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**"GRUDGING GIFTS":
CANADA, THE COLOMBO PLAN AND THE FORMATION OF
AN AID POLICY**

by

JACQUELINE T. SHAW, B.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Master of Arts

Department of History

Carleton University

Ottawa, Ontario

August 1992

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"'GRUDGING GIFTS': CANADA, THE COLOMBO PLAN
AND THE FORMATION OF AN AID POLICY"

submitted by

Jacqueline T. Shaw, B.A. Honours,

in partial fulfilment of the requirements
for the degree of Master of Arts

Thesis Supervisor

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23 September 1992

ABSTRACT

The thesis analyses the fourteen month decision-making process, from January 1950 to February 1951, that led Canada to join the Colombo Plan for Co-operative Economic Development in South and South-East Asia. It argues that Canadian policy-makers were cautious in their approach to the Asian region in general and the issue of economic aid in particular; in contrast to the traditional characterization by some historians of the diplomats' "internationalist spirit". In the end, the Plan's chief supporter, Secretary of State for External Affairs, Lester Pearson, was able to demonstrate that the risks of joining the Plan were minimal and that Canadian self-interest and economic assistance to South-East Asia did not have to be incompatible aspects of Canadian foreign policy.

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My final and greatest thanks must go to my family. They have been extremely supportive throughout my studies, especially during the more stressful times. Therefore, I dedicate this thesis to my grandparents, my parents, my sister, and my brother.

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We do not want a new committee merely because it looks like an attractive piece of international furniture for an already cluttered-up home.

Lester B. Pearson
Hansard, 22 February, 1951

"Grudging Gifts":

*Canada, the Colombo Plan, and the Formation of an Aid Policy,
January 1950 to February 1951*

INTRODUCTION

In January 1950, a conference of Commonwealth Foreign Ministers established tentative guidelines for the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The eight Commonwealth members - Australia, Canada, Ceylon, Great Britain, India, New Zealand, Pakistan, and South Africa - had convened in Colombo, Ceylon to discuss a broad range of political issues such as the European situation, the Japanese Peace Treaty, and the recognition of communist China. Along with the political issues, there were a number of economic problems that required discussion among the Commonwealth members of the sterling bloc. Therefore, a concurrent gathering of finance officials was held.¹ In neither meeting was the issue of economic assistance (whether capital, financial, or technical) a priority. In fact, it was not seriously considered until the delegates from Australia, Ceylon, and New Zealand presented a joint memorandum outlining the desperate need for aid in South-East Asia.²

¹The "sterling bloc" is the name given to the group of Commonwealth countries whose currencies were based on the British pound sterling. Canadian currency was linked to the American dollar and Canada was, therefore, not a member of the sterling bloc.

²The issue of economic assistance had been seriously considered for some time prior to the 1950 Conference by a number of Commonwealth countries. Frank Hayes, in his unpublished Ph.D. dissertation, "The Evolution of Canada's Commonwealth Relations, 1945-1968", (Toronto: Unpublished

The issue then moved to centre-stage and, over the next 10 months, seven of the original eight countries (South Africa declined to participate) met three more times to develop a comprehensive aid package for South-East Asia. The Commonwealth Consultative Committee, as it became known, met in Sydney in May to set the foundations for this plan. Subsequent meetings were held in Colombo to draft the technical assistance aspect of the plan, and in London to formalize the overall proposals. By February 1951, the seven founding governments had approved the Colombo Plan. The six-year programme that emerged from the final organizational meeting in London offered bilateral assistance to all the countries of South-East Asia.

The terms aid and economic assistance have had various meanings in diverse circumstances.³ After World War II, the principal purpose of aid was for the reconstruction of the European nations that had been ravaged by fifteen years of economic depression and war. The Soviet Union, which had been an ally during the war, began to be perceived as a threat to the Western democracies, and aid became a tool to fight communism. The purpose of the American Marshall Plan for Europe was based on the two objectives of reconstruction and stopping the spread of communism.

Ph.D. dissertation, 1979), p. 158, showed that as early as 1948 suggestions had been made that the Commonwealth as a whole should provide economic assistance to Commonwealth Asia. Canada declined all but an advisory role. On Great Britain's view of the Colombo Plan, see Nicholas Tarling, "The United Kingdom and the Origins of the Colombo Plan", in *Journal of Commonwealth and Comparative Politics*, Vol. 24.1 (1986), pp. 3-34. Tarling argues that the British were motivated by economic difficulties resulting from problems of the sterling bloc and their continued responsibility for their former colonies in the subcontinent. Sir Percy Spender's *Exercises in Diplomacy: The Anzus Treaty and the Colombo Plan*, (Sydney: Sydney University Press, 1969), provides an Australian account of the creation of the Colombo Plan. The Colombo Plan combined with the Anzus Treaty was meant to ensure Australian security against any further attacks from Asia.

³See Hugh I. Keenleyside, *International Aid: A Summary*, (Toronto: McClelland & Stewart Limited, 1966), for a history of early international economic aid.

As the European economies began to improve, attention turned toward areas that were more unstable, particularly Asia, and the Marshall Plan had an influence there as well.

As John Holmes wrote:

...much of the simple optimism of the successful reconstruction programme in Europe, culminating in the Marshall Plan, stimulated the ventures in foreign aid and development in the fifties.⁴

The needs of Asia, however, were radically different from those of Europe and the Marshall Plan solutions were not appropriate for an Asian venue. The European countries had good pre-war industrial and economic bases which needed the reestablishment of trade ties, the infusion of American dollars, and the rebuilding of infrastructures and means of production. The Asian nations, on the other hand, required a massive infusion of technical knowledge in order to begin to raise basic standards of living. Hugh Keenleyside defined technical assistance in this way:

the provision of advice, the organization of training facilities, and the designing and operation of demonstration programmes, based on the experience of the more advanced countries in the application of scientific knowledge and successful administrative techniques to the solution of economic and social problems.⁵

The goals of the Colombo Plan architects in 1950 were threefold: to provide economic stability for the Commonwealth members of the sterling bloc, to ensure a

⁴John W. Holmes, *The Shaping of Peace, volume 1*, (Toronto: University of Toronto Press, 1979), p. 79.

⁵Keenleyside went on to say that "the principal devices used to dispense this aid include the provision of technical literature; the recruitment of individual experts or groups of experts; the organization of seminars or conferences to bring together the experienced and inexperienced for the explanation of needs and the exchange of ideas; the granting of fellowships to assist persons from under-developed countries to gain technical instruction abroad; and the development of demonstration programmes and the establishment of pilot projects to give opportunities for on-the-spot training, guidance and experience to local personnel". Hugh Keenleyside, *International Aid: A Summary*, (Toronto: McClelland & Stewart Limited, 1966), p. 144.

bulwark against communism in Asia, and to improve the standard of living in South and South-East Asia. The leaders of the Commonwealth countries were astute enough to realize that they could not achieve these goals alone. The major stumbling block was money. For the Plan to succeed, most of the participants had to build up or maintain their dollar reserves; therefore, a country that could donate large amounts of American dollars had to be found. Canada, as a Commonwealth member whose currency was tied to the American dollar, was encouraged to participate. Policy-makers in Ottawa, however, realized that Canada could not take on the whole burden alone and were gratified when, after much negotiation, the United States joined the Colombo Plan in 1951, enhancing its credibility and chances of success.

The Colombo Plan represents a crossroads in post-war Canadian foreign policy. For the first time, key Canadian policy-makers, such as Lester Pearson and Escott Reid, could put a human face on Asia. These were not only the faces of Asian leaders with whom Pearson and Reid were familiar, but, in the course of a long tour of India, Pakistan, and Ceylon, they were exposed to the plight of the poor Asian peoples of the British Commonwealth. As Granatstein has shown in his *Ottawa Men*, many of the Canadian officials were the children of missionaries and ministers. Pearson and Reid were no exception.⁶ As sons of ministers, these two would have been exposed to the missionary movement that sent money and missionaries overseas to China, India,

⁶J. L. Granatstein, *The Ottawa Men: The Civil Service Mandarins, 1935-1957*, (Toronto: Oxford University Press, 1982), p. 6. See also John English, *Shadow of Heaven: The Life of Lester Pearson, Volume 1*, (London: Vintage U. K., 1990).

Japan, and many other places.⁷ Some of the early influence of the missionary spirit may have led them to support the Colombo Plan⁸, but at the same time these men were representing Canadian interests. While considering a possible Canadian role in an economic assistance scheme, they would also ensure that any plan would account for Canadian self-interest.

The Colombo Plan was also the first economic assistance programme in which Canada participated apart from the United Nations. Escott Reid wrote:

In many ways the acceptance by Canada of the Colombo Plan is the most revolutionary of the changes in Canadian foreign policy which took place from 1946 to 1952. Alliances and rearmament are familiar patterns in history. Organized regular giving from the governments of wealthy countries to the governments of poor countries for the purpose of helping them speed up their economic development is an unfamiliar pattern in history.⁹

Reid does not mention that it was also a difficult and prolonged process, or that other factors figured in the decision.

A major factor in the drawing out of the negotiations was the insistence of a number of Cabinet Ministers and their civil servants that the views of the United States be taken into account and that American participation be secured. Canadian policy-makers recognized that the British Commonwealth could not carry the financial burden of economic assistance alone. The Cabinet ministers agreed to tentatively

⁷For an interesting look at the foundations and evolution of the missionary movement in Canada, see David Wright, *A World Mission: Canadian Protestantism and the Quest for a New International Order, 1918-1939*, (Montreal & Kingston: McGill-Queen's University Press, 1991).

⁸Ernest Levos, "The War for Men's Minds", (University of Alberta: unpublished Ph.D. dissertation, 1991), p. 139-140.

⁹Escott Reid, *Radical Mandarin: The Memoirs of Escott Reid*, (Toronto: University of Toronto Press, 1989), p. 251.

support the British Commonwealth scheme, but insisted that the government delay making a decision until American membership was secured. The United States did not join the Plan until February of 1951. As a result, Canadian membership was not approved until that month. This hesitation led to frustration among certain External Affairs officials, who questioned whether Canada would continue to make its own decisions or unquestioningly follow the lead of the Americans.

Public opinion was another factor in the hesitation. In the mid to late 1940s, Canada had committed itself to two major organizations, the United Nations and the North Atlantic Treaty Organization. Moreover, Canada's participation in the U. N.'s "peace-making" efforts in Korea marked the beginning of a substantial rearmament of the Canadian armed forces. All of these projects required major financial commitments. Politicians and bureaucrats on both sides of the issue were concerned that another organization and another great expenditure of money would not be welcomed by the Canadian people. On the economic side of the issue, Canadian decision-makers worried over the expense that Canada would incur in such a project. Support was gained by pointing out the benefits of aid to both recipient and donor. Thus hopes for increased Canadian trade and prosperity influenced Canada's decision to support the Plan.

Canadian policy-makers, in addition, had to decide how to divide Canada's contributions to economic assistance between the Colombo Plan and the various United Nations agencies. Since 1945, Canada had contributed to economic and technical aid through the U. N. The Commonwealth scheme raised the question of

whether the Colombo Plan would be compatible or competitive with the more established programmes. In short, the government had to decide which forum would be more important in Canadian economic assistance policy, and indeed whether there should be a second forum.

The negotiations surrounding the Colombo Plan also forced Canadian officials to learn more about Asian politics, politicians, and ideologies. They discovered that, in order to keep the Asian members in the plan and avert suspicions of Western imperialism, one of the key elements of Canadian foreign policy and one of the reasons for the aid in the first place - anti-communism - had to be played down, at least publicly.

This paper will examine the decision-making process during the fourteen month period from the initial Colombo Conference in January 1950 to the final agreement on a financial commitment in February 1951. It will analyze the points of view of both the Canadian supporters and opponents of participation in the Colombo Plan. In general, a balance had to be struck between existing Canadian foreign policy, self-interest, and the need for economic aid. The overarching theme of Canadian participation in the Colombo Plan, and that of this paper is cautious internationalism. Canadian policy-makers carefully assessed the risks and benefits of entering into the Colombo Plan. Not until success was assured did the Canadian government approve of participation. Through this analysis the reader will observe two different views of methods of achieving Canadian foreign policy goals, as well as the way these differing perspectives were resolved to bring Canada into the Plan. The slowly changing

attitudes of Canadian policy-makers toward Asia will also be revealed. Above all, it is hoped the paper will shed light on an often forgotten but important aspect in the development of Canadian foreign policy, the beginnings of direct bilateral economic assistance.

Post-war Canadian foreign policy has been characterised as a "golden age", a time in which Canada emerged from its pre-war isolation, caution, and policy of "no commitments" to claim a place on the world stage. Historians who follow this line emphasize the liberal internationalist view that was held by the men who were shaping Canadian foreign policy. The most well known academic advocate of this view, John Holmes, had himself been a Canadian diplomat during the "golden age". In his work, *The Shaping of Peace: Canada and the Search for World Order, 1943-1957*, Holmes stressed Canada's role as a middle-power in building a more stable world through the United Nations and other multilateral bodies, such as NATO. Impressive though Holmes' work is, it tends to be uncritical, and it is predominantly Euro-centric, reflecting the Western perception that the areas of threat to Canadian and world security were restricted to Europe and North America.

Holmes' Euro-centric approach has been adopted by the great majority of historians and political scientists. For instance, James Eayrs examined the Canadian contribution to peacemaking and peacekeeping in the post-war world in *Peacemaking*

and Deterrence.¹⁰ Eayrs concentrated on the formation of NATO, the establishment of the United Nations, the reconstruction of Europe, the control of atomic power, the defence of Canada, and the reordering of the Canadian military. Little is said of Asia, despite the direct relevance of the communist threat from China, the negotiations for the Japanese Peace Treaty, and the deterrent effect of economic assistance to his framework of peacemaking and deterrence. When Asia is mentioned, it is within the context of the admission of the Indian republic into the Commonwealth.

