emerged. In a similar pattern, Abdul Rahman's Alliance party dominated Malayan politics. The only countries having approximate two-party systems

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<sup>61</sup> Except North Vietnam, which came under communist control in 1954.

were the Philippines and Ceylon, and the latter experienced increasingly stringent controls after the Prime Minister's assassination in 1959. In the region as a whole, democratic prospects undeniably remained dim. With the disappearance of nationalist leaders such as Nehru, they could well be extinguished.

What contribution did the Colombo Plan make in this context? Theoretically, economic aid should help democracy. It can improve education, develop communication media, and encourage the growth of a moderate middle class. But the Colombo Plan emphasized capital projects, and did not directly advance any of these democratic prerequisites. Of the total aid from 1950 to 1960, less than two per cent was spent on technical assistance.<sup>62</sup> Even allowing that capital projects provide some on-the-job training for local labourers, and also taking into consideration the limited UN technical aid programmes in the area,<sup>63</sup> there was still a glaring imbalance.

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<sup>62</sup>Approx. \$130 million. Commonwealth Relations Office, Report for 1959-60 of the Council for Technical Co-operation in South and Southeast Asia, (London, 1960) p. 75.

<sup>63</sup>In 1960, EPTA expenditure in the Colombo area was about \$8.5 million, roughly half Colombo Plan technical assistance for the year. U.N., Annual Report of the Technical Assistance Board for 1960, (New York, 1961) pp. 126-127.

More state-owned railways, factories and dams serve to strengthen government authority relative to the public. While these are no doubt necessary to provide a context for self-sustaining economic growth, undue concentration on capital aid makes the political structure top-heavy. Technical assistance is administratively more difficult, and materially less impressive, but it is also politically more urgent.

Regarding possible growth of a middle class in Southeast Asia, the negligible per capita income gains since 1950 could have no significant effect. On the contrary, Colombo Plan aid may actually have weakened democratic prospects in this respect. First, its concentration on large projects bolstered government leaders. Secondly, for the entrenched rich in some countries, foreign aid was a painless alternative to social reform. Also, several observers<sup>64</sup> have noted that opportunist bureaucrats and businessmen in Southeast Asia secured disproportionate benefits from aid. In Pakistan, for example, Karachi's slums deteriorated while new and luxurious villas sprouted in the suburbs. This exacer-

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<sup>64</sup>P.T. Bauer, Economic Analysis and Policy in Underdeveloped Countries, (London, 1957) pp. 122-123; H. Tinker, "Government in Asia", (Pacific Affairs, July, 1959) p. 198; Sir Percival Griffiths, "Pakistan Today" (International Affairs, July, 1959) pp. 318-319.

bation of existing social divisions did little to further the cause of democracy.

A related subject is the Plan's efficacy in fighting communism. Although this was not one of its avowed goals, Western leaders, particularly in the United States and Canada, frequently justified foreign aid on this basis. The attitude was valid to the extent that Lockean democracy cannot appeal to the starving. But it was a perverse extension to claim that money could make the Asians passive supporters of the status quo. Communism has diverse origins, not the least of which is psychological. Any society undergoing drastic change experiences uncertainty and conflict from which the dogmas of a political religion afford welcome escape. By accelerating change, therefore, foreign aid could conceivably increase communism in Asia.

Its main strength thus far has been less among the peasantry than the impatient educated classes.<sup>65</sup> Its only electoral victory occurred in 1957 in Kerala, one of India's more advanced and literate states. Generally, communist parties have gained substantially in India and Indonesia, but elsewhere membership remains small and in

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<sup>65</sup> M.R. Masani, The Communist Party of India, (London, 1954); F.N. Trager (ed.) Marxism in Southeast Asia, (Stanford, 1959).

several countries, the party was banned.<sup>66</sup>

The real obstacle to communist advance appears to be the indigenous Asian character. Hindu and Buddhist traditions abhor brutality and violence; and the contrast is clearly shown in the difference between Gandhi and Stalin. With westernization, religious influence may decline, but nationalism continues to reinforce resistance to any alien political movement. Should communism increase, therefore, it is likely to take on distinctive national features, or be compromised by its external association. With the extension of Chinese ambition, this potential conflict within existing local communist parties would crystallize. In this situation, Western aid based on anti-communist motives could only arouse similar nationalist antagonism.

The outward tolerance adopted by Soviet policy after Stalin's death in 1953 was partly a recognition of this. Neutralism was accepted and aid to existing governments increased. By Western standards, this aid remained a trickle. Within the Colombo area by 1957 it

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<sup>66</sup>"World Communism in Figures", (The World Today, May, 1958), pp. 212-216, for Soviet claims; U.S. Dept. of State, World Strength of the Communist Party Organizations, (Washington, January, 1961) p. 78ff.

amounted to approximately \$558 million,<sup>67</sup> or less than one-sixth of the Colombo Plan assistance by the same date. But Soviet aid enjoyed certain propaganda advantages. It took the form of "gifts", as distinct from "grants", and long-term loans at half the interest charged by the World Bank or United States agencies. This approach helped avoid the sense of inequality inherent in any aid programme. No attempt was made to dictate development priorities, moreover, as was shown by the building of a sports stadium in Rangoon. Favourable publicity, rather than immediate economic or political advantage, appeared to be the chief motive and also the main result. To a degree, this was countered by Soviet actions elsewhere and by the prospect of Chinese aggression.

On balance, therefore, the relationship between aid, from West or East, and communist strength in South-east Asia is tenuous. Viewing politics there in terms of the democracy vs. communism conflict indeed seems a subjective fallacy. Need called for strong executives in most Asian countries during the extended post-war crisis. Beyond that, their political evolution appears destined to follow a distinctive eclectic path, approximating neither Western nor Soviet examples.

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<sup>67</sup>J.S. Berliner, Soviet Economic Aid, (New York, 1958) pp. 33-34.

Insofar as the Colombo Plan's Consultative Committee accepted this and avoided outright alignment in the cold war, the Plan was a political success. But its encouragement of democracy was at best ambiguous; and its economic benefits were disappointing. Even to approach its goals, it clearly had to be greatly expanded, with more emphasis on technical help. It had also to be supplemented with trade agreements and tariff concessions. Finally, and most difficult, it had to be accompanied by social reform, <sup>that</sup> so <sup>its</sup> benefits ~~were~~ <sup>should be</sup> not monopolized. In the decade from 1950 to 1960, the Plan was little more than a hesitant first step. Responsibility for this primarily rested upon the Western members. Among these, the Canadian government had from the outset pursued toward the Plan a policy that was curiously ambivalent.



### CHAPTER III

#### OTTAWA AND COLOMBO: THE POLITICAL RECORD

##### The Reception

Canada in 1949 enjoyed both political stability and record prosperity. A general election returned the Liberal party to power, with an increased majority of 190 out of 262 seats in the House of Commons. Despite major tax reductions accompanying the election, the federal budget had shown a substantial surplus. During the previous decade, the national income had tripled, and real personal expenditures had almost doubled. Per capita income was the second highest in the world. Foreign trade had reached a new high, and exports comfortably exceeded imports. Apart from the continuing rise in prices, there seemed to be few serious economic problems. In external affairs, Canada entered NATO in the summer of 1949, and this new responsibility was reflected in a doubling of defence expenditures. Asia did not appear to be a subject for national concern.

When the Liberal cabinet received Mr. Senanayake's invitation at the end of 1949, it at first considered

sending only a small group of observers to Colombo. This appears to have been the wish of the Minister of Finance, Mr. Douglas Abbott, who possibly foresaw and wished to avoid the consequences of the meeting. Ultimately, however, Mr. L.B. Pearson, the Minister of External Affairs, led Canada's delegation. He was accompanied by Mr. Robert Mayhew, the Minister of Fisheries. After the conference, they were to tour Southeast Asia and Japan in an effort to expand Canadian export sales. This latter purpose helps explain the strength of the delegation.

Mr. Pearson played a limited part at Colombo. He later characterized himself as a "friendly dollar gad-fly" at a sterling meeting.<sup>1</sup> On the last day of the conference, he indicated that Canada's Atlantic obligations would prevent her from taking a large part in helping Asia. Also, he pointed out, Canada itself was not yet fully developed. But under pressure of student questioning, when he spoke to the University of Ceylon political club, Mr. Pearson admitted that "Canada was a pretty fortunate country and therefore we have an obligation to do what we can to help other countries..."<sup>2</sup>

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<sup>1</sup>H. of C. Debates, 1950, 1st sess., p. 135.

<sup>2</sup>The Globe, January 14, 1950.

Three days later, a government release at Ottawa tentatively announced that should any aid be provided, it would likely take the form of limited technical advice and small-scale loans to show Canada's sympathy with Asian aspirations.<sup>3</sup>

When Mr. Pearson reported to the House of Commons in February, he stressed that there was "no more important question before the world today" than the communist threat in Asia. But three obstacles impeded the launching of an aid plan: administrative inexperience, the danger of duplicating United Nations work, and particularly Canada's unfamiliarity with Asia. Also, he said, Canada's participation in NATO was

"...a first charge on that portion of our national production and income which we may be able to apply as a form of mutual aid toward the support of other countries...But within the limits imposed by those prior responsibilities, we...are now investigating ways and means of cooperating in the work that might be done if and when this consultative committee is set up."<sup>4</sup>

Evidently uncertain, the Government was awaiting more specific developments.

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<sup>3</sup>Ibid., January 17, 1950.

<sup>4</sup>H. of C. Debates, loc. cit.

Criticism was led by the Conservative party, the traditional advocate of closer relations within the Commonwealth. Mr. Howard Green, who in 1959 was to assume the External Affairs portfolio, claimed that Mr. Pearson had "damned with faint praise" the proposed plan, and urged the Government to announce definitely that Canada would join the Consultative Committee.<sup>5</sup> In general, however, the idea was too novel to receive much discussion in Parliament. The Committee on External Affairs subsequently recommended simply that "increasing attention be given to the Asiatic zone."<sup>6</sup>

When Australia issued invitations to the Sydney Conference in May, Mr. Mayhew, one of the delegates to Colombo, was appointed Canada's representative. After criticism in the Australian press that the appointment of the Fisheries Minister was "hardly appropriate", Mr. Pearson replied that Mr. Mayhew was attending only as a Government observer, and no personal decisions would be involved.<sup>7</sup> Quite possibly, Mr. Mayhew's own interest was the reason for his appointment. If so, it does not seem to have been widely shared in the cabinet. For his part,

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<sup>5</sup>Ibid., pp. 400-401.

<sup>6</sup>Canada, Parliament, House of Commons, Standing Committee on External Affairs, Minutes of Proceedings and Evidence, 1950, (Ottawa, 1950) p. 372. Henceforth abbreviated as S.C.E.A.

<sup>7</sup>Ibid., p. 12.

Mr. Pearson attended the NATO conference in London during May.

At Sydney, Canada remained in the background, emerging briefly to support Britain's position that the Asian countries submit estimates of their needs before any aid programme be considered. Mr. Mayhew did not publicly report on the proceedings until a month after his return to Ottawa. Then he stressed that he had "made it clear several times during the conference that Canada's ability to be of help would be severely restricted by its other international commitments."<sup>8</sup> He also suggested that the real need in Asia was for more private investment, a point made earlier by Mr. C.D. Howe, the Minister of Trade and Commerce.<sup>9</sup>

Asia was more than usually in the forefront at Ottawa during this time. At the beginning of June, Pakistan's Prime Minister Liaquat Ali Khan, later to be assassinated, visited the capital; and although not avowedly seeking economic help, he warned that "Unless the western powers assist the peoples of Asia in raising their standard of living, I personally cannot see how

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<sup>8</sup> H. of C. Debates, 1950, 1st sess., p. 4372.

<sup>9</sup> Ibid., p. 1433.

world peace can be maintained."<sup>10</sup> His words were underlined on June 25, when news came that South Korea had been invaded. Supplementary defence estimates were shortly introduced in the House, again increasing Canada's military budget. Total expenditures for 1950-51 amounted to over three-quarters of a billion dollars, and for 1951-52 to almost one and a half billion.<sup>11</sup>

One point not mentioned by Mr. Mayhew in his report to the House was the scale of assistance tentatively agreed upon at Sydney. According to a government spokesman in the New Zealand legislature, out of a total £ 8 million in technical assistance to be expended over three years from June 1950, it had been decided that Australia and Britain would furnish 70 per cent of the funds, India would provide 10 per cent, and of the remainder, New Zealand would give 5 per cent.<sup>12</sup> That Canada's proportion would also be approximately 5 per cent became evident when \$400,000 was shortly voted for technical assistance under the Colombo Plan.

In the subsequent debate, Mr. Pearson declared

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<sup>10</sup>The Globe, May 31, 1950.

<sup>11</sup>Canada Year Book, 1954, p. 1068.

<sup>12</sup>Journal of the Parliaments of the Commonwealth, Vol. XXXI, 1950, p. 773.

that "we are doing our best...", and mentioned that the Government was seeking to associate the United States with the Plan.<sup>13</sup> Opposition criticism now increased somewhat in tempo. Mr. Gordon Graydon, the former Conservative leader, urged that "Canada provide some leadership", and "work out a bold approach to this problem";<sup>14</sup> while Mr. M.J. Coldwell, C.C.F. leader and eventually one of the Plan's staunchest supporters, also wanted "more concrete plans"<sup>15</sup> at this point. No member objected to the principle of aiding Asia.

Mr. Mayhew was again Canada's delegate at the London conference in September, 1950, and again Canada's part was that of a friendly onlooker. When the Report, stating Southeast Asia's needs to be \$3 billion was issued, the Liberal cabinet made no comment. According to one Ottawa observer, the cabinet caused the deletion from the Report of the sentence: "This report has been approved by the member governments", because it did not want to be as firmly committed as that.<sup>16</sup> Since the House of Commons had adjourned on September 15, there

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<sup>13</sup>H. of C. Debates, 1950, 2nd sess., p. 395.

<sup>14</sup>Ibid.

<sup>15</sup>Ibid., 1950, 1st sess., p. 3200.

<sup>16</sup>Blair Fraser, "Crisis 1951 - Asia", (Maclean's Magazine, February 15, 1951) p. 41.

was no parliamentary discussion of the Report. Nor did Mr. Mayhew make any public statement on his return from London.

Shortly after the House resumed in January, 1951, Mr. Pearson reiterated the Government's attitude:

"For Canada to supply either the capital or the technical assistance in any substantial volume would mean considerable sacrifice, now that the demands of our defence program are imposing new strains on our economy."