The tendency of historians to concentrate on the North Atlantic world creates serious omissions in the history of Canadian foreign policy at the official level. To be fair, however, it must be said that the Department of External Affairs itself concentrated more on Europe and North America than on other parts of the world. As a result, Canada had very few diplomatic missions in Asia until the 1950's and 1960's, and Canada's relations with the countries of Asia were loose and informal. Moreover, most of the Asian countries were still colonies and won their independence only in the latter half of the twentieth century.

Most of the works on Canada and Asia centre on Canada's trade and military involvement with specific countries in Asia, China and Japan in particular.¹¹

¹⁰James Eayrs, *In Defence of Canada: Peacemaking and Deterrence*, (Toronto: University of Toronto Press, 1972).

¹¹The earliest works on Canada and Asia were written by A.R.M. Lower, *Canada and the Far East-1940*, (New York: Institute of Pacific Relations, 1940) and Charles Woodsworth, *Canada and the Orient*, (Toronto: Macmillan Company of Canada, Ltd., 1941), in response to the apprehension created by Japanese expansion and Asian immigration. Both traced the historical development of Canadian-Asian relations on an informal level through immigration, missionary activity, and trade. They predominantly focused on the unofficial relationship that Canada had with Japan and China, and to some extent India.

Canadian historians and political scientists who have examined Canada and Asia in the post-war period have concentrated on "alliances and rearmament" issues such as the Korean War, the Vietnam War, the recognition of the People's Republic of China, and also the trade relationship with Japan.¹²

There is a strong tendency among scholars of Canadian-Asian relations to focus on "the rivalry which developed between the Soviet Union and the United States after the 1945 defeat of Germany and Japan"¹³ and Canada's role in response to that rivalry. For instance, Dennis Stairs looked at Canada's part in the Korean War in his book *The Diplomacy of Constraint*. In short, Stairs argued in a generally complimentary view of Canadian foreign-policy makers that in order for Canada to have an influence in world events they had to concentrate on modifying the policies of the United States. One of the ways Canadian diplomats did this was through the United Nations and in concert with the governments of other powers.¹⁴ James Eayrs' *Canada and Indochina: Roots of Complicity* took the opposite view: that instead of trying to modify American policy, Canada supported early American intervention in Vietnam.¹⁵ These studies are not principally about Canada's relations with Korea or

¹²For instance, Klaus Pringsheim in *Neighbours Across the Pacific: The Development of Economic and Political Relations*, (Westport: Greenwood Press, 1983), set about exploring Canada's relationship with Japan in the twentieth century in his broad study.

¹³Dennis Stairs, *The Diplomacy of Constraint: Canada, the Korean War and the United States*, (Toronto: University of Toronto Press, 1974), p. 3.

¹⁴Dennis Stairs, "The Diplomacy of Constraint", in *Partners Nevertheless*, Norman Hillmer, editor, (Toronto: Copp Clark Pitman, Ltd., 1989), p. 226.

¹⁵James Eayrs, *In Defence of Canada, Indochina: Roots of Complicity*, (Toronto: University of Toronto Press, 1983). See also Victor Levant, "The Diplomacy of Complicity", in *Partners Nevertheless*, Norman Hillmer, editor, (Toronto: Copp Clark Pitman, Ltd, 1989), pp. 227-233.

Vietnam. In fact, they are more about wider questions of international affairs, European-American relations within the context of the Cold War, and the United Nations efforts to "keep the peace".

Very few academics have looked at the issue of economic assistance to Asia or the Colombo Plan. In the 1950s, some academics did attempt to explain the Colombo Plan. On the whole, the reaction of early writers was favourable to the Plan but not necessarily towards the government's efforts to implement it. For instance, in 1954, Douglas Anglin criticized the Canadian government's contributions and excuses for not supporting the Plan more fully. He also demonstrated that Canada was more interested in aid as a way of promoting Canadian trade and relieving the surplus of Canadian products than in assisting Asian development.¹⁶ Anglin's work, however, is an overall assessment of Canada's active role in the Colombo Plan. He does not deal with the initial negotiations.

One of the earliest Canadian academics writing on the Colombo Plan was W.E.C. Harrison, who included a pertinent chapter in his book *Canada in World Affairs, 1949 to 1950*, entitled "Half-Turn to the East".¹⁷ His theme was that

¹⁶For more on this, see Douglas Anglin, "Canada's External Assistance Programme", *International Journal*, 9 (Summer 1954), pp. 193-207 and Douglas Anglin, "The Canadian Post-War Contribution to International Assistance", *International Journal*, 9 (Autumn 1954), pp. 264-74. Another example of early writing on the Colombo Plan can be found in John R. E. Carr-Gregg's, *The Colombo Plan: A Commonwealth Program for Southeast Asia*, (New York: Carnegie Endowment for International Peace, 1951 (International Conciliation, No. 467)). Carr-Gregg's explanation of the Colombo Plan was extremely enthusiastic and placed considerable emphasis on the cooperative efforts of the Commonwealth as well as the extent to which the Commonwealth was transformed by its attempt to better the Asian standard of living. The Canadian contribution was all but ignored.

¹⁷Harrison's title may come the closest to describing the Canadian response to the Colombo Plan and Asia.

Canadian policy-makers had begun to see Asia as an increasingly important region. Through negotiations in the Colombo Plan, these officials and politicians had taken tentative first steps in a turn away from Europe and toward a discovery of Asia. Using official government publications, statements, and newspapers, Harrison examined the reaction of Canadians to the Colombo Plan. He showed how Asian statesmen were able to impress upon Canada the benefits of economic development schemes in South-East Asia. Harrison also pointed out that the Colombo Plan, unlike so many foreign policy issues, was not one that would divide Canadian opinion in the way that the debate over the recognition of China or the early conclusion of the Japanese Peace Treaty did. Most of all, it made Canadians feel good about themselves, because they viewed participation as a sign of maturity in the world:

Collaboration in a great scheme of constructive economic and social engineering...now being applied through the agency of the Commonwealth in the crucial region of Southern Asia, made its own appeal to the practical and not ungenerous nature of Canadians. It was even flattering to our sense of maturity and national accomplishment to find that other people wished to come to us for training and advice, and the "experts" were no longer necessarily either British or American.¹⁸

There were other factors at play, as we shall see.

In the 1960's and 1970's, as Asia became less remote because of improvements in transportation and communications, increases in trade and military involvement, and the expansion of aid programmes, academics became increasingly interested in the region and Canada's relations with it. Writers began to assess the value and success

¹⁸W.E.C. Harrison, *Canada in World Affairs: 1949-1950*, (Toronto: Oxford University Press, 1957), p. 234.

of Canadian economic assistance over the previous ten to twenty years.¹⁹ The studies that were produced tended to be broad in scope and concentrated on later periods of Canadian aid policy. Many cynically viewed Canada's motives as being driven by self-interest.

One person who did look specifically at Canada's early involvement in the Colombo Plan was Maria Butts, a graduate student in Political Science at the University of Ottawa. In her 1965 Master of Arts thesis entitled *The Colombo Plan: Canada's Motives*, she traced the changing importance of economic, political, and humanitarian motives for Canadian participation in the Colombo Plan over the first fifteen years. She concluded that the initial motivating factor was a desire to shore up the economies of the Commonwealth and improve Canadian trade in Asia. As the threat from communism grew, political considerations supplanted the economic motivation. Then, with the emergence of greater humanitarianism in Canada, the need to create a political buffer against communism decreased.²⁰ This interpretation is unsatisfactory because it draws distinctions between the various motivations too sharply. It is rather the inseparable combination of economic, political, and

¹⁹Discussions about Canada's role in the economic assistance and development can be found in the writings of academics such as Peyton Lyon and T. Y. Ismael, *Canada and the Third World*, (Toronto: Macmillan of Canada, 1976) or Keith Spicer's, *A Samaritan State?: External Aid in Canada's Foreign Policy*, (Toronto: University of Toronto Press, 1966). Both books address the question of Canada's relationship with the developing countries of the Third World, but in response to a new humanitarian concern and cynicism of government motives. Spicer leads the reader through the various reasons for giving aid and systematically rejects them. He concludes that economic assistance was a part of Canadian foreign policy because it helped Canada be accepted and maintain credibility in the Third World.

²⁰Maria Butts, "The Colombo Plan: Canada's Motives", (University of Ottawa: unpublished M.A. thesis, 1965).

humanitarian motives that best explains Canada's membership in the Colombo Plan. Butts, and Harrison too, placed too great an emphasis on the Canadian government's eagerness to enter into a program of direct economic assistance, and too great an emphasis on humanitarianism in the Canadian population. These interpretations can perhaps be attributed to the limited documents available to them.

An important contributor to Canadian history, Donald Creighton, superficially glanced at Canada's role in the post-war world through the Colombo Plan in *The Forked Road*. Creighton's framework is that of conservative nationalism, in which Canada has a choice between two forks in the road: one British and the other American. It is apparent that Creighton disapproved of the apparent Liberal choice of the American path.²¹ He criticised Lester Pearson's lack of interest in the broader Commonwealth, writing,

The glories of Pearson's "Atlantic Vision" had certainly blinded his outlook on the Pacific....For Pearson, the only two really important international organizations of the post-war world were the United Nations and the North Atlantic Treaty Organization...Beside these two great institutions, in both of which the United States was the dominating force, the Commonwealth...looked very insignificant to Pearson. The Colombo Plan must be put firmly in second place after the United Nations's aid programme, and, unless the United States decided to give it financial support, would probably prove to be of little benefit. The new Commonwealth, in fact, might be "a very useful piece of international machinery," but Pearson was not likely to employ it very

²¹Creighton writes that the choice was made in 1939. "By the declaration of war, Canada had proved that she still felt herself a member of the British Commonwealth; but by her persistent refusal to accept the responsibilities of membership, she had forfeited all claim to share in the direction of Commonwealth policies. ...As time would very soon show, the increasing weakness of the Commonwealth in world politics made its revival for ever impossible. The return which Canada was most likely to experience was a return to an older and more primitive status - colonialism, with a new imperial suzerain, the United States". Donald Creighton, *The Forked Road: Canada 1939-1957*, (Toronto: McClelland & Stewart Limited, 1976), p. 14.

often. It might even provide "a firm bridge between East and West," but Pearson had no intention of risking his diplomatic neck by crossing it.²²

Creighton's conservative nationalism blinded him. His interpretation neglects that fact that Canada had few interests or footing in the Pacific in the late 1940s. Moreover, the British-American rivalry that existed in the Atlantic was also present in the Pacific. As a result of these two factors, Canadians were cautious in entering into an Asian project and simply used a traditional tactic: balancing British and American policies. Though Pearson was cautious in approaching the issue of economic assistance, he was in the end the person that convinced Cabinet to approve Canadian participation. Creighton's sources for that section of his book are limited to statements made by Pearson at the time, which taken out of context appear to support Creighton's argument.

In two doctoral theses, Frank Hayes and Ernest Levos used the Colombo Plan as one of several issues to analyze Canadian foreign policy on a broad scale. Hayes was one of the first academics to make use of the government files on the Plan, although some have only been made available recently. In "The Evolution of Canada's Commonwealth Relations, 1945-1968", Hayes analyzed, among other things, the motives and results of Canadian membership in the Plan. He argued that entry into the Plan was based on the desire to stem the tide of communism and improve

²²Donald Creighton, *The Forked Road: Canada 1939-1957*, (Toronto: McClelland & Stewart Limited, 1976), p. 194.

relations between Canada and the nations of Asia.²³ Hayes also suggested that Canadian involvement only came about because it was initially a Commonwealth plan.²⁴ Hayes down-played the fact that some members of the government and bureaucracy in 1950 were still suspicious of the Commonwealth. This wariness resulted from pre-war misgivings over the idea of a single Commonwealth policy. In addition, the Canadians were continuing their balancing of British and American policies: they were leery of supporting one for fear of alienating the other. Moreover, he missed the fact that it was a difficult and prolonged process to convince the rest of the Canadian government of the wisdom and revolutionary nature of a direct economic assistance program.

Ernest Levos' dissertation used a cold-war framework in contrast to Hayes' Commonwealth approach. "The War For Men's Minds" provided a broad examination of Canadian-Asian relations in the post-war period. Levos described the revolutionary change in Canadian foreign policy over a seven year period from a practically non-existent, to a fairly well-defined, relationship with Asia. Through trade, aid, and

²³Frank Hayes, *The Evolution of Canada's Commonwealth Relations: 1945-1968*, (University of Toronto: unpublished Ph.D. dissertation, 1979), p. 190. In general, Hayes found the motives for participation in the Colombo Plan by various countries to be very pragmatic. He concluded that through the Commonwealth relationship the newer Asian members received aid and the older members received a means of fighting communism and improving East-West relations, p. 122. Escott Reid, Pearson's chief adviser at the Colombo Conference, supported Hayes' conclusion in his memoir, *Radical Mandarin*: "If anyone had asked me before I left Ottawa whether it was practical politics to suggest that Canada should make a gift of \$25 million a year to the Commonwealth countries in South and South-East Asia to help them speed up the pace of their economic development, I would have replied that it certainly was not. What made it possible was that the Colombo Plan was a Commonwealth concept, that the countries to which the gifts were to be given were Commonwealth countries in Asia, and that the membership in the Commonwealth of these new Asian nations had struck the imagination of the Canadian people", p. 251.

²⁴Frank Hayes, *The Evolution of Canada's Commonwealth Relations: 1945-1968*, (University of Toronto: unpublished Ph.D. dissertation, 1979), p. 262-3.

collective security activities through the United Nations, Canada formed stronger ties with Asia. Levos described the process in evangelical terms: the Canadian diplomats were "secular missionaries" who were fighting an anti-communist war for Asian minds. In essence, Canadian policy, according to Levos, attempted to balance the goal of anti-communism with self-interest.²⁵ Canadian policy toward the Colombo Plan was influenced by the goals of self-interest and anti-communism, but a healthy dose of humanitarianism was also a part of Canadian policy.

Hayes', Levos', and Creighton's perspectives are valuable because they place a small topic into the larger picture of Canadian foreign policy. Like Harrison and Butts, however, they do not analyze the fourteen month period in which Canadian economic assistance policy was being determined. Hayes and Levos focus for the most part on the result of Canada's entry into an aid programme rather than the process through which it joined the Colombo Plan. Creighton's lament for the dissolution of the Commonwealth as he viewed it made him oblivious to the pressures on the Canadian policy-makers. Consequently, these authors do not and could not possibly account adequately for the Canadian government's participation in the Plan.

This then is the first detailed study of the Colombo Plan based on the broadest possible range of primary sources. The Pearson Papers yielded some interesting documents, but it was the only manuscript group that did. The other players in the story such as Louis St. Laurent, Escott Reid, Douglas Abbott, W. C. Clark, D. V. LePan, and John Deutsch, have also left behind their personal papers, but these have

²⁵Ernest Levos, "The War For Men's Minds", (University of Alberta: unpublished Ph.D. dissertation, 1991), p. 139-40.

not been very helpful because the files either do not contain any information on the Colombo Plan or they contain a great deal of classified material and have not been opened to researchers. This state of affairs did not present an insurmountable problem because many of these officials and politicians have left behind valuable memoirs.

The main body of the story is found in the Department of External Affairs' 11038-40 files that began to be released to the National Archives in 1986. The various government record groups in which one would expect to find documents on the Colombo Plan did not contain a great deal. The negotiations for the Colombo Plan were not as important to the Departments of Finance and Trade and Commerce as they were for the Department of External Affairs. The files of the former two departments are sparse.

The Colombo Plan signalled Canada's entry into a new aspect of foreign policy - economic assistance - which has become increasingly important in the late twentieth century. Furthermore, it demonstrated a new method of achieving Canadian foreign policy goals and the convergence of two differing views. The Colombo Plan also marked another stage in Canada's increasing involvement in the Asian region. The activities of the Canadian decision-makers toward the Colombo Plan can best be described as cautious internationalism rather than the "broad and active internationalism"²⁶ that has been used to characterize Canadian foreign policy in the Western world in the same period. Through the use of previously unavailable documents and a reassessment of materials already in the public domain, a dimension

²⁶John Munro & Alex I. Inglis, eds, *Mike: The Memoirs of the Right Honourable Lester B. Pearson, volume 2: 1948-1957*, (Toronto: University of Toronto Press, 1973), p. 32.

can be added to the history of Canadian post-war foreign relations. The first chapter provides a background to Canadian views of Asia and economic aid in the context of the Colombo Conference. It also describes the initial reactions of the officials of the Department of External Affairs to the proposal. The subsequent chapters analyze the process by which a final Canadian commitment was achieved.

As a soldier I had learned something of how devastated a country can be when laid under the harrow of war. I had learned, more profoundly, that the world is a desperate place. But nothing had prepared me for the desperate poverty of Asia, the sight and smell and endlessness of it. To see people sleeping in the streets, hundreds of them, and to know that that was a commonplace in most of the cities of South and South-East Asia; to visit villages not far from New Delhi and to find them entirely lacking in sanitation and with impure water-supplies, and to know that that was the lot of most of the more than 500 million people living in the area--that was something for which no prior information was any substitute or hardly even any preparation.

D. V. LePan²⁷

Chapter 1: Voyage of Discovery²⁸

On 2 January, 1950, in a cold Ottawa evening, an RCAF Northstar airplane took off on its long journey to Colombo, Ceylon. In the pre-jet age, the flight took several days and stopped in Gibraltar, Malta, Suez, and Karachi before finally reaching its destination. On board the Northstar was the Canadian delegation to the Commonwealth Foreign Minister's Conference, led by the Secretary of State for External Affairs, Lester B. Pearson.²⁹ For Pearson and most of his advisors, it was their first trip to Asia. Of Pearson's three advisers - Escott M. Reid, Arthur R. Menzies, and Douglas V. LePan - only Menzies, head of the American and Far Eastern Division, had first hand experience

²⁷D. V. LePan, Bright Glass of Memory, (Toronto: McGraw-Hill Ryerson Limited, 1979), p. 147.

²⁸I would like to thank Angie Sauer for this phrase that she heard Bernard Wood use in connection with L. B. Pearson's trip to the Colombo Conference.

²⁹In a spirit of frugality, the Department of External Affairs decided to send new officers to missions along the route of the Northstar. The airplane, therefore, also carried the first Canadian High Commissioner to Pakistan, David Moffat Johnson.

of Asia, having been born in China to missionary parents. The Canadian delegation was venturing into an unfamiliar territory.

It must be remembered that Canada, as a country settled predominantly by British and other European groups, had traditionally looked to the Atlantic and not the Pacific. Canadian policy-makers, therefore, did not usually consider the Far East as they sought a better, more peaceful world. Canadian indifference to Asia had been demonstrated during the Second World War by Mackenzie King. When the question of a Canadian contribution to the war in the Pacific was raised, King declined on domestic grounds, stating that "no government in Canada once the European war was over would send its men to India, Burma, and Singapore to fight with any forces [sic] and hope to get through a general election successfully."³⁰ Canada did raise a small group of volunteers, but the Pacific war ended before they saw any action.

It is true that after the war Canada participated in the Far Eastern Commission (FEC), based in Washington. The FEC was responsible for developing a plan of reconstruction for Japan as well as drafting a peace treaty and constitution. It was not considered to be a very influential body because it was constantly being ignored and overruled by General Douglas MacArthur. Though the Canadian government joined the FEC, it did not become associated with the more important Allied Council for Japan, based in Tokyo. The decision not to be a part of the Allied Council was made because Canada would have had to agree to being represented by one person as a part of a unified British Commonwealth bloc; in this case an Australian. At that time, the Canadian government

³⁰C. P. Stacey, *Arms, Men, and Government: The War Policies of Canada, 1939-1945*, (Ottawa: Queen's Printer for Canada, 1970), p. 58.

considered that such an agreement might reduce in some way its control over an independent Canadian foreign policy. Moreover, the Canadian government refused to be put in a position in which it might be placed unwillingly into opposition with the Americans. In a sense, the Canadian government were following a course of balancing the British and the Americans in the Pacific.

Canadian policy-makers were careful not to appear to be leaning too much towards either the United States' or the Commonwealth's view. However, key Canadian officials, such as Lester Pearson, privately believed that their interests lay closer to the Americans than their Commonwealth partners. As Pearson noted to Alfred Rive, Canadian High Commissioner to New Zealand in 1947:

...we must recognize the fact that Canada looks at the Pacific Ocean from the opposite corner to all the other interested Commonwealth countries. We have not the same direct or immediate interest in security measures in the south-west Pacific as Australia, New Zealand, India, and the United Kingdom have. Our outlook on the Pacific is from the north-east and from a security point-of-view our interests in this region are more closely identified with those of the United States than they are with the other Commonwealth countries.³¹

There is nothing to show that Pearson's view had changed between the time he wrote this passage and the time he stepped off the airplane in Colombo in 1950. Canada's distant view of Asia made the delegates odd men out in both the political and economic aspects of the Conference. One of the Conference's aims was to discuss the financial issues of the sterling bloc: the collection of British Commonwealth countries that had their economies tied to the non-convertible British sterling rather than the American dollar. Canada did not share the same financial problems as the rest of the Commonwealth

³¹Pearson to Alfred Rive, June 30, 1947, RG 25, 90-91/008, Volume 103, 50051-40, pt.2, National Archives of Canada.

because it did not belong to the sterling bloc. In 1939 Canada had tied its currency to the American dollar and reinforced this position at the Bretton Woods Conference in 1944.³²

The British economy and, therefore, the sterling bloc had undergone a number of financial crises and solutions since the end of the Second World War. During the war, Britain had borrowed heavily from its colonies and dominions. After the war, Britain could not repay the loans.³³ This state of affairs left the majority of Commonwealth partners in poor economic condition. India was the hardest hit having lent the most currency to Britain. In addition, strict controls on the convertibility of sterling, created trade problems within the bloc. In order to pay for imports from non-sterling nations, the British Commonwealth members needed scarce American dollars or they had to devise ways to maintain their reserves. Some solutions such as trade restrictions were viewed by Canadian financial advisers with great trepidation because Canada traded heavily with its Commonwealth partners.³⁴

On the political side, Canada had only recently begun to develop formal ties to the

³²Robert Bothwell, Ian Drummond, & John English, *Canada Since 1945: Power, Politics, and Provincialism*, (Toronto: University of Toronto Press, 1989), p. 26.

³³W. N. Medlicott, *British Foreign Policy since Versailles, 1919-1963*, (London: Methuen & Co. Ltd., 1968), p. 272. Medlicott sets the amount of the debts at £3,500 million, most of which was owed to members of the sterling bloc.

³⁴According to the Dominion Bureau of Statistics, *The Canada Year Book, 1951*, (Ottawa: King's Printer, 1951), p. 896, the percentage of the value of trade that Canada had done with the Commonwealth countries in 1949 was 34%. In the last five years of the 1940s the value of trade with the Commonwealth fluctuated from a high in 1945 of 46.2% to a low of 33.6% in 1948.

countries of the region.³⁵ Geography helped to determine Canadian foreign policy. As has already been noted, Canadian foreign policy makers were an Atlantic-centred group, as were most of their countrymen. On the other hand, five out of the eight members of the Commonwealth were located in Asia. One of the members, Britain, had historical ties and interests in the region. Therefore, for political and economic reasons, the majority of Commonwealth countries had a deep interest in the question of economic aid, though the topic was not initially a priority.

Another explanation for the detachment of the Canadian delegation at the conference was the Canadian government's history of being less than enthusiastic on the question of aid to Asia. Canada preferred to avoid membership in commissions on economic assistance for Asia except in an advisory role. For instance, in 1947 the United Nations Economic and Social Council formed the Economic Commission for Europe and the Economic Commission for Asia and the Far East (ECAFE). Even though Canada participated in framing the terms of reference for the Asian commission, Canadian officials believed that the rapid formation of ECAFE did not allow adequate time for reflection. The officials concluded that,

With no territorial interests in Asia and the Far East and in view of Canada's location outside of the geographical scope of the Commission, it is not likely that the work of the Commission will merit anything more than general interest on the

³⁵The first Canadian mission in Asia was established in Japan in 1929. In 1939 and 1940 High Commissions were opened in Australia and New Zealand respectively. In 1941, Canada established diplomatic relations with China. Diplomatic relations were established with India before independence in 1945, but a resident High Commission was not established until 1947. See J. E. Thibault & Cheryl Moreau, *Canadian Heads of Post Abroad, 1880-1989*, (Ottawa: External Affairs and International Trade Canada, 1991).

part of Canada.³⁶

Canada would only become involved in ECAFE in a "consultative capacity" if issues of interest to Canada came before the commission.

Much of the hesitation was a result of Canadian bureaucrats' suspicions of Asian motives. In a memo to then Secretary of State for External Affairs, Louis St. Laurent, R. G. Riddell, a veteran Canadian diplomat, outlined the Canadian reasons for uneasiness. He wrote:

There is little doubt that the Asiatic states, in particular China and India, are trying to broaden the terms of reference of the Asiatic Commission in such a manner that the highly industrialized western countries would be put in the position of underwriting the economic reconstruction and development of Asia without having adequate opportunity for controlling the use of the funds they had contributed. There is also the danger of these regional Commissions becoming propaganda instruments by means of which the less-industrialized nations who will constitute their principal membership will seek to emphasize the difference between standards of living in those countries and in the western areas.³⁷

Canada, as one of the richest industrialized western nations in the immediate post-war period, had a direct interest in where, when, and how much of its contributions would be going into aid programmes. Canadian officials wanted to avoid losing control of Canadian funded projects. Riddell suggested that ECAFE should be an advisory body only, in order that Canada and others could maintain control over the resources they were donating. Moreover, he advised that it should remain under the supervision of the Economic and Social Council and that emphasis should be placed on the "economic

³⁶Draft despatch, 2 February, 1947, RG 25, 84-85/019, Box 144, File 5475-CY-2-40, pt. 1, National Archives of Canada.

³⁷Riddell, Memorandum for St. Laurent, 7 March, 1947, RG 25, A12, Volume 2106, File AR 405/1/4/31, Volume 1, NA.

reconstruction of war damaged areas" rather than on "rehabilitation and relief".³⁸ These recommendations would limit Asian efforts to gain economic assistance and restrict ECAFE to reconstruction, instead of development.

The Asian members of the Commonwealth did not rely solely on the United Nations. At the October 1948 Commonwealth Prime Ministers' Meeting, Liaquat Ali Khan of Pakistan, called for a Commonwealth committee to coordinate economic assistance to India, Pakistan, and Ceylon. The proposal was supported by a few of the Commonwealth members, but not Canada. Norman Robertson, the Canadian High Commissioner in London, spelled out the reasons for Canadian reluctance: previous aid commitments in the North Atlantic area, concern over overlapping with the United Nations, and the reluctance of a dollar country to become more closely involved with the sterling bloc. These same reasons would be used again to forestall Canadian involvement in the Colombo Plan. Putting Canadian objections aside, Robertson stated that Canada would agree to the proposal for a Commonwealth economic committee provided it only held an advisory role and that freer trade would be promoted between Commonwealth and non-Commonwealth countries.³⁹

In 1949, the United Nations continued their assistance of under-developed countries through its newly created Expanded Programme of Technical Assistance (UNEPTA). The central idea of UNEPTA was that it would help under-developed

³⁸*Ibid.*

³⁹Frank Randall Hayes, "The Evolution of Canada's Commonwealth Relations, 1945-1968", (University of Toronto: unpublished Ph.D dissertation, 1979), p. 158.

countries help themselves. Canada supported the Expanded Programme, although the Canadian representative to the U.N., René Jutras, cautioned the Assembly against high expectations. Canadian support was based on the possibility that UNEPTA would encourage investment in under-developed countries, open up freer trade with those countries and new markets for Canada, allow Canada to develop goodwill with the under-developed countries, and foster political stability. The Canadians also hoped that India, Pakistan, and Ceylon would be in a position to receive aid through the Expanded Programme of Technical Assistance. The Canadian view of the capabilities of the Asian members of the Commonwealth was revealed in a position paper, which read:

...the Commonwealth countries are in a better position than most under-developed countries to take immediate advantage of the Programme. They have inherited a relatively efficient governmental machine from the days of British rule; their banking and financial institutions are developed and they possess a nucleus of technicians and experts.