He went on to commend "the modesty and good sense" of the development plans of India and Pakistan, and suggested that most of the \$3 billion aid necessary would come from sterling releases.<sup>17</sup> This tendency to continue relying on Britain was unduly optimistic. Mr. Bevin at Colombo a year earlier had stressed that Britain was unable to maintain its post-war scale of help; and a few weeks before Mr. Pearson's speech, the Indian Finance Minister had announced in the House of the People that total sterling releases from 1951 to 1957 would approximate \$700 millions,<sup>18</sup> a figure subsequently corroborated at the next conference at Colombo in February.

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<sup>17</sup>H. of C. Debates, 1951, pp. 53-54.

<sup>18</sup>Journal of the Parliaments of the Commonwealth, Vol. XXXII, 1951, p. 183.



Canada did not send a cabinet minister to this meeting, the fourth on the Colombo Plan. Instead, her representative was Mr. David Johnson, Canadian High Commissioner to Pakistan. He devoted his efforts to supporting the American representative, Mr. Donald Kennedy, Deputy Director of the State Department's Office of South Asian Affairs, and together they defeated the proposal for a central administration for the Plan. This was in keeping with the traditional policy of Canada's Liberal party. Since the time of Laurier at the turn of the century, it had resisted giving the Commonwealth any central administrative organs. In earlier years, this decentralization crusade had been pursued for the sake of autonomy; now it appeared justified to assure American participation in the Plan. Mr. Kennedy emphasized that Congress would not approve contributions to a Commonwealth secretariat.

Canada's endeavours to facilitate the entry of the United States had no immediate result. That hope persisted almost to the end of the conference, however, was shown by Mr. Johnson's delay in announcing Canada's contribution. Unlike the other Commonwealth delegates, who announced their pledges at the opening session, he waited until February 19, the second last day. Then he

declared that Canada would provide \$25 million in capital assistance during the first year of the Plan's operation, from 1951 to 1952. Also unlike the other contributors, there was no indication of Canadian aid continuing for the remaining five years to 1957. The pledge, moreover, was made conditional on United States participation, on a scale sufficient to realize the Plan's objectives. Mr. Johnson was quoted that "...the Canadian Government has felt from the beginning that its own contribution of dollars could not be considered entirely apart from the aid that might come from the United States."<sup>19</sup>

That this was intended to encourage the United States seems unlikely. Washington was already providing \$35 million under the Point Four program and \$50 million under the Economic Cooperation Administration, and it was planning emergency wheat shipments to help alleviate a famine in India. In considering an extension of this help, the State Department would be influenced by a wide variety of factors, among which Canada's hesitant contribution could have only a small effect. More likely, the provision was intended to emphasize Canada's distinctive position as a dollar country in the Commonwealth,

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<sup>19</sup>New York Times, February 20, 1951.

and to underline its necessarily close association with American policy. To a degree, also, Mackenzie King's inter-war caution in external matters survived within the Liberal cabinet.

### The Triumph of Caution

Although the Government at Ottawa, by the spring of 1951, had tentatively made its first major appropriation of \$25 million, official policy as yet gave minimal attention to the new aid programme. In his speech opening the 1951 House debate on external affairs, Mr. Pearson divided his attention between the Korean War and Canada's relations with the United States and NATO.<sup>20</sup> The Colombo Plan was unmentioned. In the 1951 report of his Department, similarly, its work and Canada's part were dealt with in one sentence.<sup>21</sup> With some justification, Mr. John Diefenbaker, later to be Prime Minister, expressed in the House his doubt that the Plan was being explained to the Canadian public, citing three letters he had received which criticized him for supporting assistance to South America.<sup>22</sup>

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<sup>20</sup>H. of C. Debates, 1951, pp. 2751-2756.

<sup>21</sup>Canada, Dept. of External Affairs, Annual Report, 1951 (Ottawa, 1952) p. 24.

<sup>22</sup>H. of C. Debates, 1951, p. 4168.

Mr. Hazen Argue, a future House leader of the C.C.F., also attacked Government neglect and advocated an immediate \$100 million grain shipment to relieve the famine in India:

"Surely on humanitarian grounds, if for no other reason, a Christian nation like Canada should be prepared to help human beings in any part of the world facing a situation such as prevails in India at the present time."<sup>23</sup>

In fact, shortly after the Colombo Conference in February, Canadian officials had offered to give India, as part of its 1951 contribution, a quantity of surplus grade five feed wheat. Since this could not be milled, however, India postponed acceptance until a higher grade was offered.<sup>24</sup> This was made at the close of 1951, and a \$10 million wheat shipment comprised the bulk of Canadian aid to India in that year. Other funds were used for providing busses and trucks in Bombay. Pakistan received railway ties and help in establishing a cement plant, although by March, 1952, one-fifth of the \$10 million allocated to Pakistan for 1951 was still unspent.<sup>25</sup> This balance, and the emphasis on wheat to India, suggested the administrative difficulties in launching

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<sup>23</sup>Ibid., p. 2984.

<sup>24</sup>Ibid., p. 3004-3006.

<sup>25</sup>First Annual Report, pp. 56-57.

capital assistance projects.

To regulate its capital aid, the Canadian government forwarded general policy statements to India and Pakistan in 1951, and to Ceylon in 1952. These were all identical, and emphasized three principles:

- (1) that "all economic aid...shall consist of goods and services in accordance with specific programmes agreed upon...between the two governments";
- (2) that "Canadian aid will be available on either a grant or loan basis...";
- (3) that counterpart funds, resulting from the sale of Canadian commodities such as wheat, in the recipient country, be kept in a separate fund, the use of which, for development purposes, would be subject to Canadian agreement.<sup>26</sup>

The first of these points, requiring that Canadian aid be in "goods and services" was evidently intended to enable the government to determine the proportion of its capital aid that would be of Canadian origin. This requirement was in contrast with the policies of New Zealand, Britain and the United States, who provided part of their capital aid in cash, expendable at the discretion of the recipient country, on mutually agreed projects. In the early years, of course, most British aid took the form of sterling releases and was therefore not fully

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<sup>26</sup> Canada, Department of External Affairs, Treaty Series, 1951 (Ottawa, Queen's Printer, 1953), Nos. 18 and 25; and Ibid., 1952, No. 23. The latter is contained in External Affairs, August, 1952, pp. 290-296. Henceforth abbreviated as E.A.

analogous; while New Zealand's aid was on a relatively small scale. American aid was more significant in its tolerance of off-shore purchases. Under the Marshall Plan, for example, over 30 per cent of the funds expended from 1948 to 1952 were used to purchase commodities and equipment outside the United States. About 12 per cent, amounting to approximately \$1.5 billion, was spent in Canada.<sup>27</sup> A somewhat lesser, but still notable, proportion obtained in its aid to Southeast Asia, at least until 1960. By contrast, Canadian capital aid after 1951, through its emphasis on "goods and services" was over 95 per cent Canadian in content.<sup>28</sup> Only projects ensuring this proportion were accepted for consideration.<sup>29</sup>

Regarding the second principle, which stated that Canadian aid could take the form of either grants or loans, in practice from 1951 to 1959 relatively few loans were made. By March 1959, for example, \$34.5 million had been loaned, and all of this was for the purchase of wheat and flour.<sup>30</sup> This emphasis was partly due to Canada's unfortunate experience with its post-war loans

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<sup>27</sup>H.B. Price, The Marshall Plan and Its Meaning, (New York, 1955) pp. 88-89.

<sup>28</sup>S.C.E.A., 1956, p. 189.

<sup>29</sup>In 1961, the U.S. State Department announced a new on-shore purchase policy. The change was strongly criticized in Ottawa.

<sup>30</sup>Canada, Dept. of External Affairs, A Report on Canadian External Aid Programmes, May, 1961, (Mimeo.), p. 23.

to Chiang Kai-shek, a large portion of which had to be written off.<sup>31</sup> Also, grants were simpler, and avoided any controversy which might arise in the future over repayment.<sup>32</sup> Finally, because loans were supplementary to the regular appropriation, they encountered cabinet opposition as an additional burden. Where loans were made, therefore, they were usually closely related to surplus-disposal needs, especially after 1957.<sup>33</sup>

The third principle, dealing with the establishment of counterpart funds, was open to criticism. Two factors underlay the principle. First, it rapidly became clear after 1950 that commodity grants, because of domestic pressures, administrative ease, and some Asian requests, would take up an appreciable portion of the aid provided. Secondly, such grants could not legally be considered direct economic development aid, under the terms of the statutory appropriations. Technically, therefore, the counterpart device was a means of regularizing the irregular, of ensuring that commodity grants be used to finance genuine economic development projects.

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<sup>31</sup>At March 31, 1955, the loan to Nationalist China, amounting to \$49.4 million, was classified as "inactive". Canada, Dept. of Finance, Public Accounts of Canada, 1955, Vol. I (Ottawa, 1955) p. 65. Henceforth abbreviated as P.A.C.; S.C.E.A., 1950, pp. 37-38.

<sup>32</sup>Mr. R.G. Cavell quoted to this effect, Ottawa Journal, May 9, 1959.

<sup>33</sup>Infra., p. 94.

In practice, however, the procedure created more difficulties than it solved.

When the Canadian government granted a quantity of wheat to India, for example, the Indian government was required to deposit in a special counterpart account the Rupee equivalent to Canada's evaluation of the grant. Funds in this account were to be spent on capital projects approved by Canada. This complex process produced problems in defining commodity grants, in evaluating the commodities involved, in auditing the counterpart accounts in Asia, and in spending the funds constructively. Such problems persistently plagued administrators, disturbed Canada's Auditor-General, and baffled the House of Commons.

In 1956, for example, the Indian evaluation of a shipment of Canadian boilers was \$680,000 below that of Canada. Mr. Watson Seller, the Auditor-General, and the House Public Accounts Committee at length worried this discrepancy without reaching any conclusion on the implications;<sup>34</sup> and one Ottawa newspaper ran the headline: "Query \$680,000 Loss in Aid to India".<sup>35</sup> More seriously, the counterpart procedure actually compromised the basic

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<sup>34</sup>Canada, Parliament, House of Commons, Standing Committee on Public Accounts, Minutes of Proceedings and Evidence, 1956, (Ottawa, 1956) pp. 40-44. Henceforth abbreviated as S.C.P.A.

<sup>35</sup>Ottawa Journal, March 21, 1956.



goal of economic development in Southeast Asia. Aid became equitable with relief, and local funds accumulated in alarming proportions in the counterpart accounts.<sup>36</sup> It would have been far better to direct the entire Canadian appropriation to authentic development projects, and provide additional commodity grants for relief as need arose, or alternatively, to recognize that grants contributed, however indirectly, to economic development, and loosen control over counterpart accounts.

In the separate field of technical assistance, Canada got off to a slow start in 1951. The first parliamentary appropriation of \$400,000 was made shortly after the Sydney conference in mid-1950. By March 1951 only slightly more than five thousand dollars had been expended, and the balance lapsed. In the following fiscal year, over one-third of the next \$400,000 appropriation also lapsed.<sup>37</sup> Nor were the early results striking. At the end of 1951, only two experts had been sent out. Forty-eight trainees had been accepted, but few had arrived in Canada.<sup>38</sup> As with capital aid, some of this difficulty in getting started was of an administrative nature.

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<sup>36</sup>Infra., pp. 95-96.

<sup>37</sup>P.A.C., 1952, Vol. I, p. E 3.

<sup>38</sup>First Annual Report, p. 71.

It stemmed partly from an early mistake at Ottawa. Contrary to the practice of other contributing countries, the cabinet decided in 1951 to place the administration of Colombo Plan aid under the Department of Trade and Commerce. Parliament voted the appropriation to External Affairs, which retained primary authority, but turned over the money to a specially created branch in Trade and Commerce. This may have been done to win the support of Mr. Howe, who in the early stages at least appears to have been lukewarm toward the Plan.<sup>39</sup> He personally claimed later that he was persuaded to take the job against his wishes, by External Affairs officials who felt they lacked the necessary experience.<sup>40</sup> It was true that Mr. Howe had a deserved reputation for tough administrative efficiency. Also, his department had more contacts with Canadian business, and more representatives in Asia. But the resulting division of authority over Canada's aid programme made it a poor relation of uncertain status.

Mr. Howe's parliamentary assistant, Mr. George McIlwraith, led Canada's delegation to the Consultative

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<sup>39</sup>Globe and Mail, December 20, 1954.

<sup>40</sup>H. of C. Debates, 1952, p. 2277.

Committee's next conference, at Karachi in March 1952. Mr. Pearson's parliamentary assistant, Mr. Jean Lesage, subsequently reported on the conference to the House of Commons.<sup>41</sup> Comment on the Plan, including that of French-Canadian members,<sup>42</sup> was almost uniformly favourable. Mr. Alistair Stewart of the C.C.F., however, pointed out that Canada's annual contribution amounted to "less than the cost of one package of cigarettes per capita of the Canadian people";<sup>43</sup> and Mr. Diefenbaker impatiently dismissed the alleged administrative difficulties, claiming that "If there was a will to give assistance, it could be given."<sup>44</sup>

Of some cabinet members, this was not entirely unfair criticism. At the Sixth U.N. General Assembly Session in the fall of 1951, Canada's delegation, led by Mr. Stuart Garson, the Minister of Justice, explained the Government's unwillingness to give more aid to poorer countries.<sup>45</sup> Some of the reasons were familiar. Canada was itself undeveloped and could not afford to give very

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<sup>41</sup>Ibid., p. 843.

<sup>42</sup>Ibid., pp. 29, 417, 426 and 778-779.

<sup>43</sup>Ibid., p. 413.

<sup>44</sup>Ibid., p. 1061.

<sup>45</sup>Canadian address in the Second Committee. Canada. Department of External Affairs, Statements and Speeches, No. 51/50 (Series henceforth abbreviated as S. and S.); also H. of C. Debates, 1952, p. 799.

much. Also, its rearmament burden was heavy. Finally, it felt that many of the requests for help were grandiose and exaggerated; and accordingly it felt obliged "to stress the need for realism". Stress was given, too, to the role private capital could play in economic development. On the other hand, Canada's delegation rejected as "inappropriate" a U.N. report that, to make any significant impact on world poverty, the annual contributions of Western nations would have to be at least one per cent of their gross national products.<sup>46</sup> Implementing this suggestion would have meant for Canada increasing her contribution almost tenfold.

Such a proposal was unacceptable to several top Liberals because they were convinced that aid, in any proportion, was futile. Mr. Abbott, for example, gave his view that "Pouring \$25 or \$50 or \$100 million into the Colombo Plan won't really make a significant difference."<sup>47</sup> In the same spirit, Prime Minister St. Laurent told an audience: "Half of our total national budget spent in aid and assistance, if it could be properly spent that way, would not even scratch the surface".<sup>48</sup> Speaking

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<sup>46</sup>U.N. Department of Economic Affairs, Measures for the Economic Development of Under-Developed Countries, (New York, 1951) p. 85.

<sup>47</sup>Quoted by D.G. Anglin, "Canada's External Assistance Programme", (International Journal, Summer, 1954) p. 203.

<sup>48</sup>S. and S., No. 54/26.

on another occasion, Mr. Pearson deprecated this fatalism:

"As the dreadful facts of Asian poverty and misery have become more widely known in the West, some people, overwhelmed by the enormity of the problem, have taken refuge in the attitude that...anything the West can or should do would be too little to have any real effect upon the problems of the area..."<sup>49</sup>

and again,

"The fact that external aid may often be marginal does not, however, make it unimportant. Many a garment might unravel if it were not for the hem."<sup>50</sup>

The difference between these views was perhaps one of emphasis, but it was nonetheless the difference between negative and positive.

If fatalism limited some ministers, misapprehension handicapped others. During an address at Yorkton, Saskatchewan, in 1954, Mr. James Gardiner, the Minister of Agriculture, estimated that "at least 100 million people in India are living better per capita than the fifteen million in Canada", and, he continued, "I've always believed India was a land of great wealth. They can afford to take our products and pay for them."<sup>51</sup> A month later, Mr. Gardiner expressed his opposition to

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<sup>49</sup>Ibid., No. 52/10.

<sup>50</sup>Quoted, Ibid., No. 55/36.

<sup>51</sup>Quoted, Winnipeg Free Press, August 11, 1954.

the use of wheat grants as aid because, as he said, "I have never been able to figure out who was going to pay."<sup>52</sup> Surpluses had not yet become a serious problem for the Canadian economy.

When it became known in Canada in 1954 that the annual conference of the Consultative Committee would be held in Ottawa that fall, it was widely expected that the Government would use this opportunity to increase its yearly appropriation. For the previous three years, it had remained constant at \$25.4 million. But as new members joined the Plan, more requests for help were arriving at Ottawa. Already, the aid to India and Pakistan had been reduced in order to provide for Ceylon. Also, when Mr. James Sinclair, the new Minister of Fisheries, attended the New Delhi meeting in 1953, his enthusiastic speeches had encouraged Asians to believe an increase might be forthcoming. Several Canadian newspapers tentatively predicted that this would be about \$10 million.

When Prime Minister St. Laurent toured Southeast Asia in February 1954, however, he was sympathetic and courteous, but carefully non-committal. His caution had

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<sup>52</sup>Quoted, Ibid., September 21, 1954.

probably been reinforced by scattered anti-Plan criticism in Quebec during the election campaign the preceding year. The Canadian economy, meanwhile, was beginning to suffer the effects of a minor recession in the United States. Tax revenues were declining slightly, and despite a fall in defence costs after the Korean armistice, Mr. Abbott's last budget was barely balanced. At mid-summer, his successor, Mr. Walter Harris, launched an austerity drive to curb government spending. He was clearly determined that his first budget would show a surplus.

Over seventy delegates representing the fourteen members of the Plan assembled at Ottawa on October 4. As they drove up to Parliament Hill on the morning of the opening session, their colourful flags were flying in front of the Centre Block and the Dominion Carillonneur was playing a medley of their national anthems. Welcoming the delegates in the Commons chamber, Prime Minister St. Laurent stressed "the human values which the Plan was designed to serve". Later in the day, Mayor Charlotte Whitton presented scrolls on behalf of the City of Ottawa. Some delegates were also taken on tours of the Dominion Bureau of Statistics and Ottawa's Experimental Farm, and to local hockey and football games. This aspect of the conference was characterized by an atmosphere of

informal friendship.

Business sessions were held in the more austere rooms of the Commons' Railway Committee. They were closed to the public. Mr. Pearson was away attending meetings at Paris and New York, and perhaps significantly, did not appear during the conference. In his place, Mr. Harris presided as chairman. Attention was first given to the annual progress report, which was discouraging. The abnormal demand for Asian exports, generated by the Korean War, had ended; and the area's total trade income was falling sharply. This was reflected in increasingly acute financial difficulty. India's deficit showed signs of doubling.<sup>53</sup> In Pakistan, there was reported "additional downward pressure on the standard of living", while domestic indebtedness had tripled.<sup>54</sup> Ceylon's crisis, which had begun in 1953, was also deteriorating.<sup>55</sup> In its general assessment, the Report reached a sober conclusion:

"The financial problems of the Colombo Plan countries, relative to their development needs, are most serious; and while progress can be recorded in many particular respects...on balance it appears that the gap between the estimated costs of firm

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<sup>53</sup>Third Annual Report, p. 35.

<sup>54</sup>Ibid., pp. 96-99.

<sup>55</sup>Ibid., pp. 21-25.



"development programmes and foreseeable available financial resources is widening rather than narrowing."<sup>56</sup>

On October 5, in contrast, Mr. K.W. Taylor, Canada's Deputy Minister of Finance, and assistant chairman of the conference, was reported as saying optimistically that, "No project in the Asian area was suffering from lack of funds."<sup>57</sup> Another Canadian delegate the following day stated that the Government was considering extending technical aid to some of the Plan's members outside the Commonwealth. But after a special afternoon cabinet session, to hear Mr. Harris report on the conference, Prime Minister St. Laurent told reporters that no decision had been taken on voting an increase. A further official statement, finally, maintained that, "It hasn't been customary to discuss money at these conferences."<sup>58</sup> This was not quite true, as previous pledges had always been announced at the annual conferences, and indeed when Mr. Stassen arrived in Ottawa, he immediately notified delegates and reporters of a substantial increase in American aid. With this encouraging news, the conference concluded. Several weeks later,

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<sup>56</sup>Ibid., p. 151.

<sup>57</sup>Globe and Mail, October 5, 1954.

<sup>58</sup>Ibid., October 7, 1954.

the Canadian government quietly increased its appropriation by \$1 million. Prudence had won a signal victory.

Canada's increase, during the 1955 parliamentary session, was variously termed "paltry", "ridiculous and parsimonious", and "a niggardly, miserly sum".<sup>59</sup> Government defenders emphasized the familiar administrative obstacles, pointing out that not all of the previous appropriation had as yet been committed to projects. Accordingly, Mr. Howe explained,

"We are reluctant to recommend any suitable increase in the Colombo Plan vote, but if a special project came to hand that seemed particularly suitable, we would not hesitate to recommend that parliament be asked to provide the necessary funds."<sup>60</sup>

Such a project was unveiled by Mr. Pearson three months later at the next Consultative Committee meeting in Singapore. With it, he finally overcame cabinet opposition.

The project was a nuclear reactor. It was announced that Canada had offered one, similar to its NRX reactor at Chalk River near Ottawa, to India and

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<sup>59</sup>H. of C. Debates, 1955, pp. 45 and 407.

<sup>60</sup>Ibid., p. 6191.

that India had accepted. Total cost was estimated at \$14 million, of which Canada's share would be slightly over half.<sup>61</sup> The reactor was to be built near Bombay under the authority of Dr. Homi Bhabha, chairman of India's Atomic Energy Commission. Also, Mr. Pearson told the conference, Canada intended to give Burma a cobalt bomb therapy unit. To meet the additional costs, Canada's annual appropriation would be "significantly increased". Meanwhile, a correspondent accompanying Mr. Pearson wrote home that "...it would do Mr. Harris good to walk the back streets of Singapore".<sup>62</sup>

Following the completion of protracted negotiations, Canada's delegate to Wellington in 1956 announced that her contribution had been raised by about thirty per cent to \$34.4 million. Sympathetic observers hailed Mr. Pearson's belated victory. But the tying of aid to such exotic projects was not entirely a cause for congratulation. Reactors and cobalt units had low priority in countries where famine and illiteracy were common. Their justification in fact appeared to be mainly political.

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<sup>61</sup>E.A., May, 1956, pp. 113-116. The reactor ultimately cost \$18 million, of which Canada's share was \$9.3 million. Ibid., March, 1961, p. 75.

<sup>62</sup>Winnipeg Free Press, October 20, 1955.

One official closely involved in the reactor agreement later felt that the primary factor was Dr. Bhabha's personal influence with Prime Minister Nehru. As frequently happens in foreign aid, the desire for national prestige took precedence over the need for economic development. Industrial use of atomic power in India was at best remote; and even in this field, Dr. Bhabha estimated at the 1955 Atoms-for-Peace Conference in Geneva that "the Canadian reactor may accelerate our development program by perhaps two years".<sup>63</sup> From the Canadian standpoint, the reactor was chiefly useful as a publicity device, as a questionable diplomatic advance on the United States,<sup>64</sup> and as a lever for prying loose an increase. It gave a needed psychological boost to Canada's aid programme after six years of unrelieved reluctance. Ottawa's parliamentary speeches and cabinet policy over the period had been a study in incongruity.

#### A Doubtful Advance

The Wellington meeting was the last attended by Liberal delegates. An electoral upset in June 1957

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<sup>63</sup>Globe and Mail, June 25, 1959.

<sup>64</sup>Some Canadians regarded it as such, because the U.S. had earlier offered a reactor to Ceylon, but negotiations had failed. Montreal Daily Star, October 18 and 20, 1955.

returned a minority Conservative government under Mr. John Diefenbaker. The change augured well for Canada's role in the Colombo Plan. As early as 1951, Mr. Diefenbaker had urged that her annual contribution be doubled;<sup>65</sup> and during the 1957 campaign, a major plank in the Conservative platform advocated the creation, through greater trade and aid, of closer ties with the other members of the Commonwealth. Dr. Sidney Smith, who assumed the External Affairs portfolio in September, shared this view. Addressing a Toronto audience in 1955, he had criticized the Government's "excessive timidity" on the grounds that it "was not giving sufficient credit to the intelligence of the Canadian people", and called for "more far-sighted statesmanship" in effecting a greater balance between defence and aid expenditures.<sup>66</sup> Again in his first major policy statement after taking office, he expressed his doubt,

"...whether there is any single task in the international field which Canada has undertaken that should receive greater approval and endorsement from Canadians...No reasonable man could doubt the benefits which this type of enterprise is bringing..."<sup>67</sup>

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<sup>65</sup>Over a C.B.C. broadcast, reported in the Montreal Gazette, January 9, 1951.

<sup>66</sup>Globe and Mail, March 16, 1955.

<sup>67</sup>S. and S., No. 57/44.

Mr. Howard Green, the new Minister of Public Works, had also been among the first to criticize the Liberals' cautious reception of the Plan;<sup>68</sup> and Mr. Donald Fleming, holding the crucial Finance portfolio, had consistently advocated an increase both in the House and in the Standing Committee on External Affairs.<sup>69</sup>

The only member of the Conservative cabinet who might have been expected to oppose an increase was Mr. Leon Balcer, the Solicitor-General. As early as 1950, he had spoken out in Quebec in favour of directing defence funds into economic aid.<sup>70</sup> Subsequently, however, he was apparently associated with the Union Nationale machine's anti-Plan propaganda.<sup>71</sup> Be this as it may, he represented Canada at the Jogjakarta conference in 1959, and returned an enthusiastic supporter.

Economic conditions when the Conservatives took office were by no means encouraging. Despite continuing inflation, unemployment had risen to five per cent of the labour force in November 1957. Defence spending had levelled off, but the era of budgetary surpluses was over. The gross national product had now surpassed \$30

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<sup>68</sup>H. of C. Debates, 1950, 1st sess., pp. 400-401.

<sup>69</sup>Eg. Ibid., 1956, pp. 6808-9; S.C.E.A., 1956, pp. 196-207.

<sup>70</sup>Canadian Forum, June, 1951.

<sup>71</sup>H. of C. Debates, 1958, p. 4018.

billion, but in constant dollars showed a decline in 1957 and only a slight recovery in 1958. Imports increasingly exceeded exports, moreover, and the balance of payments deficit in 1957 was double that of two years earlier.<sup>72</sup>

Mr. W.J. Browne, minister without portfolio, attended the Saigon meeting of the Consultative Committee in October of 1957. He announced an increase of \$600,000 in Canada's annual appropriation, bringing it to an even \$35 million. The following March, another general election returned the Conservative Government with an overwhelming majority, and Prime Minister Diefenbaker used this mandate to put his 1951 proposal into effect. At a Commonwealth Trade and Economic Conference at Montreal in September 1958, Mr. Fleming told the delegates that Canada would raise its contribution to \$50 million. In addition, it would provide \$10 million over a five year period for the new West Indies Federation, and an initial sum of \$500,000 for technical assistance in the Commonwealth areas of Africa. Also at the conference, Canada and Britain sponsored a Commonwealth scholarship programme, to cost about \$1 million annually, and to include at any

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<sup>72</sup>Canada Year Book, 1959.

one time about one thousand students.<sup>73</sup> Britain was to bear half the cost, and Canada a quarter.<sup>74</sup> This programme was launched following a special Commonwealth Education Conference at Oxford in the summer of 1959. Altogether, these new aid commitments represented a radical departure from the policy of the previous Government. From the standpoint of the Colombo Plan, it was a creditable and overdue change.

Another change in Government policy, however, was open to doubt. It involved the use of wheat, flour, and other commodities as aid. The Liberals had in theory objected to this form of aid mainly because raw materials and foodstuffs comprised a major source of export earnings.<sup>75</sup> In practice, substantial wheat shipments were sent out during the first years, when capital project procedures were not yet established; but the later emphasis was clearly upon definite projects, with wheat being sent occasionally, on a supplementary basis, for special relief.

The fundamental objection to using wheat as aid was that it did not directly contribute to economic develop-

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<sup>73</sup>Dr. Sidney Smith, Canada's External Affairs Minister, had originally proposed this programme. S.C.E.A., 1960, p. 95.

<sup>74</sup>For comparison, Canada's share in the original technical assistance programme launched at Sydney in 1950 had been about five per cent.

<sup>75</sup>Mr. Pearson, H. of C. Debates, 1952, p. 1016; Mr. Abbott, Montreal Gazette, February 1, 1952.



ment. The purpose of the Colombo Plan was to help South-east Asia become self-supporting. But food shipments only mitigated the effects of the area's poverty without removing the causes. This point was frequently expressed in Canada before 1957. Mr. R.G. Cavell, who was in charge of Canada's aid programme from 1951 to 1958, expressed his opposition to wheat as follows:

"We are very anxious...not to dissipate our funds in relief measures...If we use our funds in supplying food to them, that is a relief measure which really never improves the overall situation."<sup>76</sup>

To the same effect, Mr. Pearson in 1956 said that,

"...We have discussed with the Indian, Pakistani and Ceylon governments on occasion, the provision of food under the Colombo Plan and it has been agreed that the Colombo Plan should not be used for that purpose except in a case of emergency..."<sup>77</sup>

Eight months before he became Prime Minister, Mr.