The Commonwealth countries could therefore present projects for the consideration of the U.N. at an early date and be in a position to call for the facilities offered through the Programme before other less-developed countries.⁴⁰

But Asia was changing faster than the Canadian perspective. Asia in 1950 was an area in political and economic turmoil. Following the defeat of Japan in 1945, the European powers returned to claim their colonies and attempted to rebuild the economies of the region. Along with the destruction, they found an emerging political awareness and a burgeoning nationalism. A number of colonies achieved independence, India, Pakistan, and Ceylon experiencing perhaps the most stable transitions. Burma, another British colony, also gained independence, but it had fallen into civil war. At the same

⁴⁰Technical Assistance for Economic Development of Under-Developed Countries, 1949, Pearson Papers, MG26 N1 Volume 22, pt. 1, National Archives of Canada.

time, the French had problems in reestablishing control over their colonies in Indochina, with repercussions which would be felt for many decades. Indonesia grudgingly achieved independence from the Dutch. The appeal of communism was increasing along with the calls for independence. The British had been fighting against the communist insurgency in Malaysia since 1948. In 1949, the West was shaken when the Chinese Communists led by Mao-tse Tung drove the Nationalists onto Formosa and in June 1950 the world would witness the beginning of the Korean War.

Against this background of increasing international tension, the Commonwealth Foreign Ministers met in Ceylon. Their mandate was to discuss European problems, the progress of the Japanese Peace Treaty, the recognition of the Chinese Communist government, and the general problems of South East Asia.⁴¹ Political issues in Asia, however, could not be considered in isolation from the economic issues. Economic officials were also present to deal with the financial problems of the Commonwealth. Their presence facilitated the establishment of a foundation for economic assistance because the foreign ministers were able to use them to evaluate the aid proposal when it came before them in the political meeting.⁴²

The Commonwealth Foreign Minister's Conference in Ceylon was the first to be held in an Asian Commonwealth capital and was calculated to draw the new Asian

⁴¹D. V. LePan, *Bright Glass of Memory*, (Toronto: University of Toronto Press, 1979), p. 158.

⁴²Douglas LePan has suggested that there was an element of fate in the creation of the Colombo Plan. He wrote, "The issues that were expected to dominate the discussion were the questions of the recognition of China, which had fallen to the Communists in 1949; the drafting of a peace treaty with Japan; the confused and precarious situation in Indo-China; and the welter of civil wars in Burma. It was only gradually, but persistently, that the problems of economic development came to usurp a stage that had been set for a different dialogue." Douglas LePan, *Bright Glass of Memory*, (Toronto: McGraw-Hill Ryerson, Ltd., 1979), p. 155.

members. The initial proposal for the conference had been made in October 1948, at the Commonwealth Prime Ministers' meeting, by British Prime Minister Clement Attlee.⁴³ He had recommended that, because of the similarity of problems faced by Commonwealth members and in the interests of Commonwealth consultation, they should meet at least once a year to discuss specific topics. Although the suggestion was favoured by the majority, it was not acceptable to the Canadian government, which traditionally opposed such regular meetings in favour of more informal consultation. Canadian objections did not prevent a Commonwealth Finance Minister's meeting in 1949, and late in that year the preparations for the long postponed Foreign Minister's Conference were set in motion.

The discussion of an economic assistance program was a logical step for the Commonwealth given the formation of ECAFE and UNEPTA, the sterling bloc's financial problems, and pressure from the Asian members of the Commonwealth. It is clear, furthermore, that plans to stem the tide of Communist aggression in South-East Asia were dependent on economic assistance. The meeting of United Kingdom representatives and Colonial Governors in South-East Asia in November 1949 - which became known as the Bukit Serene Conference - concluded that a regional economic cooperation pact should be created in South and South-East Asia in cooperation with the North Atlantic Treaty countries and Australia and New Zealand. At the time the participants recognized that an emergency existed in the region but that political and military means were not practical to block the advance of communism; therefore, the association would have to be based

⁴³Memo, "Meetings of Commonwealth Ministers Responsible for Foreign Affairs", December 21, 1949, Pearson Papers, MG26N1, Volume 22, pt.1, National Archives of Canada.

on "cooperation in economic affairs".⁴⁴ For Canada, the idea of economic assistance to Asia was viewed as peripheral, but for many of the Commonwealth countries it had been an important and continuing consideration through the post-war years.⁴⁵

Mackenzie King's government did not approve Clement Attlee's proposal for regular meetings of Commonwealth governments in 1948. But Louis St. Laurent soon became Prime Minister and under his administration the Canadian government was more forthcoming. It appears, however, that Canada participated in the Commonwealth meetings in order to keep options open and guard Canadian interests. In the case of the Colombo Conference, many of the privately outlined reasons to attend were superficial and had more to do with the Canadian image in the Commonwealth than with a willingness to consult about issues in foreign affairs. Foremost in the minds of the policy-makers at External Affairs was that Canada's absence might create the impression that Canadian interests lay solely in the Atlantic alongside the United States. In addition, they worried that the failure to attend might be interpreted as a lack of interest in the Commonwealth and in the fate of its Asian countries. Asian problems were not high on the list of Canadian priorities, but External Affairs officials were not prepared to have the Asians believe this. In addition, Ceylon had recently been denied membership in the

⁴⁴G.B. Shannon to A.D.P. Heeney, Ottawa, 21 November, 1949, RG 25, 90-91/008, Box 203, 50081-40, National Archives of Canada.

⁴⁵This is evident in the minutes, in the British policy objectives for the Conference as examined by a New Zealand historian, Nicholas Tarling, and in the memoirs of the Australian Foreign Minister, Percy Spender, *Exercises in Diplomacy*, (Sydney: Sydney University Press, 1969). For more on British policy see Nicholas Tarling, "The United Kingdom and the Origins of the Colombo Plan", *Journal of Commonwealth and Comparative History*, (24.1 (1986)), p. 3-34. Tarling shows that economic aid to South-East Asia was an extension of Britain's commitment to help in the reconstruction of its former colonies, improve its trade with these countries, and maintain political stability. The British actively pursued it for a year or more before the promulgation of the Colombo Plan.

United Nations. It was believed that a Commonwealth Conference hosted by Ceylon might be a way of making up for its rejection by the world body.⁴⁶ On the economic side, the Canadian representatives believed that they could bring a North American and a dollar perspective to the talks.

The economic discussions were dominated by the sterling crisis and suggestions for the improvement of the Commonwealth economies. This worried the officials in the Departments of Finance. W. C. Clark, the Deputy Minister of Finance, and Graham Towers, Governor of the Bank of Canada, were concerned that the sterling bloc countries might institute measures to conserve their dollar reserves by restricting trade to members of the bloc and thereby reducing imports from Canada and other dollar areas. The Canadian economy would suffer if the sterling bloc reduced its exports from Canada. They insisted that Canada could not be involved in any financial discussions that would so obviously include restriction of imports from the dollar area. Arnold Heeney, the Under-Secretary of State for External Affairs, assured Clark:

He [Pearson] appreciates that a large part of the financial discussions to be held concurrently with the meeting of Foreign Ministers will be concerned with the progress of efforts by sterling area countries to restrict their imports from the dollar area, and that Canada cannot be implicated in any way in that programme.⁴⁷

At the economic part of the Conference, D. V. LePan, the Canadian representative from the Economic Section of the Department of External Affairs, "dissociate[d] Canada

⁴⁶Memorandum for the Minister, "Commonwealth Foreign Ministers' Conference in Colombo", November 16, 1949, RG 25, 90-91/008, Box 203, File 50,081-40, National Archives of Canada.

⁴⁷Letter, A.D.P. Heeney, Under-Secretary of State for External Affairs to Deputy Minister, Department of Finance, December 12, 1949, RG 25, 90-91/008, Box 203, File 50,081-40, National Archives of Canada.

entirely from any efforts of the United Kingdom, as the central banker of the sterling area, to reduce imports from the dollar area generally and from Canada in particular".⁴⁸

Pearson also anticipated that some discussion of economic aid would take place. It was, however, expected to be a very small part of the talks, if it took place at all. In a telegram to Hume Wrong, Canadian Ambassador to the United States, Pearson wrote:

There may, however, be some further discussion of the economic means of stemming the Communist advance in East Asia. We shall certainly be interested in following these discussions closely. As you know, we have already devoted a good deal of time to the study of technical assistance under the "Point Four Program". However, I am inclined to think that the initiative in these matters will have to come from those countries attending the Conference who have a more direct interest than we have.⁴⁹

Pearson's observations suggest that Canadian policy regarding economic assistance to Asia was softening as a result of President Truman's commitment to economic assistance exemplified in his Point Four Program.

The Point Four Programme had evolved out of Truman's January 1949 inaugural address in which he had described his four foreign policy objectives. The first three points consisted of United States support for the United Nations and its agencies, continuance of its programmes for general world recovery, and the strengthening of

⁴⁸The Canadian report of the economic conference summarizes the difficulties faced by the Canadian delegation: "In such a meeting, the Canadian position was bound to be equivocal. On the one hand, it was possible to offer some support to the United Kingdom in interpreting sympathetically United States policy to other members of the sterling area and in justifying the continuing tripartite conversations. On the other hand, it was imperative to dissociate Canada entirely from any efforts of the United Kingdom, as the central banker of the sterling area, to reduce imports from the dollar area generally and from Canada in particular. This was done at the first meeting." Circular Document No. A.5, 2 March, 1950, RG 25, 89-90/292, Box 94, 11038-40, pt.1, National Archives of Canada.

⁴⁹Telegram No. EX-3059, Secretary of State for External Affairs to Canadian Ambassador, Washington, December 29, 1949, RG 25, 90-91/008, Box 203, 50081-40, National Archives of Canada.

"freedom-loving nations against aggression".⁵⁰ Truman's fourth point committed the United States to expanded economic assistance to under-developed countries:

...More than half the people of the world are living in conditions approaching misery....Their poverty is a handicap and a threat both to them and to more prosperous areas.

For the first time in history, humanity possesses the knowledge and skill to relieve the suffering of these people....I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And in co-operation with other nations, we should foster capital investment in areas needing development. Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens. We invite other countries to pool their technological resources in this undertaking....This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies whenever practicable.⁵¹

The speech had reinforced the United States' commitment to aid.

Further encouragement had come from the United States in mid-December 1949. In keeping with Pearson's assertion to Alfred Rive that Canada's outlook on the Pacific was from a North American perspective, External Affairs tried to assess the American view of the Colombo Conference. In December 1949, Wrong reported a conversation that was held with Dean Acheson, the United States Secretary of State, and Sir Oliver Franks, the Ambassador of the United Kingdom. In essence, Acheson stated that the United States was increasingly disturbed by the Communist victories in Asia, and he suggested that the United States and the Commonwealth should consider dividing Asia into spheres

⁵⁰Hugh L. Keenleyside, *International Aid: A Summary*, (Toronto: McClelland & Stewart Limited, 1966), p. 121.

⁵¹Harry S. Truman, *Public Papers of the Presidents of the United States: Containing the Public Messages, Speeches, and Statements of the President, January 1 to December 31, 1949*, (Washington: United States Government Printing Office, 1964), p. 114-5.

of responsibility:

He [Acheson] went on to say that, in addition to their position in Japan, the Philippines were obviously an American step-child. Furthermore, the United States was ready to take a greater interest in support of the Indonesian Republic and Indo-China. Thailand he regarded as a sort of no-man's-land, in which not much could be done. He believed that the Commonwealth should treat Burma, as well as Malaya, as its special responsibility.

I remarked that this was not the sort of thing on which the Commonwealth was likely to act collectively. Burma was very remote from the interests of the Canadian people.⁵²

The suggestion is a startling indication of a continuing misunderstanding of the nature of Canada's position in the Commonwealth by high officials in the U.S. State Department.

Weeks before, Wrong had told Dean Rusk, another State Department official, that Canada's interest in Asia was minimal, when the latter had made a suggestion similar to Acheson's. After years of reassuring the American government that Canada would not act collectively with the Commonwealth, Wrong concluded:

At the Colombo Conference, however, problems concerning Burma and Malaya are sure to be discussed; and there is a certain equity in the suggestion that the United States, with its deep involvement in Japan and the Philippines, should be relieved by some members of the Commonwealth of responsibility in Burma.⁵³

Wrong did not specifically recommend that Canada should be involved, only "some members" of the Commonwealth. Wrong's observations implied that at the least the plan should receive Canadian support; at the most it was possible that Canada would become involved in Asian problems. The Canadian government, however, still did not consider aid as a serious issue.

⁵²Telegram WA-3434, Canadian Ambassador to the United States to Secretary of State for External Affairs, December 16, 1949, RG 25, 90-91/008, Box 203, File 50081-40, National Archives of Canada.