Diefenbaker indicated his full agreement with this:

"I believe that for us to imitate the United States in this regard would be detrimental and dangerous to future farm markets, in particular markets for Canadian wheat, and would be using the Colombo Plan in a manner that was never contemplated.

One of the aspects of the Colombo Plan to which our attention was directed by representatives from India and Pakistan was that the cost of trans-

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<sup>76</sup>S.C.E.A., 1955, p. 704.

<sup>77</sup>H. of C. Debates, 1956, p. 6874.

"portation of wheat and wheat products was so high as to render practically useless the importation of these commodities except in emergency cases. What they wanted was some form of material assistance that would enable them in their own countries to transform areas at present unproductive into productive areas, thereby enabling them to meet their own needs."<sup>78</sup>

Yet after he became Prime Minister, Mr. Diefenbaker reversed his view.

During his tour of Southeast Asia in the fall of 1958, he repeatedly stressed Canada's wheat surplus. At Kuala Lumpur, for example, he said,

"We have so much wheat in Canada we don't know what to do with it. As a matter of fact, it piles up and while it piles up we find other parts of the world wherein the degree of sustenance is below that which it should be."<sup>79</sup>

More directly, at a press conference in Colombo, he was quoted as saying,

"In view of the fact that we have in Canada a tremendous surplus of wheat, we would naturally hope, if not expect, that these countries would take a larger share of wheat and flour under the Colombo Plan...It is our hope that in the next few years, a substantial portion of our contribution will be made up of wheat."<sup>80</sup>

The partnership principle had always been implicit in the Colombo Plan. But the expectation that the countries

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<sup>78</sup>Ibid., p. 6876-6877.

<sup>79</sup>S. and S., No. 59/13.

<sup>80</sup>Ottawa Journal, December 9, 1958.

of Southeast Asia should help solve Canada's problems as well as their own gave it a new colour.

Addressing a joint meeting of the two Houses of Parliament of Ceylon in November 1958, Prime Minister Diefenbaker rather differently summarized Canada's attitude to the Plan as follows:

"Canada answers in action rather than words; Canada tries to offer understanding rather than sympathy; Canada aims at the development of a systematic programme rather than handouts dictated by expediency; Canada seeks to help without taking political advantage and without attaching strings to tie the hands of the nations involved. It's as simple as that."<sup>81</sup>

But this was perhaps an over-simplification.

From 1957 to 1960, Cambodia received from Canada \$100,000, all in flour. Ceylon received \$2.4 million worth of flour, almost half of its total allocation, during this period. Indonesia received \$850,000 worth of flour, well over half of its three year allocation. Perhaps significantly, the first major Canadian aid to Indonesia, announced during the Consultative Committee meeting there, consisted of three Otter aircraft valued at \$400,000, and \$400,000 worth of flour. South Vietnam received \$240,000 worth of flour, \$60,000 worth of butter,

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<sup>81</sup>S. and S., No. 59/12.

and \$5,700 worth of university laboratory equipment. Only Malaya and Singapore successfully resisted this flood of Canadian flour. Wheat was given on a comparable scale. From 1957 to 1961, Pakistan received \$13.5 million, and India took \$21 million. Burma accepted \$1.2 million in wheat, together with \$1.6 million for a highway survey and bridge construction.<sup>82</sup>

In the light of the earlier reluctance of South-east Asia to accept wheat and flour for economic development, this new trend is difficult to explain. For even when these countries wanted wheat or, possibly, flour, it was natural for them to get it from the United States, which paid half of the shipping costs and allowed the recipient to pay the other half in local currency, or from Australia, which paid all transportation charges. For Canadian wheat and flour gifts, the recipient had to pay all shipping costs in dollars. It was not clear that a proportion of wheat and flour had become mandatory in Canadian aid, but it was possible.

Defending his policy in the House of Commons, Prime Minister Diefenbaker maintained that the increased wheat

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<sup>82</sup> All aid figures from A Report on Canadian External Aid Programmes, May, 1961, op. cit., Table F, pp. 29-42.

shipments were being sent to essentially non-commercial markets.<sup>83</sup> This was valid to the degree that wheat sales in Southeast Asia had traditionally been small. Prospective commercial suppliers, however, were Australia and New Zealand, and the latter several times expressed its misgivings to Ottawa. In the House, Mr. Pearson, now Leader of the Opposition, also criticized at first the new trend:

"If this programme becomes one for surplus disposal of agricultural products, it will not be fulfilling the objectives of the Plan as it was conceived..."<sup>84</sup>

A year later, Mr. Pearson expressed surprise at the receptiveness of Southeast Asia, but said now that he was "not complaining".<sup>85</sup> For its part, the C.C.F. had always advocated wheat for aid, and in 1960, its House leader, Mr. Hazen Argue, declared that the Government was not getting rid of enough wheat through the Colombo Plan.<sup>86</sup> In this, he was in agreement with the Canadian Federation of Agriculture.<sup>87</sup>

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<sup>83</sup>H. of C. Debates, 1959, p. 4346.

<sup>84</sup>Ibid., p. 5757.

<sup>85</sup>Ibid., 1960, p. 7893.

<sup>86</sup>Ibid., pp. 6378-6382.

<sup>87</sup>Infra., pp. 139-140.

The political popularity of giving wheat as aid was clearly traceable to domestic pressure. Bumper crops and declining sales had produced in Canada a surplus that strained storage facilities and intensified demands for relief. In earlier years, top Liberals such as Mr. Howe, Mr. Gardiner and Mr. Harris, resisted these demands. But by 1957, the surplus had reached crucial proportions, one and a half times the normal annual output. Aggravating the problem, the U.S. disposal programme since 1954 had cut into Canadian exports;<sup>88</sup> and the new Conservative Minister of Trade and Commerce, Mr. Gordon Churchill, was persuaded to follow the American example. Thus from 1958 to 1960, agricultural produce in Plan allocations averaged \$20 million a year, in contrast with a \$6 million yearly average from 1952 to 1957. Supplementary grants of wheat and flour amounted to \$26.5 million, or over three times the total to 1957. Loans as well were used on a much greater scale, amounting in 1958-1959 alone to \$18.5 million, or over half the total for the decade.<sup>89</sup> In effect, the Colombo Plan partly became for Canada a

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<sup>88</sup>C.L. Barber, "U.S. Farm Policy and Canadian Agriculture", in The American Economic Impact on Canada, (London, 1959) pp. 79-87.

<sup>89</sup>A Report on Canadian External Aid Programmes, May, 1961, op. cit., Table A, p. 23; also, H. of C. Debates, 1960, pp. 7796 and 7893.

disposal vehicle. Government storage costs were thereby reduced, Canadian millers received substantial contracts, the downward pressure on the wheat market was relieved somewhat, and farm lobby demands were partly satisfied.

But the new policy's short-term attraction in Canada was outweighed by its effects in Southeast Asia. Few new capital projects were launched after 1957. Commodity grants in 1959-60, for example, comprised over four-fifths of Canada's allocation to India, and a comparable proportion of the aid to Pakistan.<sup>90</sup> These included, besides wheat, large quantities of metals,<sup>91</sup> asbestos and fertilizer. By shifting the full task of development onto the recipient, this type of aid was an abdication of the responsibility assumed in starting the Colombo Plan.

That Southeast Asia was unequal to the task was evident in the rapid accumulation of unspent counterpart funds. For every commodity grant received, as has been seen, the recipient was required to deposit an equivalent sum in local currency into a special counterpart account subject to the donor's control. By the fall

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<sup>90</sup>Ninth Annual Report, pp. 191-192.

<sup>91</sup>The emphasis on metals in Canadian aid after 1957 is not as easy to explain as that on wheat. However, one Government spokesman pointed out that Canadian base metal prices actually fell more sharply from 1956 to 1958 than did grain prices. S. and S., No. 58/34.

of 1960, the total unspent balance in these accounts amounted to about \$169 million,<sup>92</sup> or over half Canada's total contribution during the decade. Whether this money was even in the various counterpart accounts, moreover, was open to serious question.<sup>93</sup>

The most stubborn obstacle to economic progress and political democracy in Southeast Asia was the low level of public education and the general lack of technically skilled personnel there. But the massive quantities of wheat, flour and other commodities which Canada provided through the Colombo Plan after 1957 did not directly help overcome this problem. Speaking at Colombo in 1958, Prime Minister Diefenbaker had stressed that Canada's aid followed a coherent, constructive programme, and did not consist merely of uncoordinated handouts dictated by political expediency. Actual allocations qualified this claim. The dramatic increase in Canada's appropriation after 1958, therefore, was at best a doubtful advance.

Altogether from 1950 to 1960, Canada's Parliament

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<sup>92</sup>S.C.E.A., 1961, p. 163.

<sup>93</sup>S.C.P.A., 1961, p. 76.



appropriated about \$330 million for the Colombo Plan. Excluding about half a million which lapsed in the first years, and adding supplementary wheat and flour grants, the total was about \$350 million. This was split almost equally between commodities and capital projects, while technical assistance comprised about three per cent. For comparison, this ten-year total was about one-fifth of Canada's defence expenditure each year. Canada's average yearly contribution to the Plan was about one-tenth of one per cent of her national income, and on a per capita basis, was a little more than two dollars. No vote against this contribution was ever recorded in the Canadian Parliament.

Canada after World War II had appeared ready to assume a major share of responsibility for international peace and prosperity. But its political record within the Colombo Plan suggested that inter-war attitudes still partly survived. Its part had been undertaken in 1950 with considerable hesitancy; at Ottawa in 1954, budgetary caution had prevailed; and after 1957, the contribution was increased, but the quality of the help now being provided was open to question. One constant factor over these years had been administrative difficulty.

Time and again, this was offered by Government spokesmen as the reason for not increasing Canada's part. It was valid to the degree that Canada's external aid was limited in Ottawa by administrative uncertainty and bureaucratic discretion.

## CHAPTER IV

### ADMINISTRATIVE DILEMMAS

#### Three Masters

In March of 1951, Mr. Nelson Rockefeller, Chairman of the U.S. International Development Advisory Board, made a special report to President Truman on the American foreign aid programme. It recommended,

"...the speedy centralization and unification of the major foreign economic activities of the United States Government into one over-all agency, headed by a single administrator reporting directly to the President."<sup>1</sup>

Six months later, in disregard of American experience, with conflict and diffusion of purpose among its many aid agencies, Canada's embryo programme was divided among three departments.

In September of 1951, for reasons noted in the previous chapter,<sup>2</sup> Canada's aid administration was assigned to a special branch of the Department of Trade and Commerce. Consisting of about a dozen persons,

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<sup>1</sup>Partners in Progress, A Report to the President by the International Development Advisory Board, March, 1951, (Washington, 1951) pp. 16-17.

<sup>2</sup>Supra, p. 74.

including clerical staff and a librarian, this branch was called the International Economic and Technical Cooperation Division. It was to be in charge of spending the annual parliamentary appropriation on economic development projects in Southeast Asia. Since the appropriation was initially voted to the Department of External Affairs, however, officials of that department retained general policy control. As a watchdog, also, the Department of Finance was given effective control over specific expenditures. A three-fold division in responsibility thus began. Unfortunate consequences followed.

Some of these were to be expected: inter-departmental rivalry, extensive overlapping and duplication of work, needless multiplication of reports of all kinds, and no clear centre of authority. The latter was particularly a handicap in the evaluation of capital aid requests from Southeast Asia. The so-called "channel of communication" for such requests was as follows.

The local government in Asia sent its requests for help to Canada's embassy, trade commissioner or High Commissioner stationed there. The latter then forwarded the list to the External Affairs Economic Division in Ottawa. Here, copies were made and sent to the Director

of the International Economic and Technical Cooperation Division in the Department of Trade and Commerce and to the Director of the International Programmes and Contributions Division in the Department of Finance. Within each of these groups, various persons considered the list at length. If all agreed, using a variety of criteria, that certain requests were superficially attractive for Canada to undertake, a feasibility study might be suggested.

If so, this suggestion was sent upward to the Inter-Departmental Committee on External Aid Policy, a group consisting of the Deputy Ministers of External Affairs, Finance, and Trade and Commerce, a representative of the Bank of Canada and the Secretary of the Cabinet.<sup>3</sup> If this group approved the suggestion of a feasibility study, it was forwarded for cabinet approval. Then, the suggestion went back down the ladder of authority to be implemented.

The feasibility studies were conducted by teams of Canadian engineers, specially recruited and sent out

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<sup>3</sup>In practice, this committee's work was usually delegated to another committee consisting of the following officials:

1. Head of the Economic Division, External Affairs.
2. Director, Trade Commissioner Service, Trade

to the requesting country.<sup>4</sup> Usually, such a study encompassed three or four requests. In practice, over the years, feasibility studies were almost never negative. Hence, on the team's return to Canada, the several relevant administrative groups had the task of selecting one project out of the three or four recommended by the feasibility study. Once this was done, the decision was sent back up to the Inter-Departmental Committee and then to the cabinet. Again, in practice, the cabinet never rejected such a recommendation. All vetos were exercised at the lower administrative level. If a project request gained the support of all concerned in this involved administrative process, it was put into effect.<sup>5</sup> On the average, one or two requests were accepted out of every twenty received, although in some cases none received administrative approval. This was not surprising, since the "channel of communication" was a veritable labyrinth.

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and Commerce.

3. Comptroller-Secretary, Trade and Commerce.

4. Deputy-Governor, Bank of Canada.

5. Assistant Deputy Minister, Finance.

6. Director, International Economic and Technical Cooperation Division, Trade and Commerce.

S.C.E.A., 1956, p. 196.

<sup>4</sup>Costs of such studies were not classed as an administrative charge, but were taken from the appropriation for the Plan.