⁵³*Ibid.*

The Colombo Conference opened on the morning of 9 January, 1950 with D. S. Senanayake, the Prime Minister and Minister of Defence and External Affairs of Ceylon as the Chairperson. In the opening statements, the Asian ministers appeared to be setting the stage for a discussion of aid. They emphasized that the danger to the free people of the world had moved from Europe to Asia.⁵⁴ Senanayake, in his opening statement, said:

The advance of Communism in the West had been checked for the time being by Western Union, the Atlantic Pact and the success of the constitutional parties in Italy and France. But Communism, if checked in one direction, expanded in another and was now expanding in Asia.⁵⁵

He added that the threat from communism lay not in the political but in the economic sphere:

Asia provided a fruitful field for Communist propaganda because of its vast undernourished population, who were fighting a losing battle for life and could easily be persuaded that any change would be for the better. Scientific techniques from the West had helped to combat disease, flood and drought; and populations were expanding rapidly in consequence. But Asia lacked the capital equipment and technical skill required to feed and clothe her increasing populations even at the bare subsistence level.⁵⁶

This warning was echoed with variations by Jawaharlal Nehru, the Prime Minister of

⁵⁴Jawaharlal Nehru, Prime Minister of India suggested that the focus of international problems had in fact shifted to Asia, although, "Previously there had been some tendency to consider these problems solely in terms of Europe;...Asian problems were now so important that they must be given their rightful place." *Commonwealth Meeting on Foreign Affairs*, Colombo, January 9, 1950, RG 25, Volume 2285, National Archives of Canada.

⁵⁵*Commonwealth Meeting on Foreign Affairs*, Colombo, January 9, 1950, RG 25, Volume 2285, National Archives of Canada.

⁵⁶*Commonwealth Meeting on Foreign Affairs*, Colombo, January 9, 1950, RG 25, Volume 2285, National Archives of Canada.

India and by Gulam Mohammed, Pakistan's Minister of Finance.⁵⁷

The warnings of the Asian ministers influenced Pearson. When he returned to Ottawa he announced to Parliament that military force alone was inadequate to defend democracy and maintain freedom in South-East Asia. The only way to defeat communism was to show the people of Asia that it was the western democracies and not the Soviet Union that could best help them to achieve "economic and social progress".⁵⁸ At the conference, however, Pearson remained quiet and let those with interests in the region take the initiative. He did nevertheless assure the members of the Conference that Canada was not excessively absorbed in North America or the Atlantic and realized that problems existed in the rest of the world. He affirmed this by repeating the statement that he had made at the signing of the North Atlantic Pact,

Canada realised that national isolationism, even Regional isolationism, was no longer possible in an international society which was becoming increasingly interdependent.⁵⁹

His only extended statement did not focus on Asia but backed Britain's position in European Economic Cooperation.

The first few days of the conference were taken up with the discussion of the general international situation, the recognition of China, and the Japanese Peace Treaty.

⁵⁷Interestingly enough, the three Asian leaders - Jawaharlal Nehru, Liaquat Ali Khan, and D.S. Senanayake - strongly emphasized the great need for economic assistance to fight the threat of communism. Months later, when they had a tentative commitment to an aid programme, Nehru and other Asian leaders protested against the threat of neo-imperialism inherent in the phrase, "Common defence against communism", which was a goal of the Colombo Plan.

⁵⁸L. B. Pearson, Secretary of State for External Affairs, February 22, 1950 in Canada, *House of Commons Debates, second session-21st Parliament*, (Ottawa: King's Printer, 1950), p. 131.

⁵⁹*Commonwealth Meeting on Foreign Affairs*, Colombo, 9 January, 1950, RG 25, Volume 2285, National Archives of Canada.

It was not until the afternoon session of the third day that J. R. Jayawardene, the Ceylonese Minister of Finance, proposed a programme of aid to the under-developed countries of the Commonwealth. He described the poor economic position of his country and the lack of improvement of the economic situation and proposed three solutions to the problem of under-development:

- (i) ...Each country should have its own field of national development, whether agricultural or industrial. The other countries of the Commonwealth should then indicate what capital goods they could provide since the under-developed countries were finding it difficult to get the necessary equipment in the sterling area....
- (ii) The other Commonwealth countries should guarantee a market at fixed prices for the products of the less developed countries.
- (iii) A start should be made in building up the Commonwealth as a single trading area.⁶⁰

Jayawardene then asked the assembly to consider a resolution which called for the creation of a Committee to study the needs of the area and devise a 10 year plan for development. There were a number of problems with the proposal, not the least that it assumed the Commonwealth was a more cohesive and self-contained organization than it was. The plan was also limited to a solution through trade. The "have" countries would be giving and the "have nots" receiving, with the danger that paternalism would develop. Many of the countries who could afford to give would be receiving nothing in return. As a result, Jayawardene's proposal was met with caution. For instance, Ernest Bevin, the British Foreign Minister, insisted that the full picture had to be looked at because Britain had commitments in Europe equal to its commitments in Asia.

The Australian delegation tried to salvage something of Jayawardene's initiative.

⁶⁰*Commonwealth Meeting on Foreign Affairs*, Colombo, 10 January, 1950, RG 25, Volume 2285, National Archives of Canada.

They presented a proposal for economic aid to South-East Asia and decided to collaborate with Ceylon. Consequently, on 12 January, a joint memorandum by the Australian, New Zealand, and Ceylon delegations was placed before the assembly for discussion. Very little of the original Ceylonese proposal was left, however.

The memorandum contained an outline for further discussion of assistance to South and South-east Asia. The first part was a number of recommendations that would be submitted to the respective governments of the Commonwealth, including the possibility of extending emergency credit to the area; adopting a policy to encourage the International Bank for Reconstruction and Development, as well as other United Nations bodies to give a high priority to the area; contributing to the Technical Assistance Program of the U.N., as well as supplementing U. N. programs with direct bilateral aid; bringing other governments into the program, (specifically the United States); and continuing consultation with the other Commonwealth countries. The second part proposed the setting up of a Consultative Committee for South and South-east Asia to consider means by which the area could be aided and how much would be needed. The Australian Foreign Minister, Percy Spender, invited the Commonwealth representatives to continue this conversation in Sydney at an early date.⁶¹

Generally, the proposal was welcomed by the delegations. Pearson, however, cautioned the assembly. Ever vigilant of jumping into something that was not fully thought out, he suggested that the proposal be "scrutinised by economic advisers to

⁶¹*Commonwealth Meeting on Foreign Affairs*, Ottawa, 12 January, 1950, RG 25, Volume 2285, National Archives of Canada.

Delegations in order that any ambiguities of phrasing might be avoided".⁶² This recommendation was agreed to, and the following day the advisers presented a new draft to the assembly.

The final list of recommendations for the creation of a program for economic aid to South and South-East Asia was accepted on 13 January, 1950. It read:

A.--The Conference of Commonwealth Foreign Ministers recommends that the participating Governments should--

- (i) examine the possibility of making financial assistance available for essential productive purposes in South and South-East Asia, taking into account their existing commitments in this area.
- (ii) support as high a priority as possible for projects presented to the International Bank for Reconstruction and Development which would contribute to the economic well-being of the area and would be in accordance with the Bank's objectives;
- (iii) contribute to the technical assistance work of the United Nations and its Specialized Agencies, and to support in these organisations as a high a priority as possible for the needs of South and South-East Asia;
- (iv) examine the possibility of making supplementary bilateral arrangements in appropriate cases for the provision of direct technical and other assistance;
- (v) generally, consider proposals for the economic development of the area, keeping in view the possibilities of mutual assistance.

B.--With a view to the implementation of these recommendations the Conference further recommends the establishment of a Consultative Committee, membership of which will be open to all Commonwealth Governments which wish to participate, with the following terms of reference--

- (i) to receive from Governments an indication of the action which they consider it feasible to take in response to the recommendations in Section A;
- (ii) to approach the Governments of countries outside the Commonwealth interested in the area with a view to enlisting their collaboration;
- (iii) to examine the methods of co-ordinating development activities in South and South-East Asia, in association with international and regional organisations concerned with the object of raising the level of production and the standard of living in the area;

⁶²*Commonwealth Meeting on Foreign Affairs*, Ottawa, 10 January, 1950, RG 25, Volume 2285, National Archives of Canada.

- (iv) to examine the desirability of promoting international commodity agreements for basic products, which would benefit the area and could be recommended for consideration under the Havana Charter;
- (v) to consider whether the economic development of under-developed countries of the area would be assisted by the drawing up of a co-ordinated plan of development and by the establishment of special machinery;
- (vi) to make recommendations to Governments.⁶³

Pearson insisted that the words, "in this area", in part A(i) of the resolution be deleted in order to recognize that some of the Commonwealth countries had obligations in other parts of the world.⁶⁴ The exclusion of these words would allow Canada or any other country later to claim that interests in other areas prevented it from taking part. South Africa, for instance, claimed more pressing problems in Africa and was not represented at the subsequent meetings.

A number of achievements came out of the Colombo Conference on different levels. The new Asian members were welcomed into the Commonwealth. Western members were afforded an opportunity to become better acquainted with the problems and hopes of these new members, in particular, and Asia generally. The most significant accomplishment, however, was the beginnings of a plan for economic aid to South-East Asia.⁶⁵

⁶³*Commonwealth Meeting on Foreign Affairs, Economic Policy in South and South-East Asia, Report by Drafting Committee of Officials, Colombo, 13 January, 1950, RG 25, Volume 2285, National Archives of Canada.*

⁶⁴*Commonwealth Meeting on Foreign Affairs, Colombo, 13 January, 1950, RG 25, Volume 2285, National Archives of Canada.*

⁶⁵The final communique spelled out the major purpose and accomplishment of the Conference: "It has proved especially appropriate that a meeting at this time for the discussion of foreign affairs should be held in Ceylon; for although world problems are indivisible Asia is at the moment the main focus of interest and the area of special urgency....It was recognized that in the changing conditions brought about by recent developments in this area progress depends mainly on the improvement of economic

Lester B. Pearson, did not contribute as significantly as his counterparts, but he had guarded Canadian interests and backed Britain in its delegates' explanation of Western Union and European Economic Cooperation. Above all, Pearson did not commit the Canadian government to anything and had kept options open, learning as much as possible about Asia's problems and needs, but promising nothing. At the end of the Conference Pearson wrote the following to Arnold Heeney, his Under-Secretary of State:

Although we, like other Commonwealth Governments, would receive an invitation, it would cause no surprise to any of the Governments more directly concerned if we were to decline on the grounds that we have heavy commitments in other areas. My provisional view is that our proper course would be to suggest that we be represented on the Consultative Committee by an observer.⁶⁶

Of the proposal for economic assistance, Pearson expressed a cautious optimism:

The manoeuvre which is developing is still vague and shadowy, as you will see; and there are many possible contingencies which could falsify the cautious hopes which are entertained for it here. But it is a promising move, I think, and deserves at least our sympathy.⁶⁷

Pearson and his advisers had not seen much of Asia on their flight to Colombo, with the exception of some brief stopovers. It was on the slower return journey that they

conditions. The Conference was impressed by the magnitude of contribution which the success of progressive policies in this area could make to the peace and prosperity of the world. Executive decisions are not taken at Commonwealth meetings of this kind; but as a result of the valuable exchange of views which has taken place recommendations for the furtherance of economic development in South and South East Asia will be submitted to Commonwealth Governments for their consideration". Telegram No. 29, Minister for External Affairs, Ceylon to SecState for External Affairs, Ottawa, January 14, 1950, RG 25, 90-91/008, Box 203, 50081-40, National Archives of Canada.

⁶⁶Telegram (unnumbered), Pearson to Heeney, January 17, 1950, Pearson Papers, MG26 N1, Volume 22, pt.3, National Archives of Canada. The political cartoonists in Ceylon, picked up on the Canadian and South African lack of commitment. In two cartoons printed in the *Ceylon Times* of 16 January, 1950, the day after the Conference ended, Pearson and Paul Sauer of South Africa are either not included in the grouping of the first cartoon or appear badly drawn in the background of the second cartoon. Pearson Papers, MG26N1, Volume 22, National Archives of Canada.

⁶⁷Pearson to Heeney, January 17, 1950, Pearson Papers, MG26N1, Volume 22, pt.3, National Archives of Canada.

saw first-hand the overwhelming poverty of Asia.⁶⁸ They also spoke extensively with officials of the Indian and Pakistani governments. It was these experiences that encouraged Pearson and his advisers to consider more seriously the request for aid.

Pearson reported to Parliament on his return:

I was vividly impressed during my brief transit across this area after the conference by the need for capital development in all the countries stretching from Pakistan to Indonesia. There is a great need to increase agricultural yields through the introduction of irrigation systems and the greater use of fertilizer; also for the establishment of at least some new industries. I was impressed also by the very great need for technical help in those countries.⁶⁹

By the time they returned to Ottawa, Pearson and his advisers were undoubtedly committed to seeing that the Colombo proposals received something more than just their sympathy.

⁶⁸Arthur Menzies, in an interview, suggested that credit should be given to the Canadian High Commissioner to India, Warwick Chipman, for not limiting the tours in India to strictly tourist sights. He organized a tour of the countryside and showed Pearson and his advisers scenes of poverty, disease, and over-crowding. (Arthur Menzies, Ottawa, 27 December, 1991).

⁶⁹L. B. Pearson, Secretary of State for External Affairs, February 22, 1950 in Canada, *House of Commons Debates, second session-21st Parliament*, (Ottawa: King's Printer, 1950), p. 132.

Chapter 2: Laying a Foundation

The next step in the creation of the Colombo Plan was a Commonwealth meeting in Sydney, Australia in May 1950. The purpose of the Sydney Conference was simply to explore the possibilities of providing Asia with economic aid and to develop some guiding principles if a major project was needed. Even before the conference, however, Canadian officials and politicians began to examine a Canadian role and alter previous policy. It was not an easy task to accomplish. Those in External Affairs who were willing to consider the issue approached it cautiously. They faced strong opposition from other departments and Cabinet Ministers who had not participated in the voyage of discovery and, as a result, continued to hold to the views developed between 1945 and 1949. Pearson would have to convince his Cabinet colleagues that the economic assistance scheme deserved to be looked at seriously.