<sup>5</sup>Usually by a crown corporation. In 1952, the

On occasion, there were exceptions to this cumbersome procedure. Some feasibility studies were made by U.N. specialized agencies, as was the case with the Mekong River aerial survey initiated in 1959. In others, such as the reactor agreement in 1956-57 and the various wheat and flour shipments after 1957, political pressure was a factor. Also, Mr. R.G. Cavell, a Toronto business man with extensive experience in Asia, was able as aid Director from 1951 to 1958 to expedite capital assistance to a degree. Impatient with red tape, he personally toured Southeast Asia for about four months of every year during his term of office. He investigated capital aid requests at first hand, and on his return to Ottawa, prevailed on Mr. Howe to support those deemed reasonable. The latter then secured cabinet approval directly and the aid procedure was greatly simplified. After the Conservative victory, however, Mr. Cavell was appointed High Commissioner to Ceylon, and this short circuit was no longer possible. At the same time, the Conservative emphasis on food and metal grants as aid made capital

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Canadian Commercial Corporation was given the task of letting contracts, and shipping out most equipment. After 1957, its role declined with the drop in capital assistance. C.C.C., Annual Reports, 1957-1960.

assistance requests less attractive.

Because the administrative procedure was so complex, there was a reorganization in 1959.<sup>6</sup> The International Economic and Technical Cooperation Division was renamed the Economic and Technical Assistance Branch. After a nine month delay in finding a replacement for Mr. Cavell, Dr. O.E. Ault was appointed Director at the close of 1958. Dr. Ault, a former teacher, had had experience with the Civil Service Commission and had served on a mission to the Middle East. There was also a rearrangement within the renamed aid office. Specifically, a Programme Planning Division was set up "to facilitate the screening of requests for assistance".<sup>7</sup> As a coordinator, however, the new division was a failure. Competitive friction with the other divisions developed, and more important, neither External Affairs nor Finance proved willing to surrender its control over the evaluation procedure. Thus the old difficulties continued. Partly because of these, staff turnover was high, and the initial problem of inexperience was never really overcome. The branch had a transient, temporary character about it that did not

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<sup>6</sup>Canada, Department of Trade and Commerce, Annual Report, 1959, (Ottawa, 1960) p. 71.

<sup>7</sup>Ibid.



help morale, and this was underlined by the frustrating effects of outside influence on its activity. Finally, the gap in leadership during 1958 was another weakening factor.<sup>8</sup>

Even so, the staff grew appreciably. It increased from seventeen in 1952 to fifty-five in 1959, and administration costs rose over the same period from about \$70,000 to \$325,500.<sup>9</sup> This growth was partly an attempt to overcome the persistent administrative difficulties; but the goal was unrealized. The real block was outside the department, and beyond its authority to remedy. Thus despite staff growth, substantial proportions of the appropriation each year were not spent on economic development projects.

After the Colombo Plan appropriation was made non-lapsing in 1952, these unspent sums accumulated in the Plan fund. The latter rose over the years as follows:

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<sup>8</sup>Canada, Civil Service Commission, Report on a Survey of the Organization of the Economic and Technical Assistance Branch, Department of Trade and Commerce, (Ottawa, September, 1959).

<sup>9</sup>Department of Trade and Commerce, Annual Reports, 1952-1960; P.A.C., 1952-1960.

TABLE IV

CANADIAN APPROPRIATIONS AND EXPENDITURE, 1950-1960<sup>10</sup>  
(Millions of dollars)

Fiscal Year	Approp.	Expend.	Balance
1950-51	.4	.006	----*
1951-52	25.4	25.2	----*
1952-53	25.4	5.5	19.9
1953-54	25.4	6.7	38.6
1954-55	25.4	12.6	51.4
1955-56	26.4	25.3	52.5
1956-57	34.4	21.0	65.9
1957-58	34.4	40.0	60.3
1958-59	35.0	35.5	59.8
1959-60	50.0	46.9	62.9
Totals:	282.2	218.7	62.9

\*Funds lapsed, amounting to approximately \$529,000.

If the 1960 unspent balance of \$62.9 million were added to the unspent counterpart funds, amounting to \$169 million by the fall of 1960, the drastic effect of the administrative difficulties became evident. In 1960, well over \$200 million of Canadian Colombo Plan aid had not yet been expended on direct economic development projects in Southeast Asia. Considering the urgent need

<sup>10</sup>Compiled from P.A.C., 1951-1960.

there, this was particularly to be regretted.

Administrative opponents of the Plan asserted that the chief block to the efficient expenditure of Canadian aid was the limited "absorptive capacity" of the South-east Asian countries. There was limited truth in this argument. At the beginning of the Plan, some Asian governments were inexperienced in the aid procedure and uncertain how to formulate and present their requests. Some at times also submitted requests intended to enhance national prestige rather than further economic development. But these were exceptions: that most aid requests were economically sound was shown by the fact that Canadian feasibility studies, as noted above, were almost always positive. At the most, the question of "absorptive capacity" was relevant only to small primitive countries such as Cambodia. India's "absorptive capacity" was virtually unlimited. In general, as planning techniques matured, the Asian governments had little difficulty in recognizing their basic economic needs and proposing remedies. Where they needed help was in the equipment and skills essential to effect these remedies. Providing these was the task assumed by the Western nations in the Colombo Plan.

Over the decade, members of the House Committee on External Affairs frequently pursued this question with official witnesses. In 1955, for example, a member asked Mr. Cavell if "absorptive capacity" was a limit on Canada's appropriation. He replied as follows:<sup>11</sup>

"A: In fact there is almost no limit to the amount the West could do for Southeast Asia at the present time...

With regard to capital goods, it is again a question of what our factories can turn out and what the countries of Southeast Asia can absorb. They could absorb more than they are now getting.

Q: Substantially more?

A: Substantially more, yes."

Again in 1958, Mr. R.W. Rosenthal, Interim Director between Mr. Cavell's term and that of Dr. Ault, dealt with the same subject:<sup>12</sup>

"Q: Could we properly and constructively spend much more?

A: I think the only way I can truthfully answer you is by saying that up to now whenever there has been an increase, we have always been able to spend it."

The unspent backlog of funds might appear to contradict these statements. But the real reason for this backlog was to be found not in Southeast Asia but in the administration at Ottawa.

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<sup>11</sup>S.C.E.A., 1955, pp. 694-695.

<sup>12</sup>Ibid., 1958, p. 230.

### The Bureaucrat as Policy-Maker

As modern administrative activity has become more technically complex, effective parliamentary and cabinet control over it has been reduced. In the provision of external aid, this particularly happens because few parliamentarians or even cabinet ministers have the time or technical competence to assess requests for capital or technical assistance. The most they can do is determine broad policy and check periodically to see that it is being carried out. This was the procedure in Canadian technical assistance, the provision of which was determined by a 1951 order-in-council; but in capital aid, the cabinet never laid down general criteria for evaluating requests.

As a result, each official concerned with processing capital requests enjoyed considerable latitude in setting his own criteria on an ad hoc basis. One officer in the Programme Planning Division gave the following:

1. Amount of money available.
2. Proportion of Canadian content.
3. Priority in the requesting country's development plan.

4. Possible prestige or publicity value.

He considered schools and hospitals "non-essentials", and tended to reject these, but admitted another official gave these first consideration. The whole procedure involved latent conflict and <sup>gave</sup> ample scope for negative decision.

The ultimate criteria were set by the Department of Finance. Its officials, possessing effective control over expenditure, also took a restricted view of Canada's commitment to the Colombo Plan. As has been seen, one of these was quoted at Ottawa in 1954 that,

"No project in the Asian area was suffering from lack of funds."<sup>13</sup>

Another was quoted at Jogjakarta in 1959 that,

"We are interested in seeing that the expenditure of Canadian resources is justified and that projects are done properly."<sup>14</sup>

Few would contest this, but the means employed were at best questionable.

The Director of the Finance Department's International Programmes and Contributions Division listed in

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<sup>13</sup>Globe and Mail, October 5, 1954.

<sup>14</sup>Montreal Gazette, January 6, 1960.

1960 the following criteria for assessing capital requests:<sup>15</sup>

"First is our capacity to provide the necessary resources, relative to the demands being made on these resources within Canada.

Closely related to this are the more immediate considerations arising from the present state of the Canadian economy. This year, for example, is one of national retrenchment...

Third, we have to take into account what other countries are doing, that is, the general willingness of the international community to assume a fair share in this work.

Fourth is our judgment of the efficiency of the administering organization...

Also there are a number of political, economic and social interests to be taken into account. These are more intangible -- What is the political condition of the requesting country? What traditional ties exist between it and Canada? What is the state of our trade relations? The need is always much greater than we can supply, so in our selection, Canada's interests receive primary consideration.

Finally, there is the priority given to the project in the over-all planning programme of the requesting country."<sup>16</sup>

Actually, most of these "criteria" involved highly controversial policy decisions. According to the theory of responsible government, they should have been determined at the cabinet level, or by a cabinet minister responsible

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<sup>15</sup>Personal interview, February 15, 1960.

<sup>16</sup>For contrast, Australian criteria have been listed as follows:

1. Viability of the project.
2. Capacity of the recipient to use the aid given.
3. Suitability of the equipment requested.
4. Availability of technical skills to implement the project.

C.L. Burns (University of Melbourne), "The Colombo Plan", Yearbook of World Affairs, 1960, (New York, 1960) p. 187.

for Canada's aid programme, and not in the obscure reaches of administration.

Such criteria had the effect of narrowly limiting the extent of Canada's aid. Almost any year could be considered "one of national retrenchment". Again, if the countries of Southeast Asia enjoyed "efficient organization", they would not need assistance. "Political condition" could mean the exclusion of neutralist countries; while the question of "trade relations" could be interpreted so as to exclude those countries which did not import heavily from Canada.<sup>17</sup> Few requests successfully met all these standards.

In effect, the Department of Finance was able to veto requests, and then point to the unexpended funds as evidence against an increase in the parliamentary appropriation. The classic operation of this process occurred at Ottawa in 1954, but it was a persistent factor throughout the decade. Because of it, Trade and Commerce officials felt frustrated by what they called the "dead hand" of Finance, and one former Director of

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<sup>17</sup> According to the Singapore Free Press, December 18, 1959, a Canadian Trade Commissioner in a public address there noted that Canada had given "more than \$750 million" [sic] to the Colombo Plan since 1950, yet only 10 per cent of Malaya's newsprint imports came from Canada.



the aid programme termed a top Finance official "a near-sighted obstructionist". Such conflict did not lend itself to smooth and efficient administration.

No doubt Finance officials were partly motivated in their restrictive policy by a sincere desire to prevent the misuse of Canadian aid. But their method was a negative one, exercised at the wrong end of the aid process, and it did not prevent inefficiency or waste. Several projects over the decade were not completely successful. Nine harbour cranes provided ~~for~~ <sup>for</sup> Colombo were seldom used, while few Ceylonese wanted training on the ship Canada provided. A trade school <sup>which</sup> ~~^~~ Canada helped equip there opened two years behind schedule. The Warsak Dam project in West Pakistan suffered frequent delays through administrative difficulties with the local manager, and had to be re-financed several times because of mounting costs and shortages of local currency. In East Pakistan, the Canadian-built power station at Ganges-Kobadak lay idle for over two years, because of a local delay in providing pumps. Very likely, much other equipment that Canada provided was also not put to the best possible use. For some waste is inevitable in aid programmes: poverty and inefficiency constitute a vicious circle.

The real remedy was not for Canada to impose rigid "criteria" on the aid to requesting countries, in the vain expectation that they would meet Canadian efficiency standards. This served only to reduce the scale of assistance and prolong the problem. The answer instead was to assume a larger share in the financing and supervision of capital projects during their construction stage, and in remaining in an advisory capacity during the difficult transition to local operation. Required also was a much greater emphasis on technical assistance to ensure that local skilled personnel were available to operate the equipment. The less than three per cent of Canadian aid given directly to this latter purpose was simply not enough. Nor did the massive quantities of wheat and flour help matters greatly. Fortunately in 1961, Canada's aid administration was drastically reformed and a more positive approach became possible.

#### A New Beginning

Because of the administrative delays and uncertainties noted above, a new External Aid Office was created in the fall of 1960. Placed in charge of it was

Mr. H.O. Moran, former High Commissioner to Pakistan. Like Mr. Cavell, he had had broad experience in Asia. His position in the administrative hierarchy at Ottawa was notably strengthened in two ways. With the rank of Deputy-Minister, he was made responsible solely to the Minister of External Affairs. Thus the diffusion of authority in the previous system was remedied. Also, while the old Inter-Departmental Policy Committee was retained, the Director of the External Aid Office was clearly designated its Chairman. Hence the restrictive role taken in the past by Finance officials could conceivably be moderated.

The new aid office faced a formidable array of problems accumulated over the decade. Appearing before the House Committee on External Affairs in the spring of 1961, Mr. Moran outlined a more constructive attack on these. Counterpart accounts were being released for projects at a heartening rate. Greater emphasis was to be given to technical assistance, particularly in the establishment of trade schools in Southeast Asia. Experts being sent out were to receive better briefing and longer assignments. An attempt was also to be made at developing evaluation procedures, conspicuously absent

in the past, to test the efficacy of aid provided. Finally, a decline in Canada's grain surplus in 1961, together with the first steps toward the establishment of an international food bank under U.N. auspices, promised a return to more capital assistance through the Colombo Plan.

Yet old difficulties survived. In particular, there was still apparently an acute shortage of experienced personnel. Replying to a question on this point, Mr. Moran indicated simply that,

"...at the moment in the External Aid Office, we do not have people period."<sup>18</sup>

This elicited from one member of Parliament an impatient comment:

"Everywhere you go, you will hear people say: this is one of the urgent problems of the second half of the century, raising the living standards of the less-developed peoples. Canada happens to be probably the richest of the middle power countries in the world. Yet the director-general of external aid comes to us and says that...he really does not have the people yet."<sup>19</sup>

Impatience at this stage was understandable.

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<sup>18</sup>S.C.E.A., 1961, p. 176.

<sup>19</sup>Ibid.

But the ultimate success of the new External Aid Office still depended on factors outside it. Cabinet leadership, of course, was one of these; and beyond that lay the matter of popular support. If the latter were lacking, even efficient administration could accomplish little. The best guide to future prospects, therefore, was the Canadian public's attitude toward the Colombo Plan. Since 1950, it had been surprisingly clear.

## CHAPTER V

### THE QUESTION OF PUBLIC SUPPORT

#### The Editors Comment

News of the Colombo Plan from 1950 to 1960 seldom received much attention in Canadian newspapers. Fat with trivia, many of them hardly found space even to mention the annual conferences. This was so partly because the routine procedures of the Consultative Committee did not lend themselves to publicity. From the standpoint of effective diplomatic negotiation, secrecy is perhaps an asset; but the annual Plan meetings were not concerned with negotiation. That was done directly between governments on a bilateral basis. The conferences were simply opportunities for all the members to assemble, receive the annual report, and discuss the continuing problems in general terms. More publicity **would** not have gone amiss. Certainly the goals of the Plan, the aspirations of Southeast Asia and its faltering progress, as well as the dedicated personnel and dramatic projects in the various development programmes all merited a more vigorous public relations campaign. That they

received so little press coverage in Canada could only be regretted.

In contrast with the meagre news reporting, however, there was considerable editorial comment. From the beginning, in the spring of 1950, the Plan won widespread support in Canada. For example, the editor of one Toronto periodical, Canadian Forum, praised it as "a foundation upon which a Canadian Far Eastern policy can be built", providing it was "not merely the voicing of sentiments."<sup>1</sup> In a similar vein, the Toronto Globe termed the Plan, "the most constructive stroke of policy in the whole history of the West's relations with Asia".<sup>2</sup> Mr. Pearson noted in Parliament in February, 1951, that "we have been conscious that Canadians as individuals - and this has been clearly reflected in the Press from one end of the country to another - wish to contribute to the success of this Plan."<sup>3</sup>

By this time, in fact, press criticism was already appearing. Canadian Forum, after its early enthusiasm,

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<sup>1</sup>Canadian Forum, March, 1950.

<sup>2</sup>The Globe, October 7, 1950.

<sup>3</sup>H. of C. Debates, 1951, pp. 537-538.

termed Canada's participation "almost negligible".<sup>4</sup>

Saturday Night, another leading magazine, called the Government's initial appropriation of \$25 million "the bare minimum contribution".<sup>5</sup> The Winnipeg Free Press, apparently aware of the course of cabinet discussions, warned that,

"Canada, as the richest member of the Commonwealth in per capita terms, the nation which has suffered least and fared best throughout this last decade, cannot escape and should not attempt to escape its responsibilities." <sup>6</sup>

The editor of Maclean's, a Toronto publication enjoying the largest circulation of Canadian magazines, urged the expansion of aid to bolster world peace:

"For every dollar we must spend to train and maintain our special Korea brigade, we could spend another dollar to train and maintain a special brigade of several thousand doctors...in the parts of the world where many millions live and die without knowing a single day of freedom from disease.

For every shell and bomb we shall create... we could create with greater ultimate profit to ourselves a meal for the mouth of a starving child."<sup>7</sup>

In the same magazine, in February 1951, Blair Fraser criticized Ottawa's "lukewarm reception" of the

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<sup>4</sup>Canadian Forum, January, 1951.

<sup>5</sup>Saturday Night, March 6, 1951.

<sup>6</sup>Winnipeg Free Press, October 21, 1950.

<sup>7</sup>Maclean's Magazine, January 15, 1951.



Plan, and suggested that, "Our government will probably be shamed into doing its part in the end, providing everyone else goes along."<sup>8</sup> Less optimistic, the Globe and Mail (the former Globe) claimed that the Government "has not done a single thing about the Colombo Plan - or, if it has, the people don't know about it and don't know what may be expected of them." Terming this "an extraordinary state of affairs", the writer concluded: "It is impossible to understand Ottawa's hesitancy."<sup>9</sup>

There were many variations on this theme. The Conservative Ottawa Journal's editor, for example, complained that,

"One of the troubles...with Canada's politicians is what may be described as a high-minded inadequacy - brave and idealistic talk never quite matched by acts."<sup>10</sup>

In the Canadian Forum, a less acquiescent writer urged "Canadians to press upon their government the sheer moral urgency of a good neighbour policy...Why has the government been so slow?"<sup>11</sup>

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<sup>8</sup>Ibid., February 15, 1951.

<sup>9</sup>Globe and Mail, January 23, 1951.

<sup>10</sup>Ottawa Journal, February 26, 1951.

<sup>11</sup>Canadian Forum, June, 1951.

Directing a more specific criticism, unfairly perhaps, the Ottawa Citizen wrote:

"For Education Week, Mr. L.B. Pearson...issued the message that our defence must consist of ideas...Yet Canada expects to provide billions for armaments, while apparently content with \$25 million a year for a constructive program like the Colombo Plan." <sup>12</sup>

Again, Saturday Night, claimed that the public "would warmly support an application to Parliament for more funds. Penny-pinching in a project of such world importance would be short-sightedness." <sup>13</sup>

In the summer of 1952, the Globe and Mail concluded tersely:

"There is only one fault to be found with the Colombo Plan. It is on far too small a scale." <sup>14</sup>

In agreement, though on a higher plane, the Halifax Chronicle-Herald advised that Canada should take "a considerable part" in providing assistance, and in return could benefit morally:

"The spiritual and philosophical values (of Southeast Asia)...would have a profound importance in influencing the sometimes barren pragmatism of North American life." <sup>15</sup>

More charitable toward Canadians, another writer reiterated

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<sup>12</sup>Ottawa Citizen, March 10, 1952.

<sup>13</sup>Saturday Night, April 12, 1952.

<sup>14</sup>Globe and Mail, May 3, 1952.

<sup>15</sup>Halifax Chronicle-Herald, July 17, 1952.

that the real resistance to the Plan was in the cabinet, not in the people:

"The Government...has never been rebuked by Canadians for helping Southeast Asia...It could have conceivably spent double or four times what it actually spent...Canadians admit their ignorance of Southeast Asia but they also admit the necessity of aiding Southeast Asia." <sup>16</sup>

Sharing this view, significantly in the former isolationist province of Quebec, an editorial in the independent Le Devoir of Montreal, concluded:

"Nul doute que la population canadienne approuverait notre gouvernement de hausser les contributions... Ce que nous faisons pour sauver ces peuples du péril communiste peut nous épargner pour l'avenir de bien plus lourds sacrifices." <sup>17</sup>

This tendency to justify aid as a weapon in the anti-communist croisade was characteristic of French Canada, both in the press and in Parliament.

Across the continent, the Vancouver Province also justified Canadian aid, but on a different basis:

"...Canada's contribution...is a pitifully small drop of assistance in an enormous bucket of need. We are a wealthy country with a high standard of living, and we make this contribution as a recognition of our obligation to help fellow human beings who are much less fortunately situated than we. We are giving a sop at best,

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<sup>16</sup>Ottawa Journal, July 30, 1952.

<sup>17</sup>Le Devoir, May 21, 1953.

"and we are not making any sacrifice whatever in doing this. If we were to multiply our contribution by 10, we should still not feel the pinch, and the good we should be able to do would be increased enormously."

The same paper three months later asked simply,

"The real question that the Colombo Plan raises is not whether we are spending too much on it but whether we are spending enough..."

The Prime Minister says we have an obligation. Are we living up to it?" <sup>18</sup>

In agreement with the Vancouver editor, Newfoundland's Evening Telegram maintained that,

"This movement is entirely humanitarian. It takes no note of ideologies or political considerations, but is concerned entirely with the object of effecting uplift in human welfare..." <sup>19</sup>

On the prairies, the Regina Leader-Post also approved the Plan, though on a more practical basis, and noted that,

"...every dollar spent in fostering the Colombo Plan is a defensive dollar well spent." <sup>20</sup>

Regardless of the justification given, however, it was clear that the Colombo Plan enjoyed editorial support across Canada.

For its persistent caution the Government received

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<sup>18</sup>Vancouver Province, July 6 and October 6, 1954.

<sup>19</sup>St. John's Evening Telegram, October 13, 1954.

<sup>20</sup>Regina Leader-Post, October 6, 1954.

mounting criticism. Prior to the Ottawa conference in October 1954, an increase had been widely predicted. When it became clear that none would be forthcoming, several editors took keen exception to cabinet policy. The staunchly Liberal Free Press commented impatiently that,

"...The Government should know that many Canadians are disturbed in their conscience by the feeling that our contribution to a great plan is niggling."

Again a week later, it urged a substantial increase in Canada's appropriation:

"...The Government is wrong if it believes that this would not meet with the approval of most Canadians...The Government should ask itself... not if Canada can afford to give more to the Colombo Plan, but if we can afford not to give more." <sup>21</sup>

In keeping with its generally moderate tone, the Globe and Mail observed that,

"The aim of the present conference is to explore needs and ways of meeting them. They will have assembled to little purpose if the result is not a substantial increase in the speed and volume of Colombo aid.

Canadians certainly ought to be...asked to step up their contribution to the Colombo Plan."<sup>22</sup>

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<sup>21</sup>Winnipeg Free Press, October 1 and 8, 1954.

<sup>22</sup>Globe and Mail, October 6, 1954.

Rather more outspoken, Mr. I.N. Smith, Associate Editor of the Ottawa Journal, wrote during the conference:

"...Here in Canada some of us must feel a bit disillusioned. This reporter finds...a woeful lack of awareness here of what's going on in Asia, a political doubletalk in Canada insulting to our intelligence, and a tight-fistedness utterly unbecoming the most fortunate country in the world."<sup>23</sup>

After ascribing opposition to the Treasury, the Halifax Chronicle-Herald claimed that,

"...No Canadian can or would deny the value of supporting fully such schemes as the Colombo Plan...at the most as an expression of Christian charity and common humanity."<sup>24</sup>

Again, James Oastler, in the Montreal Daily Star, wrote:

"...If the government had to cut back expenses there were plenty of other places...The Colombo Plan over the years has obviously caught the imagination of a great many more people than the government realized."<sup>25</sup>

When the cabinet subsequently announced a \$1 million increase in the annual contribution, a lead article in Canadian Forum harshly attacked Mr. Harris' "single-minded devotion to the concept of a balanced budget irrespective of the needs...of an effective

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<sup>23</sup>Ottawa Journal, October 9, 1954.

<sup>24</sup>Halifax Chronicle-Herald, December 10 and 14, 1954.

<sup>25</sup>Montreal Daily Star, December 30, 1954.

foreign policy" and termed the increase "a feeble token of our concern for the welfare of the Asiatic peoples."<sup>26</sup>

Similarly, Le Devoir noted,

"...L'effort canadien est bien mince; sur notre budget de plus de \$4 milliards c'est à peine les deux tiers d'un pour cent...Le Canada devrait hausser notablement ses contributions..."<sup>27</sup>

The Globe and Mail advised simply that "The Canadian annual gift should be at least doubled";<sup>28</sup> while the Free Press urged that,

"The demand has been made again and again that Canada should give more, and the Government's position in reply to these criticisms has not always been effectively stated."<sup>29</sup>

In 1955, as has been seen, the Government announced there would be "a significant increase" in the annual appropriation to cover the cost of the nuclear reactor for India. While the reactor itself seems to have received little comment, the eventual increase of \$8 million was variously termed "heartening", "a modest investment"<sup>30</sup> and, more critically, "hardly a 'significant'

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<sup>26</sup>Canadian Forum, February 1955.

<sup>27</sup>Le Devoir, April 16, 1955.

<sup>28</sup>Globe and Mail, October 19, 1955.

<sup>29</sup>Winnipeg Free Press, September 19, 1955.

<sup>30</sup>Montreal Daily Star, November 2, 1955.

one by any stretch of the English language."<sup>31</sup>

When Prime Minister Diefenbaker raised Canada's contribution to \$50 million in the fall of 1958, press approval was less qualified. The Vancouver Province praised wholeheartedly what it called the Government's "forward-looking philosophy", and advised its readers that,

"Far from being impractical, this policy gets at the real root of present troubles."<sup>32</sup>

The Edmonton Journal concluded,

"Canada has been wise to increase its contribution...This though is not enough. As one of the 'have' countries of the Commonwealth, Canada has a role to play and a destiny to fulfill considerably greater than her population would indicate."<sup>33</sup>

More cautiously, the Calgary Albertan decided that the Colombo increase "might be good" but urged general "administrative economy".<sup>34</sup> At Regina, the Leader-Post commented that, "Few Canadians will take exception to Prime Minister Diefenbaker's pledge...";<sup>35</sup> while in

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<sup>31</sup>Globe and Mail, October 31, 1955.

<sup>32</sup>Vancouver Province, September 20 and 27, 1958.

<sup>33</sup>Edmonton Journal, September 27, 1958.

<sup>34</sup>Calgary Albertan, September 25, 1958.

<sup>35</sup>Regina Leader-Post, September 22, 1958.



eastern Canada, the Halifax Chronicle-Herald, which had argued that at the Commonwealth Trade Conference in Montreal, "economic development of the poorer members of the family should come first", termed the news of the increase "a hopeful message".<sup>36</sup> In Quebec, finally, the Montreal Star noted that Canadian taxpayers would be called upon to bear the added cost and concluded that, "Whatever this may be, it will be justified...";<sup>37</sup> and Le Devoir agreed that, "Tous les Canadiens se réjouiront de l'augmentation de notre contribution...".<sup>38</sup> From the opinions expressed over the decade by many Canadian editors at least, the latter appeared to be a valid generalization.<sup>39</sup>

#### The Citizen as Critic

Public criticism of Canada's part in the Colombo Plan was sporadic, qualified and limited mainly to the Maritimes and Quebec. A fairly typical critic was Brig.

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<sup>36</sup>Halifax Chronicle-Herald, September 15 and 20, 1958.

<sup>37</sup>Montreal Star, September 23, 1958.

<sup>38</sup>Le Devoir, September 2, 1958.

<sup>39</sup>Quotations included in the text are representative of those encountered. Not all Canadian newspapers, however, were available.

Michael Wardell, a Fredericton publisher. In a speech in Toronto in 1959, he compared the Government to "a father of a family who pours his money prodigally into the public plate, while keeping his own family locked up and starving in the backrooms." He went on that he was not against external aid, since Canada could well afford it, but believed that the Government could also afford to redress the disabilities of the Atlantic provinces.<sup>40</sup> Echoing this sentiment, a New Brunswick member of parliament, while urging federal aid for a hydro project at Beechwood (subsequently developed), stated that he was "in favour of proper foreign aid", but believed that "the horse should go before the cart and that charity begins at home..."<sup>41</sup> For the Commons, this was an exceptional attitude and it was censured by other speakers at the time.

Criticism in Quebec was associated with the Union Nationale party of Premier Maurice Duplessis. During the 1956 provincial election, for example, full-

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<sup>40</sup>Quoted in C.P. despatch, Winnipeg Free Press, November 19, 1959.

<sup>41</sup>H. of C. Debates, 1956, p. 3444.

page Union Nationale press advertisements declared that, "Les libéraux donnent à l'étranger; Duplessis donne à sa province."<sup>42</sup> Again, a Union Nationale-sponsored editorial in Le Droit in 1956 was quoted in the Commons as follows:

"Mr. Lapalme<sup>43</sup> and his Liberal buddies in Ottawa, who show much more concern for the problems of the Middle East and the Far East than they do for the problems of Quebec farmers, are heaping \$4,198,293,000 [sic] upon foreigners..."<sup>44</sup>

Such material was used by parliamentary Liberals after 1957 to embarrass the Conservative Government, since Quebec Conservatives had apparently accepted Union Nationale support in the 1957 election. No Conservative member defended the advertisements or the editorials.