On 14 February 1950, Pearson presented his preliminary report of the Colombo Conference to Cabinet. He asked them to make a decision on the recommendations for economic aid which consisted, first, of a general multinational aid program for South-East Asia and, secondly, a Commonwealth loan to Burma. The Cabinet meeting did not go as well as Pearson hoped. His colleagues hesitated and insisted that the Colombo Conference recommendations be studied further before making a decision on either matter.

The delay was frustrating. The day after the Cabinet meeting Pearson wrote to his Under-Secretary, Arnold Heeney,

I do not see how we can refuse to attend the meeting in Canberra [sic][Sydney], which is, in effect, one merely to discuss whether a Committee should be set up and if so, what it might do.⁷⁰

Though Pearson did not see any harm in simply discussing the issue, it was apparent that others believed that Canada would not be able to escape a commitment if it participated at Sydney.

The Interdepartmental Committee on External Trade Policy (ICETP) took over the examination of the recommendations. The debate over economic assistance through the Commonwealth developed first in this committee. The ICETP was one of the most powerful bodies at the official level in the government and was chaired by the Secretary to the Cabinet, Norman Robertson. On the board sat the Deputy Ministers, or their representatives, of Finance, Trade and Commerce, Agriculture, National Revenue, External Affairs, as well as the Governor of the Bank of Canada, and the Chairman of the Tariff Board. The ICETP dealt mainly with trade and financial issues such as European Economic Integration, GATT, the Tripartite discussions, and the problems of the sterling bloc. Since the economic problems of the sterling bloc were a part of the assistance proposal, the ICETP was a logical place to discuss it. This may have influenced how Canadian officials viewed aid in the future; that is, as trade, not aid.

On 6 March, 1950, the ICETP met to consider the proposals of the Colombo Conference. A difference of opinion emerged on the questions of Canadian acceptance of Colombo's recommendations and attendance at the subsequent meeting in Sydney. The Deputy Minister of Finance, W. Clifford Clark, and the Governor of the Bank of Canada,

⁷⁰Memorandum, Pearson to Heeney, 15 February, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

Graham Towers, led the opposition. Both were suspicious about the possible results of economic aid to Asia.

Clark insisted that any aid to India and Pakistan would be ineffective. The two new nations were involved in a territorial dispute over the province of Kashmir. The disagreement had led to armed conflict in which both countries were spending large amounts of money to maintain their positions. This conflict created an enormous drain on their resources, resources that could be better put toward economic development projects.⁷¹ Clark argued that any external aid would simply free up more money and men to continue the fighting or strengthen the position of one side or the other. Furthermore, Clark was one of the officials who believed that if the Canadian government involved itself in any discussions it would not be able to escape a financial commitment later.⁷²

Towers expressed similar objections. He also took exception to the recommendation for a group approach to the International Bank and the International Monetary Fund. The purpose of such an approach was to persuade the two agencies to increase funding to the countries of South-East Asia. One of the major complaints of the Asians at Colombo was that they believed they were being ignored by the United Nations agencies who were giving more assistance to the African and South American countries. Towers was less worried about the problems of the Asian nations than he was about the possibility that Canada might lose its influential position in the International Bank by

⁷¹Minutes of the Interdepartmental Committee on External Trade Policy, 6 March, 1950, RG 25, File 50092-B-40, National Archives of Canada.

⁷²*Ibid.*

joining a "Commonwealth pressure group".⁷³

Clark and Towers were outnumbered by the representatives of External Affairs, whose positive arguments were based not only on economics but on the need to build and maintain good relations with the Asian countries. For example, A. F. W. Plumptre, an official from the Economic Division within External Affairs, warned against rejecting the recommendations because it could be harmful if misinterpreted by the Asian nations.

The winning argument was presented by Norman Robertson, the former Under-Secretary of State for External Affairs, who was now Secretary to the Cabinet and Chairman of the ICETP. It will be remembered that Robertson, as High Commissioner to Britain, had communicated Canada's unenthusiastic response to a proposal for economic assistance to Asia in 1948. Less than two years later, he accepted that it would be difficult "translating the recommendations into action", but he believed that Canada's "acceptance would constitute an earnest of western and Commonwealth interest in the problems of Asia".⁷⁴

Robertson also raised, by implication, an issue that Clark and Towers had not; that of the position of Canada as the only Commonwealth country with its economy tied to the dollar. It will be remembered that both Clark and Towers had expressed concern over Canada's position as a dollar country at the Colombo Conference, but they had not brought the issue up at the ICETP meeting. Robertson told the meeting that,

...the Secretary of State of the United States had indicated that it was a part of U.S. policy to provide a missing component in cases where other countries were

⁷³*Ibid.*

⁷⁴*Ibid.*

taking a responsibility and initiative in meeting problems such as those toward which the recommendations were directed. The present might be an instance where U.S. collaboration could be expected if the general lines of policy covered by the recommendation were followed up.⁷⁵

The prospect that the United States would participate in an initiative such as that proposed by the Commonwealth became one of the factors in determining whether Canada would agree to membership in the Colombo Plan. In closing his argument, Robertson concluded:

As to whether Canada should accept full membership in the committee or should be represented by an observer, there did not seem any genuine advantage in qualifying our representation.⁷⁶

The final decision, however, was not based on the potential for American involvement or the possibility of better relations with the Asian states, but on a statement made by Lester Pearson.

On 22 February, twelve days before the ICETP met to discuss the Colombo Conference recommendations, Pearson had stated in the House of Commons that Canada would be represented at the Sydney Conference. His address gave an early indication that anti-communism was the primary goal of Canadian economic assistance policy. He told Parliament that,

...we agreed at Colombo that the forces of totalitarian expansionism could not be stopped in south Asia by military force alone. They cannot be checked, if, through stupidity or shortsightedness on the part of the democratic powers, totalitarianism is able to ally itself successfully with the forces of national liberation and social reform. If southeast Asia and south Asia are not to be conquered by communism, we of the free democratic world, including the Asian states themselves which are free, must demonstrate that it is we and not the

⁷⁵*Ibid.*

⁷⁶*Ibid.*

Russians who stand for national liberation and economic and social progress.⁷⁷

There were, to be sure, a number of factors that would limit the kind and amount of aid to Asia. Pearson warned that great care would be taken not to duplicate the services of other organizations, particularly the United Nations. He assured the House of Commons that, "We do not want a new committee merely because it looks like an attractive piece of international furniture for an already cluttered-up home."⁷⁸ Moreover, Canada's primary international responsibility would continue to be its commitment to the North Atlantic community. In spite of these qualifications, Pearson concluded that "When a further meeting is held...the Canadian government of course will be represented."⁷⁹ This apparently unilateral announcement was made without prior consultation with the Cabinet or waiting for the report of the ICETP. Whether the assurance of Canadian participation was an accidental slip of phrasing or a deliberate attempt to circumvent prolonged debate in Cabinet is unclear. In either case, the result was ill-feeling toward Pearson by members of the Cabinet, specifically Douglas Abbott, the Minister of Finance, which later contributed to delay in the final decision to participate in the Colombo Plan.⁸⁰

At the time, Pearson did not specify whether the representative would be an observer or a full member, but the statement had been interpreted by many as acceptance

⁷⁷L. B. Pearson, Secretary of State for External Affairs, February 22, 1950 in *Canada, House of Commons Debates, second session-21st Parliament*, (Ottawa: King's Printer, 1950), p. 131.

⁷⁸*Ibid.*, p. 132.

⁷⁹*Ibid.*, p. 132

⁸⁰Arnold Heeney to L. B. Pearson, January 11, 1951, RG 25, 86-87/160, Box 132. File 11038-40, pt. 5. National Archives of Canada of Canada.

of full membership. As a result, the Interdepartmental Committee recommended that Cabinet approve the recommendations, in order to avoid the embarrassment that might have been created if the government had to repudiate Pearson's statement.⁸¹ Cabinet in turn approved the resolutions of the Colombo Conference on 10 March, 1950.⁸²

There was also the matter of a Commonwealth loan to Burma. At the Colombo Conference, Ernest Bevin had proposed that a Commonwealth loan of £7.5 million be made available to the Burmese government for the purpose of backing that country's currency. Each Commonwealth country was encouraged to contribute a share of the total loan, a condition of which was that the money would not leave London, but would be held in a blocked sterling account.

Response to this proposal had been less than enthusiastic. Britain and Australia were the only two countries to make firm and substantial commitments. Ceylon, India, and Pakistan made tentative offers, but stressed their financial plight. The Foreign Minister of South Africa declined to participate outright. The heads of the New Zealand and Canadian delegations stated that they would present the plan to their respective

⁸¹Minutes of the Interdepartmental Committee on External Trade Policy, 6 March, 1950, RG 25, File 50092-B-40, National Archives of Canada. They read: "...in view of the impression that had gained currency that Canada had accepted the Colombo resolution and of the misinterpretation that might be placed on any action to qualify Canadian participation, Canada agreed to accept membership in the consultative committee for South and South-East Asia..."

⁸²On March 1, 1950 the Union of South Africa set a precedent that Canada could have followed, if not for the previous public commitment to participation by its Secretary of State for External Affairs. South Africa declined to attend and reaffirmed the statement made by the South African Minister of Transport, Paul Sauer, at Colombo, "that our participation in the economic developments in Africa must have first call on our resources and that the vacuum in this sphere is so great that we regret we shall not be able to undertake commitments elsewhere." Telegram No. 2, Minister of External Affairs, Capetown to Secretary of State for External Affairs, Ottawa, 1 March, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

governments, but could promise nothing. Moreover, Pearson added that, "he did not suppose that any contribution was expected from a dollar country such as Canada"⁸³ because the contributions would be made in sterling.

The ICETP assessed the question of the loan along with the question of Canadian representation at the Sydney meeting, but came to a much different conclusion. The committee recommended to Cabinet that Canada not contribute to the Burma loan because of the risk involved. The political situation in Burma was not stable; since independence, there had been a civil war between the Burmese majority and various minority tribes. The contribution had to be made in sterling, which would have meant a conversion of much needed dollars. Furthermore, there was no guarantee that, if the Burmese government fell, Canada would regain its contribution in dollars. Burma had also withdrawn from the Commonwealth in the late 1940s. Any common bond, therefore, no longer existed. For all of these reasons, the ICETP found it difficult to recommend a contribution.⁸⁴

The difference in attitude toward the two aid schemes lay in the level of commitment and the financial obligations. Pearson sympathized with the broader aid program but not with the specific loan to Burma at the time both were proposed. In addition, the acceptance of the recommendations and full membership on the Commonwealth Consultative Committee would cost the Canadian government nothing.

⁸³*Commonwealth Meeting on Foreign Affairs*, 12 January, 1950, RG 25, Volume 2285, National Archives of Canada.

⁸⁴Minutes of the Interdepartmental Committee on External Trade Policy, March 6, 1950, RG 25, 90-91/008, Box 211, File 50092-C-40, National Archives of Canada.

Ottawa would not have to arrive at an immediate financial decision. The Canadian diplomats could observe and become more involved in the broader aid scheme when they had more information, a course of action that was quite easily justified. The loan to Burma, on the other hand, involved an immediate contribution of a large amount of money in an obviously risky venture.

A number of external factors informed the decision by External Affairs to, at the least, agree to participation in the broader scheme. One of these factors came from the Australian government. Percy Spender, the Australian Foreign Minister, had been pressuring Pearson with personal appeals since the middle of February for a decision. On 17 February, in a personal message to Pearson, Spender acknowledged Canada's commitments to other areas as a reason that it might not wish to participate. He assured Pearson, however, that the Canadian government could be represented at Sydney without committing itself financially. He stated,

Irrespective of the question of a contribution, however, I believe that the rest of the Commonwealth would benefit immeasurably from the advice which Canada can give in the selection of the important objectives of policy in the area and in deciding the best way of building an association between the Commonwealth and the United States in this project.⁸⁵

One of the keys to the "Spender Plan", as the early form of the economic assistance plan became known, was the participation of the United States in any Commonwealth aid to Asia. Spender undoubtedly believed that Canada could be useful in influencing the United States to join the Commonwealth scheme.

⁸⁵Letter, F. M. Forde, High Commissioner for the Commonwealth of Australia, Ottawa to Secretary of State for External Affairs, Ottawa, 18 February, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

Whether Pearson or any of his officials believed that they could influence the Americans to join the scheme is unclear. It is evident that Canadian officials knew that without American help the aid programme would not be successful. The Economic Division of External Affairs had taken charge of developing policy and anticipating difficulties prior to the Sydney Conference. The officials emphasized that the greatest danger to the success of the plan was the idea that the Commonwealth, by itself, could supply the economic aid necessary to slow or stop the spread of communism: the sterling bloc did not have the stability or flexibility to fund such a program, and Canada alone could not provide the dollar resources. The only solution to the Commonwealth's problem was to secure American participation in the scheme.

Fortunately, the Truman administration indicated in 1949 that aid to Asia was an important part of its foreign policy. The American government had been studying the problem of economic aid to South-East Asia for some time. In March 1950, the State Department sent out the Griffin Mission to study the needs of the region. The Americans had become more and more aware of the threat of communism in Asia, especially since the fall of the American-backed Nationalist government in China. Griffin stopped in Singapore and informed the British Commissioner General for South-East Asia, Malcolm MacDonald, that,

His mission had been sent out at very short notice to make urgent recommendations on kind and extent of American assistance which would be most immediately effective in combatting [the] spread of communism and on countries to which it should be given.⁸⁶

⁸⁶Telegram No. Y69, Secretary of State for Commonwealth Relations to High Commissioner for the United Kingdom, Ottawa, 29 March, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

Griffin was to determine the division of aid between technical assistance through the United Nations and bilateral aid. The revelation of the purpose of Griffin's mission was an encouragement to the officials in External Affairs because it meant that the Commonwealth would not be the sole supplier of aid. Consequently, Canada would not be put in the position as the sole dollar supplier of aid. The American position, however, was far from definite.