Most French-Canadian representatives who commented on the Plan in the Commons praised it. According to Mr. Balcer, the Solicitor-General, Quebec's early opposition had declined by 1960 as social security measures in the province increased.<sup>45</sup> Also, the decay and collapse of the Union Nationale machine in the late 1950's was

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<sup>42</sup>Quoted in Ibid., 1959, pp. 2726-2727; also referred to in an editorial, "Une Publicité mal inspirée", Le Devoir, April 14, 1956.

<sup>43</sup>Quebec's provincial Liberal leader at the time.

<sup>44</sup>Quoted in H. of C. Debates, 1958, p. 4018.

<sup>45</sup>Ibid., 1960, pp. 1972-1973.

probably a contributing factor in changing public attitudes there. Remnants of rural isolationism survived, but political stimulation of it was reduced; and a broader internationalism appeared likely to accompany the general social, economic and political reforms after 1960.

Most criticism of the Colombo Plan in Canada followed a familiar and predictable refrain: aid to Asia was good, but charity began at home. In a survey of Canadian external relations from 1955 to 1957, Professor James Eayrs of the University of Toronto discussed this view at length. After questioning the political and economic reasons for foreign aid, he concluded that the only remaining justification for it appeared to be humanitarian:

"Once placed on that foundation, however, the case for foreign aid was greatly weakened. For if charity knows no frontiers, it also begins at home".<sup>46</sup>

Several writers rejected this argument. A 1956 Maclean's editorial, for example, contended that Canada's responsibilities in the world should not be evaded:

"Not that the needs of Canadian communities should be ignored - of course they shouldn't. But neither should they have an automatic number one

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<sup>46</sup>J. Eayrs, Canada in World Affairs, October 1955 to June 1957, (Toronto, 1959) p. 209. The author's implication that criticism was becoming increasingly common was misleading, since the comments cited were exceptional.

"priority merely because they lie wholly within Canada. Canadians have other interests, no less real because they happen to be located on the other side of the world." <sup>47</sup>

Similarly, Dr. Brock Chisholm, former Director of the World Health Organization, wrote that,

"We must abandon any idea that our first obligation is to maintain our own standard of living. As long as we believe that our standard of living is more important than the very lives of hundreds of millions of other people, we cannot expect to be regarded with any great degree of admiration or respect." <sup>48</sup>

Again, when Premier Roblin launched Manitoba's "Little Colombo Plan" in 1961, <sup>49</sup> he disarmed such criticism very simply:

"...While it is true...that charity begins at home, I have never heard it said that charity should end at home." <sup>50</sup>

Accepting this, the nine Liberals in the Manitoba Legislature who voted against Mr. Roblin's proposal based their opposition on the possible danger of duplicating Federal activity, and on the uncertainty of constitutional authority. They repeatedly stressed their agreement in principle with his plan. <sup>51</sup>

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<sup>47</sup>Maclean's Magazine, April 28, 1956.

<sup>48</sup>Ibid., December 7, 1957.

<sup>49</sup>Under the so-called "Little Colombo Plan", Manitoba provided \$30,000 a year for the sending of three technical teachers to a trade school in Ceylon. Premier

In Canada generally, public criticism of Canada's part in the Colombo Plan was of a positive nature. It prompted the Government to do more, not less. Certain groups could have been expected to respond in this way. Canadian churches had always been active in missionary and welfare work overseas, and gave their full support to the Plan. Annual resolutions of the Church of England emphasized its members' conviction "that Canada with its wealth of resources should be prepared to share sacrificially with the less privileged nations of the world" and pressed the Government "to do its utmost in relieving world poverty..."<sup>52</sup> In the same cause, the United Church regularly submitted briefs urging "an increase in the contributions provided up to the limit that countries

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Roblin described it as "a token demonstration of principle"; but it was in fact substantially more than the Federal Government had been able to do in technical assistance during the first eighteen months of the Colombo Plan in 1950-51.

<sup>50</sup>Legislative Assembly of Manitoba, Debates and Proceedings, 1961, pp. 1762-1763.

<sup>51</sup>Ibid., pp. 1877-1889.

<sup>52</sup>Council for Social Welfare, Anglican Church of Canada, Annual Reports, 1951-60, International resolutions generally located on pp. 46-47.

in the Plan are able to accept and use our aid."<sup>53</sup>

Beside resolutions, and the extensive voluntary denominational aid programmes, the Canadian Council of Churches cooperated with the Government in an arrangement whereby the latter provided surplus commodities, such as dried milk and canned pork, and the Council paid all shipping costs. In 1959-60, such costs amounted to over \$90,000.<sup>54</sup>

Canadian teachers paralleled this activity. The Manitoba Teacher's Society voted unanimous support for Premier Roblin's plan<sup>55</sup> and initiated steps toward a voluntary aid project. At the national level, the Canadian Teacher's Federation repeatedly stressed the need for greater technical assistance.<sup>56</sup> One teacher expressed the general attitude that,

"...Every citizen of the Commonwealth, and especially every teacher, should remember that the peoples of the new republics are our own people and be behind them with heart, voice and all possible aid." <sup>57</sup>

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<sup>53</sup>Board of Evangelism and Social Service, United Church of Canada, Annual Report, 1955, p. 56.

<sup>54</sup>Canadian Council of Churches, News Bulletin, December 1960, p. 2.

<sup>55</sup>Manitoba Teacher's Society, Minutes of the Annual General Meeting, 1961 (mimeo.) p. 52.

<sup>56</sup>For example, Minutes of the Thirty-Fifth Con-

University comment was sometimes more caustic. Professor D.G. Anglin indicated that in its preoccupation with the Atlantic area, Canada was badly "out of step" with world developments, and that its traditional caution and restraint were not entirely appropriate in the post-war world.<sup>58</sup> In agreement. Dr. Donald Creighton maintained,

"The most important occurrence of our post-war world, the occurrence which will certainly have a most potent influence over the events of the next fifty years, is the revolution that has taken place in Asia",<sup>59</sup>

and Professor R.G. Trotter suggested that Canada "can do a good deal on her own initiative, and she is in a position to give a lead."<sup>60</sup>

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ference of the Canadian Teachers' Federation, August 1956, (mimeo.) p. 19; Ibid., 1958, p. 40; Ibid., 1959, p. 43.

<sup>57</sup>Dr. D. Dickie, Canadian Education, June 1956, p. 37.

<sup>58</sup>D.G. Anglin, Canadian Policy Towards International Institutions, 1939-50 (Doctoral Dissertation, Oxford), p. 552; see also the same writer's critical articles in the International Journal, Summer and Autumn, 1954.

<sup>59</sup>G.P. Gilmour (ed.), Canada's Tomorrow, (Toronto, 1954) p. 239.

<sup>60</sup>R.G. Trotter, "The Changing Commonwealth", (International Journal, Winter, 1949-50) pp. 28-29.



Criticizing the lack of this initiative in Canada's reception of the Colombo Plan, one writer decried what he called her "continual harping on her other commitments,"<sup>61</sup> and Professor S.G. Triantis asserted in 1952 that "Grandiose speeches...are not enough to solve the pressing problem of human misery and squalor."<sup>62</sup> Three years later, during which Canada's contribution had remained virtually constant, Professor C.L. Barber wrote that,

"...From whatever point you view the question, it seems clear that Canada's aid to under-developed countries should be increased substantially. In our view, she should increase her contribution to the Colombo Plan to one hundred million dollars..."<sup>63</sup>

At the 1956 conference of the U.N. Association in Toronto, Professor Maxwell Cohen suggested that,

"...One problem for Canada is selling itself the notion that considering the size of its own

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<sup>61</sup>F.A. Brewin, "Canadian Economic Assistance to Under-developed Areas", (Ibid., Autumn, 1950), p. 313.

<sup>62</sup>S.G. Triantis, "Backward Lands - The Other Front", (Behind the Headlines, February, 1952) p. 16.

<sup>63</sup>C.L. Barber, "More Aid to Under-developed Areas?" (International Journal, Summer, 1955) p. 209.

"national income, it has a major obligation to undertake capital assistance on a large scale..."<sup>64</sup>

A note of sarcasm tinged Professor F.H. Underhill's comment about the same time:

"...Our Canadian twenty-five million dollars a year is equivalent to the silver contribution the prosperous churchman puts in the collection plate every Sunday..."<sup>65</sup>

More constructively, at the end of the decade, Professor M.S. Donnelly argued in Maclean's that Canada could well take a lead in reviving the Commonwealth through an expanded economic assistance programme:

"The first foundation stone of the commonwealth will be laid when the central machinery necessary to co-ordinate the help of the richer members... has been created." <sup>66</sup>

Whether these isolated cases indicated general academic support for increased participation in the Colombo Plan was uncertain, but apart from Professor Eayrs' tentative misgivings, there was little contrary evidence.

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<sup>64</sup>U.N.A., Canada and International Development Programmes, (Toronto, 1956), p. 44.

<sup>65</sup>F.H. Underhill, The British Commonwealth, (Duke Univ. Press, 1956), p. 98.

<sup>66</sup>Maclean's Magazine, April 23, 1960.

Various groups of citizens interested in external affairs also expressed the view that Canada's role could be expanded. In 1954-55, a fairly typical period, for example, a Vancouver Canadian Institute of International Affairs study group advocated a major increase in Canada's share;<sup>67</sup> a report for the Institute of Pacific Relations conference in Japan stated that,

"...So far as the Canadian public is concerned, the criticism of the Colombo Plan heard most often is not that the funds presently made available are too large, but that they are too small." <sup>68</sup>

and a resolution adopted at a U.N. Association conference in Ottawa recommended an increased contribution.<sup>69</sup> The latter organization submitted similar resolutions to the government annually throughout the decade.<sup>70</sup>

While less disinterested, the Canadian Federation of Agriculture, chief spokesman for Canada's farmers, also pressed Ottawa to take a greater part in the Colombo Plan. In 1955, for example, its brief pointed out that,

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<sup>67</sup>C.S. Belshaw, "Canadian Policy and Asian Society", (International Journal, Winter, 1955-56), pp. 44-45.

<sup>68</sup>C.J. Woodsworth, Canadian Policies in Asia, (Toronto, 1954), a mimeo. report prepared for the 12th conference of the I.P.R. at Kyoto, Japan, September 1954, p. 14.

<sup>69</sup>U.N.A., Conference on Canadian Aid to Under-developed Countries, (Ottawa, 1955), p. 16.

<sup>70</sup>For example, U.N.A., Minutes of Annual Meeting, 1957 (mimeo.), pp. 15-16; Ibid., 1958, pp. 7-8; and Ibid., 1959, p. 9.

"Policies with regard to food surplus disposal attempt to deal with the short term problem. Technical assistance holds out the hope of a gradual long-term easing of the situation...

We would therefore suggest that the support which Canada gives to...the Colombo Plan should be increased. We are confident that such increased efforts would be met with strong approval by all sections of the Canadian population." <sup>71</sup>

In the latter part of the decade, the C.F.A. intensified its demands for greater use of grain as aid, <sup>72</sup> with results that have already been noted. Not all resolutions went unnoticed in Ottawa.

Canada's business community welcomed the Plan partly for similar reasons. Early in 1951, the Canadian Manufacturers Association sent a circular to its members urging them to support the new aid programme. <sup>73</sup> A writer in Canadian Business in 1951 gave the following justification:

"...Business is sold on the need for helping Asia to raise its standard of living if communist imperialism is to be stemmed. Industry also realizes, however, that while their personnel are engaged in Asia, they'll be acquiring experience and knowledge which will be of value when they come back to their own jobs. Moreover, Canadian technicians in the East will

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<sup>71</sup>C.F.A., Annual Presentation of Policy, March 3, 1955, (Ottawa, 1955), p. 12.

<sup>72</sup>For example, Ibid., 1958, p. 15; 1959, p. 9; and 1960, pp. 12-14.

<sup>73</sup>Montreal Daily Star, January 22, 1951; The Globe, February 17, 1951.

"naturally recommend equipment....

In the same way, trainees from abroad employed in Canadian factories may well become valuable sales agents..."<sup>74</sup>

In the same spirit, the Financial Post carried frequent articles on how Colombo Plan contracts helped Canadian firms, and while noting that "the primary aim" was to help Asians, concluded that "...if we can help ourselves at the same time as we help them, we have no cause for complaint."<sup>75</sup> In 1955, consistently, it welcomed news of the increase with the observation that "New business amounting to as much as \$10 millions should develop for Canadian firms in Asia as a result..."<sup>76</sup>

After the Conservative government took office in 1957, as has been seen, an increasing proportion of Canada's aid contribution consisted of raw materials and surplus food. At the same time, a substantial share of Canada's defence contracts continued to be awarded for American equipment. Perhaps significantly, emphasis in Canadian business periodicals at the close of the

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<sup>74</sup>F. Baldwin, "Canada Works Toward World Prosperity", (Canadian Business, May, 1951).

<sup>75</sup>Financial Post, January 16, 1954.

<sup>76</sup>Ibid., November 5, 1955.

decade shifted to demands for a reduction in defence spending and a corresponding increase in capital aid.<sup>77</sup> In the latter field, traditionally over 95 per cent Canadian in content, there was a marked competitive advantage.

Among other reasons for business support of the Colombo Plan, one was given by Professor Edgar McInnis:

"...It is easy to forget that our standard of living in this country embraces an incredible range of luxuries. They would be very little diminished if we were to multiply, even to a major degree, our contribution to those who often lack the barest necessities."<sup>78</sup>

From the standpoint of increasing trade, the General Manager of the Canadian Council, International Chamber of Commerce, urged a Montreal audience in 1955 that "...we should persuade our Government to make a substantial increase in our contribution to the Colombo Plan", since rising living standards in Asia would create a potential market for Canadian exports.<sup>79</sup> Finally, perhaps the best summary of business motivation was

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<sup>77</sup>For example, Ibid., July 4, 1959; Canadian Business, January, 1960.

<sup>78</sup>Ibid., September, 1954.

<sup>79</sup>Quoted in the Financial Post, August 6, 1955.

given by a writer in The Canadian Banker in 1960. He termed the Plan "a business-like proposition", based on "enlightened self-interest and plain common sense."<sup>80</sup>

Of the three major lobbies at Ottawa, labour was the most consistent and forthright in its support for the Colombo Plan. In 1951, several unions launched a voluntary campaign to build and finance a number of trade schools in Southeast Asia.<sup>81</sup> In 1953, a Canadian Congress of Labour convention called on the Government to quadruple its contribution.<sup>82</sup> Successive briefs doggedly repeated this point:

"Canadians are the second richest people in the world. Our contributions to the Colombo Plan... are still far too small."<sup>83</sup>

In 1959:

"We welcome...the announcement that your Government will increase its contribution to the Colombo Plan. At the same time, however, we wish to join others in expressing our dismay at the prospect that this program may be perverted from its original purpose of helping the recipient nations to build up their economies to simply one of disposal of Canadian surplus grains."<sup>84</sup>

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<sup>80</sup>The Canadian Banker, Spring, 1960.

<sup>81</sup>L.J. Rogers, "Labor's Colombo Plan", (Saturday Night, May 1, 1951) pp. 34-35.

<sup>82</sup>C.P. despatch, Globe and Mail, September 19, 1953.

<sup>83</sup>C.L.C., Memorandum to the Government of Canada, October 21, 1957, p. 9.

<sup>84</sup>Ibid., January 22, 1959, p. 12.

At the end of the decade, the new Canadian Labour Congress was advocating that Canada should devote to aid a sum equal to one per cent of her gross national product, as "a matter of common decency".<sup>85</sup> As noted earlier, this figure had been quoted by a U.N. special report in 1951 as the minimum western contribution necessary to make a significant impact on poverty in the underdeveloped countries. With the 1961 union of the C.C.F. and the C.L.C. into the New Democratic Party, the latter also made the same demand for increased aid. To a degree, this represented the application of its national welfare philosophy to the world.

#### A Task Deferred

Beyond the comments and representations of special groups, the attitude of the general Canadian public toward the Colombo Plan was uncertain. Members of Parliament over the decade frequently asserted that their correspondence indicated widespread support. Sample statements in 1956, for example, were as follows:<sup>86</sup>

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<sup>85</sup>Memorandum for 1961 quoted, Canadian Labour, July-August, 1961, p. 11.

<sup>86</sup>H. of C. Debates, 1956, pp. 2863, 2790, 6866, 6867.



"...A steadily growing public appreciation of the value of such expenditures, both as a humanitarian measure and as a component of national security."

"...I am quite confident that in doing this, the government is doing what the overwhelming majority of the Canadian people would have it do."

"During the last three or four months, I have received 70 or 80 letters not only from individuals but from various organizations... concerning the request...that the government should increase its annual appropriation for the Colombo Plan...Many other honourable members have also received similar letters."

"Time after time, I have said in this House that the Colombo Plan has caught the imagination of the people..."

These and many others to the same effect were made by members of all parties representing constituencies across Canada. Both Mr. Cavell and Dr. Ault, as well, said that they encountered unexpectedly enthusiastic receptions in their speaking tours. There was also an extensive file of favourable letters in the Department of External Affairs at Ottawa; and the departmental information officer in 1960 stated that for every letter received concerning NATO, there were two on the United Nations, and five on the Colombo Plan. Of the latter, almost all expressed approval.

Such evidence probably encouraged the Conservative government to raise the appropriation in 1958.

Generally, however, neither of Canada's major parties gave the Plan much attention in their platforms. In 1958, a Liberal resolution said cautiously that,

"It is an object of the Liberal Party to aid the economically less-developed or resource-poor areas of the world by facilitating the movement of private capital and by technical and capital assistance to be given directly by Canada or through the United Nations and the Colombo Plan. The Liberal Party will seek all practical means to use agricultural surpluses..."<sup>87</sup>

A 1959 Progressive Conservative party pamphlet, listing the chief accomplishments of Prime Minister Diefenbaker's government, made no mention of the increase in aid, although several pages were devoted to "the restoration of Canada's prestige in the United States".<sup>88</sup> It appeared that, rightly or wrongly, leaders in both parties considered economic aid a subject of doubtful value in campaign propaganda. Several lesser officials privately said that, while select groups were clearly in favour, the general public attitude was an unknown factor and could well be hostile.

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<sup>87</sup>New Statements of Liberal Policy for a Greater Canada, Resolutions adopted by the National Liberal Convention in Ottawa, January, 1958, p. 11.

<sup>88</sup>Progressive Conservative Party, Public Relations Office, Here are the Facts, Highlights of Accomplishments of Your Progressive Conservative Government, 1957-9.

The fact was that a great many Canadians knew little if anything about the Colombo Plan or Canada's part in it. This was clear from a Gallup Poll conducted in 1956. A cross-section of voters were asked if they had heard of the Plan. Of the answers, 41 per cent said they had and 59 per cent said they had not. When those in the former group were asked to describe it, only 6 per cent were reasonably correct. Among the attempted descriptions were such statements as "a group of men called the Knights of Columbus", "dividing the country into zones", and "something about irrigation".<sup>89</sup>

Such general unawareness of the Colombo Plan was not surprising. In the past, Canada had negligible contact with Asia. School curricula gave it little attention. Southeast Asia, in Manitoba secondary schools, for example, was not included even for incidental study; while the Colombo Plan was touched upon very briefly in the final grade. Even at the university level, Asian studies were being developed in the 1950's only at McGill, Toronto and British Columbia; and a 1959 University of London survey indicated that of thirteen western

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<sup>89</sup>Poll results reported, Montreal Daily Star, February 22, 1956.

countries, Canada had the "most modest showing" in this field.<sup>90</sup> For its part, the press limited itself mainly, as has been seen, to editorial comment. There was apparently in 1959 only one Canadian resident correspondent in Asia, reporting from Hong Kong;<sup>91</sup> and major newspapers such as the Toronto Globe and Mail frequently relied on American articles for news of the Colombo Plan.

Government policy did not help matters. In the judgment of Professor H.F. Angus in 1953,

"...Looking at Canadian opinion on external affairs in general, it is significant that the Government of Canada has been at more pains than possibly any other government in the world, at any period in history, to make authentic information readily available to its citizens."<sup>92</sup>

This praise was inapplicable to the field of external aid from 1950 to 1960. Mr. Cavell, who was personally very active in publicizing the Plan, repeatedly requested a publicity officer to assist him, but never got one. After his replacement, publicity slumped. In the fall

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<sup>90</sup>Quoted in Globe and Mail, March 2, 1960, and in Changing Asia, Report of the 28th Annual Couchiching Conference, 1959, p. 83.

<sup>91</sup>Ross McLean, Canada and Asia, A Study for the Canadian National Commission for UNESCO, (Ottawa, 1959) p. 40.

<sup>92</sup>H.F. Angus, Canada and the Far East, 1940-53, (Toronto, 1953), p. 104.

of 1959, to handle the letters arriving in Ottawa, steps were initiated toward providing information on the Plan; but characteristically, two separate officials, one in External Affairs and one in Trade and Commerce, were entrusted with the same task. Both worked mainly on a responsive basis: they answered specific requests and did not initiate information on an appreciable scale. Occasionally special releases were made available to the press, but these were usually relegated to small paragraphs in the back pages. A more vigorous publicity campaign, it was suggested by some officials, was resisted by the Department of Finance.

Other information on the Colombo Plan appeared from time to time in the official bulletins, External Affairs and Foreign Trade; and in three short National Film Board productions. Of the major articles, Foreign Trade had nine in 1951-52, and none thereafter, while External Affairs averaged a little over one a year before 1957, and three a year after the Conservatives took office.<sup>93</sup> The latter bulletin had a distribution of

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<sup>93</sup>Canadian Library Association, Canadian Index, 1950-60.

about 6,500 in 1956, mainly to schools and libraries.<sup>94</sup> Its austere format and ponderous prose limited its use mainly to students of international affairs. Over the government-owned C.B.C. network, programmes dealing wholly or in part with the Colombo Plan averaged one a year, except for a brief flurry of activity at the time of the Ottawa conference in 1954. Altogether over the ten years, radio and television time classed as directly or indirectly related to the Plan amounted to a little over five hours.<sup>95</sup> This could not be considered excessive. Apart from these broadcasts and the few films, little more was done to interest the general public.

The lack of readily available information aroused frequent complaints in the Commons and in the House Committee on External Affairs. One of these in 1960 summarized the members' impatience:

"...There have been continuing requests from persons and various organizations in my constituency who frankly are not clearly aware of the extent of this activity. In my attempt to provide concise or even reasonably concise, presentations to these associations, I have had to wade through

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<sup>94</sup>S.C.E.A., 1956, pp. 289-291.

<sup>95</sup>Programme list from February 1950 to April 1960, compiled by Public Affairs Department, C.B.C., Winnipeg. In addition, of course, the Plan must have been dealt with in news and school broadcasts, etc., but such coverage was unrecorded.

"rather staggering amounts of statistical material and detail. I have discussed this with other members and they feel much the same way about it..."<sup>96</sup>

Incumbent on any democratic government is a responsibility to explain its policies to the public it serves. Clearly, with respect to Canada's part in the Colombo Plan, this task had been too long deferred.

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<sup>96</sup>S.C.E.A., 1960, p. 79.

## CHAPTER VI

### IMPROVED PROSPECTS

#### "With Public Support..."

Abraham Lincoln has been quoted to the effect that, "With public support, nothing can fail; without it, nothing can succeed." This has a particular relevance for the subject of foreign aid. According to the 1956 Gallup Poll, 54 per cent of those interviewed felt that Canada was "doing enough" in the Colombo Plan. Many expressing this view, the poll indicated, had little understanding of what the Plan was, if they had heard of it at all. By contrast, as the previous chapter demonstrates, informed minority opinion was much less complacent. Aware of the problem's magnitude, it persistently prompted the Government to expand its participation. Thus there appeared to be in Canada a direct connection between awareness and support. Such a connection had been shown to exist in American attitudes toward the Point Four Program as early as 1951.<sup>1</sup>

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<sup>1</sup>E. Staley, The Future of Underdeveloped Countries, (New York, 1954), p. 34.



It followed that if Canada's aid were ever to become more than a token gesture, it was essential to explain it to the general public.

After 1960, fortunately, several initial steps were taken in this direction. The new External Aid Office was assigned a special full-time public relations officer. On the occasion of the Colombo Plan's tenth anniversary, an excellent film was telecast by the C.B.C.; and in the spring of 1961, the inaugural Massey Lectures over C.B.C. radio were presented by Lady Barbara Ward Jackson on the subject of the needs of the under-developed countries. Also, the National Conference of Canadian Universities together with the Conference of Learned Societies met in Saskatoon in the summer of 1959 to consider how Canadian universities could help increase public awareness of Asia. A committee subsequently reported to the Government on the need for assistance in building up university facilities in this field. More specifically, Asian studies were expanding at the University of British Columbia, where Dr. W.H. Holland assumed editorship of the academic journal, Pacific Affairs. There also, in the spring of 1960, a special UNESCO conference was held on the need for closer contacts between Asia and Canada. Helping develop such

contacts, a free-lance journalist, Mr. Russell Elman, toured the Colombo area in 1959-60 and his articles were widely printed in Canadian newspapers. At the close of 1961, they were compiled and published in Toronto under the title, Asian Experiment.

All of these were promising signs of a new trend in Canada. But to be completely successful, they had to be supplemented by more constructive government policy. A wide variety of informative activities, from maps and displays to journalist-exchanges and the provision of competent public speakers, were overdue. For these, Britain's example was a useful guide. Perhaps a first step for Canada would be the establishment of a professional coordinating body, such as the United Kingdom's Central Office of Information.

#### An Opportunity for Leadership

At 1960, the Colombo Plan could not be considered a success. As has been seen, its results after its first decade were slight; its contribution to the economic development of Southeast Asia had been peripheral; and that area's political and economic crisis was unrelieved. Famine and human degradation continued to be widespread, in sharp contrast with life in Western countries. Over

the decade, indeed, the gap in living standards steadily widened. In this context, the Colombo Plan accomplished little.

Canada's part had been characterized by extreme caution and self-interest to a questionable degree. This was so for many reasons: the historical preoccupation with the Atlantic region, misapprehension and fatalism among some cabinet leaders, restrictive decisions at the administrative level, and uncertainty regarding public opinion. The latter on examination appeared to be surprisingly positive. Except in 1958, however, it did not exercise a significant effect on political policy, partly because it was limited to informed minorities. At the close of the decade there were indications of administrative reform and broadening public awareness which might serve to stimulate greater political initiative.

This prospect was encouraging. For the Colombo Plan had been worth undertaking, and it deserved adequate support. Humanitarian reasons alone were compelling, and beyond these lay Canada's own future. It was clearly in its national interest to encourage economic progress and indigenous democracy in Asia. Not less important was the implication for Canadian society.

Self-gratification and conspicuous luxury have in the past always been associated with national decline. But in meeting the challenge of world poverty by efforts commensurate with their resources, Canadians could provide invaluable leadership in the cause of international maturity, and at the same time direct their national purpose beyond the pursuit of personal affluence. The opportunity is clear, and in 1961 the prospects for its acceptance are favourable.

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## V NEWSPAPERS

### A. Canadian

	<u>Political Affiliation</u>	<u>Circulation</u> *
<u>Vancouver Province</u>	Ind.-Liberal	318,000
<u>Calgary Albertan</u>	Ind.-Liberal	42,000
<u>Edmonton Journal</u>	Independent	111,000
<u>Regina Leader-Post</u>	Ind.-Liberal	51,000
<u>Winnipeg Free Press</u>	Ind.-Liberal	120,000
<u>Toronto Globe &amp; Mail</u>	Independent	225,000
<u>Financial Post</u> (Toronto)	Independent	92,000
<u>Ottawa Citizen</u>	Independent	72,000
<u>Ottawa Journal</u>	Ind.-Conservative	70,000
<u>Montreal Gazette</u>	Ind.-Conservative	125,000
<u>Montreal Star</u>	Independent	187,000
<u>Le Devoir</u> (Montreal)	Independent	38,000
<u>Halifax Chronicle-Herald</u>	Ind.-Conservative	110,000
<u>Evening Telegram</u> (St.John's)	Ind.-Liberal	15,000

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\*Canadian Advertising, January-February, 1962.



B. Others

The Times (London)

New York Times

Sydney Morning Herald

Wellington Evening Post

Singapore Free Press

VI MAGAZINES

Atlantic Advocate (Fredericton)

Canadian Banker (Toronto)

Canadian Business (Montreal)

Canadian Education (Toronto)

Canadian Forum (Toronto)

Canadian Labour (Ottawa)

Maclean's Magazine (Toronto)

Saturday Night (Toronto)

VII MISCELLANEOUS

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ABSTRACT