In late April, three Canadian officials, Ralph Collins, John Deutsch, and J. R. Murray, met with Harlan Cleveland of the ECA to exchange views on aid to Asia. John Deutsch outlined Canada's difficulties in providing economic assistance to Asia and emphasized more than once that American participation would be beneficial to Canada and the Commonwealth.⁸⁷ Cleveland's remarks were far from encouraging. He told the Canadians that the Truman administration was having difficulty financing the Point Four programme, and the kind of aid to be given was still under discussion.

Cleveland pointed out that there were two possible sources of aid. The first was through the Military Assistance Act, which was meant to provide military supplies. Unfortunately, any use of the resources under this act for economic aid would be considered "exceptional".⁸⁸ The second source of money would come from the Foreign Assistance Act, which had yet to be passed.

On the matter of the structure of any aid programme to South-East Asia, Cleveland told the Canadians that the ECA did not envisage a Marshall Plan for Asia, based on a

⁸⁷Letter, J. R. Murray, Washington to Wynne Plumptre, External Affairs, Ottawa, 29 April, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

⁸⁸*Ibid.*

balance of payments solution. The Marshall Plan had been designed to rebuild the European economies after World War II. The economic problems of those countries lay in devalued currency, decreased trade, and a shortage of American dollars and consumer goods. The economic situation of the Asian countries was very different from Europe. The Asian countries had very little modern industry or access to modern technology. In order to come up to the level of the West, the Asian countries required an infusion of technical assistance. But Cleveland warned that that alone might not be practical either.⁸⁹ Although Cleveland cautioned that American participation was unlikely, he did invite the Canadians to return for further discussions.

Another problem for Canadian policy was to balance its obligations to the United Nations with a potential commitment to the Commonwealth aid programme. The government did not want to undermine the United Nations to which it had devoted so much time and energy. F. L. McDougall, a representative of the Food and Agricultural Organization (FAO), became very concerned about the Colombo Conference recommendations. He wrote Pearson warning him about the possibility of competition between the Commonwealth Plan and the United Nations and between "bilateral and international assistance".⁹⁰ Pearson acknowledged these warnings and told him that they were already under consideration by the Department of External Affairs.⁹¹

⁸⁹*Ibid.*

⁹⁰Letter, F. L. McDougall, FAO to L. B. Pearson, Secretary of State for External Affairs, 24 January, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

⁹¹L. B. Pearson to F. L. McDougall, 16 February, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

The correspondence between External Affairs and McDougall did not end there. He offered his concerns again, several weeks later. By late March the Canadian commitment to assistance was stronger. This time Escott Reid replied to McDougall's warnings. Reid argued pragmatically against the inflexibility of McDougall's assertion that an international or United Nations approach to assistance was the only sound method. He cited the strong and continuing ties between Great Britain and her former colonies as a good basis for a bilateral approach to technical assistance. Finally, he pointed out that the ultimate goal was "to get the job done". If that job could be done more easily through a Commonwealth association rather than through the United Nations, then that was the way to proceed. Reid, as a long-time supporter of the United Nations, did assure McDougall that the centralized multi-lateral approach of the United Nations should be the "primary instrument in the field of technical assistance".⁹²

Canadian officials were also learning about the points of view of the potential recipients. They began to realize that the way the Western and Asian nations viewed the purpose of economic aid was different. They soon discovered that economic assistance was going to be more complicated than simply giving money and technology to a needy country in order to raise living standards and prevent communism from taking root. It became evident that they must draw attention away from the idea that the assistance plan was an anti-communist strategy in order to demonstrate that the primary interest of the Western members lay in helping Asia. Containment for many Asian politicians with nationalist leanings carried connotations of imperialism. A balance had to be struck

⁹²Escott Reid to F. L. McDougall, 30 March, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt 1, National Archives of Canada.

between the goals of fighting communism and preventing the alienation of the Asian leaders.

The British led the attempt to achieve just such a balance prior to the Sydney Conference. In their efforts they tried to enlist Canadian support. The United Kingdom's view was expressed confidentially to the Canadian High Commissioner in London:

United Kingdom authorities would like [the] "Spender Plan" to be regarded internationally as based on the merits of conditions in South-East Asia rather than as a part of an anti-Communist strategy--that the idea would have been conceived even if there were no cold war. This conception would, among other things, make fuller Indian collaboration easier.⁹³

These matters were already under consideration by officials at External Affairs.

With the approach of the Sydney Conference, the issue of economic aid and Canadian policy became less remote as problems developed and certain attitudes changed. Two weeks prior to the opening of the Conference, Percy Spender sent a circular memo to the Commonwealth governments setting out his hopes for the Conference. His attitude had changed since his February message to Pearson. Far from guaranteeing that Canada would not be forced into a financial commitment, Spender stated that he anticipated that agreement would be reached on the objectives of long term development aid, financing of the programme, the establishment of a Commonwealth fund, and a Commonwealth Council to administer the fund. Spender further proposed that £ 8,000,000 would be contributed to the technical assistance segment of the plan.

⁹³Telegram No. 815, High Commissioner for Canada in the United Kingdom to Secretary of State for External Affairs, Ottawa, 29 April, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

The Commonwealth fund was to provide for the immediate needs of South-East Asia. It covered both technical assistance, in all of its forms, and emergency medical and food relief. Spender suggested that the Commonwealth Council would administer this fund as well as establish a permanent Secretariat that would provide a forum in which recipient countries could receive help in organizing an aid program. The Secretariat would also supervise the granting of aid, supply a core of experts that would consult with the governments of recipient countries to work out long term development plans, and circulate economic information about the area to other Commonwealth governments.⁴⁴ In essence, Spender proposed a concrete organization, financed by the Commonwealth.

Spender's tactics and insistence on short-term, immediate aid did not appeal to Lester Pearson. Pearson did not hesitate to tell Spender that the Canadian approach to economic assistance was very different. He pointed to the assurances previously made by Spender that the talks would not lead to an immediate financial commitment. Far from being as enthusiastic or energetic as the Australians, the Canadian officials wanted time to examine all the possibilities and proposals. The Canadian government, for instance, was considering the acceptance of non-Commonwealth countries and agencies of the United Nations into the plan. The Australian suggestion that agreement should be reached on those proposals went sharply against the grain. Pearson wrote:

While the Canadian Government agrees on the desirability of Commonwealth initiatives we would not agree, at any rate at this stage, that this implies the desirability of a special Commonwealth fund, or of special Commonwealth machinery. We have in mind both the role to be played by existing United Nations machinery and also the need for collaboration with non-Commonwealth

⁴⁴Telegram No. 12, Minister for External Affairs, Canberra to Secretary of State for External Affairs, Ottawa, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada

countries; we believe that the consideration of purely Commonwealth machinery and purely Commonwealth finance would be premature until the fullest examination had been given to these matters, and it will clearly be impossible to explore them fully at the Sydney meeting because of the limited representation and the short period available. We have regarded the Sydney meeting as an essential step, but only as a first step.⁹⁵

The Australian proposals, however, were not completely rejected. Pearson was willing to consider a "continuing working party" that could continue the planning, but it would not be limited to the Commonwealth.⁹⁶

Pearson's message arrived just prior to the opening of the Sydney Conference on 15 May and, according to Robert Mayhew, the Canadian delegate to the Sydney Conference, Spender "had been considerably shaken by your [Pearson's] message and was not prepared to push his proposal for a Commonwealth fund and Commonwealth Council to the uttermost".⁹⁷ This retreat did not last long. The Australians were convinced that the Commonwealth would not get outsiders, particularly the United States, to participate unless an organization was created and agreement was reached on "immediate objectives". In addition, Spender's insistence on agreement stemmed partly from domestic political factors. He did not want to admit failure to the press and public.⁹⁸ Spender wrote:

In our view, [the] press of United States, the United Kingdom, as well as our own....expects results from [the] Conference and not merely a promise further to examine the problem. Unless there can be some practical results along the lines

⁹⁵Telegram No. 67, Secretary of State for External Affairs, Ottawa to Canadian High Commissioner, Canberra, 8 May, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

⁹⁶*Ibid.*

⁹⁷Telegram No. 71, High Commissioner for Canada in Australia to Secretary of State for External Affairs, Ottawa, May 11, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

⁹⁸D. V. LePan, *Bright Glass of Memory*, (Toronto: McGraw-Hill Ryerson, Ltd, 1979), p. 198.

we suggest, we would consider the Conference a failure in context of situation in which it was convened and might be forced to admit as much."⁹⁹

Pearson did not share Spender's anxieties over public opinion or the wrath of the press. He had limited Canadian participation both publicly and privately to one of consultation not agreement.

The Canadian view of the issue was summed up in the instructions to the delegation. To begin with, the Canadian government wanted to ensure that any plan, as Pearson had stated in Parliament, would not be just another attractive piece of international furniture. The instructions recognized that the problem of economic and political instability had to be solved in order to stop the spread of communism, but they prohibited a financial commitment unless the plans were well thought out. Any improvements in the living conditions in Asia were, in the Canadian view, dependent on the initiatives of the people of Asia. If Canada provided assistance, it would be supplemental to that provided by existing agencies, institutions, and government projects. The Canadian government also wanted guarantees that all alternatives had been exhausted before a new plan was created:

It should be stressed that the Canadian Government cannot even consider this question until the basic elements of the problem have been carefully examined, until the possibilities of self-help, maximum utilization of local resources, and mutual aid among the under-developed countries themselves have been thoroughly explored and until procedures have been suggested to ensure that whatever

⁹⁹Telegram No. 67, High Commissioner for Canada in Australia to Secretary of State for External Affairs, Ottawa, May 10, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

external financial aid may be available will be put to effective use.¹⁰⁰

This principle was meant to ensure that all the United Nations programmes were fully utilized, especially the United Nations Expanded Programme of Technical Assistance, and to avoid duplication of these efforts.¹⁰¹

The Sydney Conference was scheduled to convene on 15 May 1950. The Canadian delegation was smaller than the one sent to Colombo. The Canadian Minister of Fisheries, Robert Mayhew, headed the delegation. He was a Member of Parliament from British Columbia, had attended the meetings at Colombo, and was very interested in the topic. His principal adviser was Douglas V. LePan, another veteran of the Colombo Conference. LePan later described his boss as "a sweet, kindly old gentleman--shrewd, too, in his own way--who was hopelessly out of his depth in such circumstances".¹⁰² Mayhew, however, was one of the few Cabinet Ministers who, in the end, truly supported the plan for economic assistance to South-East Asia. He had accidentally been drawn into the negotiations through his attendance at the Colombo Conference. Coming from British Columbia, a province that had always had an interest in Asia, he may have also felt that it was an appropriate topic on which to represent the people of his province.

¹⁰⁰Memorandum of Instructions for the Canadian Delegation to the Meeting of the Commonwealth Consultative Committee on South and South-East Asia to be held at Sydney, Australia, the 15th of May, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹⁰¹*Ibid.*

¹⁰²Douglas V. LePan, *Bright Glass of Memory*, (Toronto: McGraw-Hill Ryerson, Limited, 1979), p.187.

Before the Ministerial sessions, a meeting of officials took place from May 11-14 which developed into four days of acrimonious discussion. The atmosphere was so tense that LePan reported to Ottawa he expected a split to occur in the first day. This did not happen. The cause of the tension was the Australian officials who were insisting that their agenda be put forward at the Ministerial meeting. The British led the opposition, with the help of the Canadian delegation. The Canadian delegation, whose instructions strictly forbade them to enter into any financial commitments, felt more secure when it was discovered that the British instructions were similar.¹⁰³

In the preliminary meetings the British official, Otto Clarke, drew a great deal of support away from the Australian proposals by persuading the gathering that the British proposal would attract United States participation more effectively than the Australian one. By the end of the first day, High Commissioner L. R. LaFlèche predicted that most of the British proposals would be accepted for recommendation to the various governments, and the remnants of the Australian plan would be a recommendation for some level of immediate assistance.¹⁰⁴

In the meantime, R. Allen Griffin had completed the report on his special mission to South East Asia. The American recommended that \$60 million would be needed to finance projects, and the State Department had begun to develop a plan to implement his

¹⁰³Telegram No. 73, Canadian Delegation to meeting of Commonwealth Consultative Committee on South and Southeast Asia to Secretary of State for External Affairs, Ottawa, May 14, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹⁰⁴Telegram No. 71, High Commissioner for Canada in Australia to Secretary of State for External Affairs, Ottawa, May 11, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

proposals. Griffin's proposals took into account the economic, military, and political situation in Asia. He recommended specific projects such as the improvement of communications and transportation systems. Griffin's report did not suggest that the United States fund an entire project, but that it provide the "missing component" in the recipient country's plans. The report, however, focused more on Indochina than the rest of South-East Asia.

W. D. Matthews of the Canadian Embassy in Washington reported on Griffin's proposals and suggested an approach for the Sydney delegates to ensure United States' participation.

In order to obtain United States support and cooperation in the economic development of South and Southeast Asia the most important condition appears to be that the Sydney Conference should give a clear indication that the Commonwealth countries intend to come forward with some specific and attainable objectives, and give a clear indication of their intention to work toward these objectives and to support them in so far as their means permit them to do so. It is doubtful whether this intention needs to be demonstrated by immediate establishment of Commonwealth machinery and a Commonwealth fund.¹⁰⁵

Matthews warned that, although Griffin's recommendations were being met with funds, there was no reason to expect the Congress to approve any more spending for that year.

The Australian proposals for the Fund and Council were initially supported by the Asian members - Ceylon, India, Pakistan - the countries which had the most to gain from these proposals. By the end of the official meeting, only the Pakistani delegation supported the Australian position. The Canadian delegate attributed the Indian and Ceylonese withdrawal to suspicion of Australia's attempts to assert their leadership of the

¹⁰⁵Telegram No WA-1104, W.D. Matthews for the Canadian Ambassador to the United States to Secretary of State for External Affairs, Ottawa, May 12, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

Commonwealth countries of Asia. This distrust was further compounded by the "increased rough and even brutal tactics which Spender had been pursuing".¹⁰⁶ In the case of the Indians, LePan wrote, they were most likely drawn to the United Kingdom proposal because it would attract United States assistance.

The Ministerial meeting itself opened on 15 May in an atmosphere of great tension. When the delegates went into secret session, Spender delivered an ultimatum which did not relieve the strain, but only strengthened the resolve of the delegates opposed to the Australian plan. One of the Canadian delegates described Spender's statement:

In the course of very intemperate series of remarks he attacked the United Kingdom for failure to honour commitments it had entered into at Colombo; abused officials for attempting to usurp functions of Ministers; and threatened unless the Conference accepted Australian proposal for stop-gap aid to go before the House of Representatives in Canberra and explain what he considered to be the reason for the failure of the Conference.¹⁰⁷

This again left the Australian delegation with only Pakistan's support.

Despite the rejection of their agenda and the Commonwealth Council and Fund, the Australians reintroduced a proposal for immediate technical assistance. This new proposal did not contain the original "suggestions for immediate provision of emergency

¹⁰⁶Telegram No. 73, Canadian Delegation to meeting of Commonwealth Consultative Committee on South and Southeast Asia to Secretary of State for External Affairs, Ottawa, May 14, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹⁰⁷Telegram No. 77, Canadian Delegation to Meeting of Commonwealth Consultative Committee on South and Southeast Asia to Secretary of State for External Affairs, Ottawa, May 16, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada

relief supplies to countries in the area and also for emergency credit arrangements".¹⁰⁸ All that was left was the idea of providing technical assistance over and above that provided by UNEPTA.¹⁰⁹ The Indian delegate, Mudalier, introduced a new option to the Australian proposal. He suggested that the money for technical assistance should be negotiated on a bilateral basis.¹¹⁰ In other words, a donor and recipient country would describe the amount and form of technical assistance, thus eliminating the need for a central fund or a council. Donor governments could also keep more control over where the aid was going and the amount being spent. Bilateral assistance was generally acceptable to the gathering and later became a fundamental aspect of the Colombo Plan.

The Australian-Indian short-term technical assistance proposal required a commitment, therefore, the Canadian delegation telegraphed Ottawa for instructions. The proposals involved a total Commonwealth contribution of £8 million over three years. The recipients of the aid were not limited to the Commonwealth. Australia and the United Kingdom would carry the majority of the contribution with 35% each. New Zealand and India would each contribute 10% of the required amount. Ceylon would contribute an unspecified but small amount, while Pakistan's contribution was unknown.

The Acting Secretary of State for External Affairs, Brooke Claxton, submitted the

¹⁰⁸Secret Telegram, United Kingdom Delegation to the Sydney Conference to High Commissioner for the United Kingdom, Ottawa, May 17, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹⁰⁹*Ibid*

¹¹⁰*Ibid*.

proposal and his recommendations to Cabinet, 18 May 1950. Claxton's recommendations to Cabinet were half-hearted, to say the least. He was not prepared to mention a specific sum of money because he was not convinced that serious attempt was being "made to assess needs or to ascertain what assistance may [have been] forthcoming from other sources, including the United Nations".¹¹¹ In addition, a number of points about the proposal were unclear, such as how the fund would contribute to United Nations technical assistance programmes, the specific purpose the funds would go toward, and who would make the final decision on the delegation of funds.¹¹² Claxton was leery of a commitment to the Commonwealth technical assistance scheme because there was also a proposal pending for contributions to the technical assistance fund of the UN. He decided that the Commonwealth proposal should be considered when Pearson returned from London.

Claxton recommended to Cabinet that the Canadian delegation follow the British lead because of the similarity of their views. Therefore, if the British were prepared to recommend a contribution, the Canadian delegation should do the same, but without

¹¹¹Brooke Claxton, Acting Secretary of State for External Affairs, Memorandum to Cabinet, May 18, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹¹²Secret Telegram, High Commissioner for the United Kingdom, Ottawa to United Kingdom Delegation to the Sydney Conference, May 18, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada. Note: The Canadian delegation was being sent instructions through the United Kingdom delegation because the communications network between Ottawa and Canberra was inadequate for the speed that was needed to convey the instructions. This demonstrates a certain amount of trust on the part of the Canadians who had traditionally battled with the British in Commonwealth conferences. The Canadians recognized that they shared a similar way of viewing the situation at hand.

mentioning a specific sum.¹¹³ Claxton did not rule out a Canadian contribution, but preferred to keep Canada's options open.

While this new proposal was being considered in Ottawa, Spender was continuing his battle to impose his recommendations on the Conference in Sydney. According to the Canadian delegation, Spender appeared to be trying to wear down resistance by reintroducing his proposals over and over again. The other delegations were again outraged when Spender circulated a new memorandum that reintroduced the proposal for emergency credits.

The British delegate, Lord MacDonald, met privately with Spender to point out the objections to his new proposal. MacDonald's intervention did not help. On Friday morning, 20 May, Spender once again produced an admittedly toned down memorandum on emergency credits and one on emergency relief supplies. The Canadian delegation, however, continued to oppose it on the grounds that "it might still have been considered to imply [that the] Canadian Government was under some obligation, however slight, to extend emergency credit to countries of South and South East Asia".¹¹⁴

Spender's tactics incensed Robert Mayhew. Consequently, he took the lead in opposing the Australian Foreign Minister at the final meeting. Mayhew wrote of this final showdown,

¹¹³Brooke Claxton, Acting Secretary of State for External Affairs, Memorandum to Cabinet, May 18, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

¹¹⁴Telegram No. 79, High Commissioner for Canada in Australia to Secretary of State for External Affairs, Ottawa, Canadian Delegation to meeting of Commonwealth Consultative Committee on South and Southeast Asia, No. 8. May 20, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada.

Without awaiting expression of views of other delegates I said I would find it very difficult even to consider these two new Australian papers. I had already communicated with my colleagues on basis of modified Australian proposal for technical assistance. It would be highly embarrassing if that basis were to be altered at [the] eleventh hour.¹¹⁵

Not only would it be embarrassing, but an agreement could not be reached because delegates would not have the time to consult with their governments. Mayhew pointed out that Spender had already agreed to drop these proposals two days previously. An impasse had been reached. If the Conference was delayed so that the delegates could receive additional instructions, nothing would be solved and Spender would have more of an opportunity to push for his proposals. Mayhew knew that there was little or no chance that his government would reach any definite decision on emergency relief and credits. In the end, he concluded that,

If it were desired to conclude the Conference according to schedule, the only proper course, in my view, would be defer consideration of these two subjects until the next meeting of the Consultative Committee in September.¹¹⁶

The Foreign Minister of New Zealand and Ahmed Khan of Pakistan supported Mayhew.

On 20 May 1950 the conference closed and the final communique was issued.¹¹⁷

Despite the clashes and difficulties, the communique showed progress. In keeping with the Australian plan for short-term assistance, a plan for immediate technical assistance was announced. It was organized bilaterally and a Standing Committee on Technical

¹¹⁵*Ibid.*

¹¹⁶*Ibid.*

¹¹⁷Telegram No. 80, Secretary of State for External Affairs, Ottawa to High Commissioner for Canada, New Delhi, May 23, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt 1, National Archives of Canada.

Assistance was created. In keeping with the long-term view of assistance shared by Britain, Canada, and others, the basis for a general six year development plan emerged. The communique read that in order to determine, "the needs and resources of individual countries...a realistic and comprehensive statement of its economic situation and development programme should be prepared by each country by 1st September, 1950". The Commonwealth governments were scheduled to meet in London in September to form a comprehensive plan based on the statements of participating countries that would outline "the needs and resources of countries in the area".¹¹⁸ To that end, provisions were made for a formal invitation to be extended to non-Commonwealth countries in the area to join in and receive the benefits of the plan. These recommendations set the foundation for what popularly became known as the Colombo Plan.

¹¹⁸*Ibid.*

Chapter 3: Technical Assistance and the Colombo Plan

The Canadian view of Asia had changed since January. The invasion of South Korea by the communist North Koreans on 25 June, 1950 sent shock waves around the world. Occurring a little over a month after the end of the Sydney Conference, it reinforced, in the minds of many, the necessity for an economic assistance scheme for South-East Asia. Among the many were a number of External Affairs officials, who had become sympathetic to the Commonwealth assistance program since the initial Colombo Conference. The Canadian government, however, continued to follow a cautious line, preferring to let others lead unless national interests were threatened.

In a project of the size and scope contemplated by the Commonwealth Consultative Committee, no one government department could manage all of the decisions or assess all of the implications. The Departments of Finance and Trade and Commerce, and the Bank of Canada, had from the beginning been involved in recommendations and decisions regarding the level of Canadian participation, but the Department of Finance began to take an active interest in the various proposals put forward for technical assistance. The varying views eventually led to a conflict between Pearson and his Cabinet colleagues as well as within the bureaucracy. While officials at External Affairs promoted economic aid for political reasons, the authorities of the Department of Finance focused on the financial aspects of the package. These different perspectives contributed to Canada's tentative support of the Colombo Plan.

Four days after the invasion of South Korea, Robert Mayhew presented his report

of the Sydney Conference to the House of Commons.¹¹⁹ In his speech he outlined his support and appreciation of the urgent need for an economic assistance plan, emphasizing the need for Canadians to take as great an interest in Asia as in Europe:

...the problems of this part of Asia are of vital concern to all Canadians. Our world today is a very small world. If I may use a humble metaphor, it is like a haystack. It does not matter on which side the fire is started; if the wind is favourable, all will be destroyed....it is now time for Canada to look both ways and devote more attention to affairs in the east as well as in Europe.¹²⁰

Mayhew's "haystack" was a far cry from Raoul Dandurand's "fire-proof house", reflecting the change in the world and Canada's place in it that had taken place since the 1920s. But Mayhew did not believe that outsiders acting alone could solve the problems of Asia. He argued that, "the chief responsibility for fostering economic development must continue to rest within the countries concerned".¹²¹ Outsiders, he urged, could help with their greater technical knowledge and financial resources. Benefits from the dissemination of technical knowledge could accrue to Canadian business through the opening up of markets for Canadian goods and increased opportunities for investment in the developing countries. Mayhew then presented one component of Canada's emerging aid policy: technical assistance. Simply put, technical assistance was the supplying of modern technical knowledge to the recipient country through either the training of a student or the provision of an expert.

¹¹⁹Heeney to Pearson, June 15, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

¹²⁰Robert Mayhew in Canada, *House of Commons Debates, second session-21st Parliament*, (Ottawa, King's Printer, 1950), p. 4371-4.

¹²¹*Ibid.*

When the Canadian delegation returned from Sydney, in late May, they brought with them a plan for technical assistance that required a definite financial commitment. In money matters, however, Pearson had to have the agreement of a number of his Cabinet colleagues, particularly Douglas Abbott, the Minister of Finance. Therefore, in early June, Cabinet was presented with the question of funding two technical assistance programs: the United Nations Extended Program for Technical Assistance (UNEPTA) and the Commonwealth programme.¹²² In the discussion about the allocation of resources to the two technical assistance programmes, Abbott showed no signs of sympathy with the Commonwealth development plan, preferring that assistance continued to be channelled through the United Nations.

Opposing Abbott were External Affairs officials such as Escott Reid, Arnold Heeney, and Douglas LePan who had come to believe that aid contributions were an area in which Canada could take the lead and set an example for other countries. Confusion and caution surfaced when it came to deciding which programmes would get the most money. Pearson and Reid initially recommended that \$1 million be contributed to UNEPTA. Anything below this amount would bring the UNEPTA donation closer to the \$500,000 proposed for the Commonwealth technical fund. If the UNEPTA donation was considerably reduced, they argued, it might appear that the Canadian government viewed both programmes as being of equal importance. The work of the United Nations, however, continued to be considered paramount by External Affairs officials. Although Finance officials shared the views of their counterparts in External Affairs where

¹²²It will be remembered that Brooke Claxton had tied discussion of the Commonwealth contribution to that of the UNEPTA contribution when faced with the problem during the Sydney Conference.

UNEPTA was concerned, they continued to balk at such a large sum. They were doubtful that the entire \$1 million could be spent and were much happier with a figure closer to \$800,000. Moreover, they claimed that the amount was proportionately larger than the United States was offering and Canada, therefore, would be contributing out of proportion to its ability to pay.

In early June, in an effort to gain funding for both programmes, Escott Reid suggested a compromise. Reid had entered the discussions and had taken an active interest in the Commonwealth programme since his trip to Colombo. A devoted internationalist, he was also a pragmatist. He suggested to Pearson that he could make a deal in Cabinet with Douglas Abbott.¹²³ Reid was prepared to reduce the Commonwealth donation to keep the UNEPTA contribution intact, but only if all else failed. This view was in keeping with what he had told F. A. McDougall, the FAO representative, before the Sydney conference that most aid should be channelled through the UN. Agreement could be reached, according to Reid, by reducing the Commonwealth technical assistance by \$100,000 a year, allowing Cabinet to increase the UNEPTA amount to \$900,000 for the first eighteen months of the programme.¹²⁴

After much negotiation, a compromise was reached. On 12 June, Cabinet

¹²³In this period the power of the Minister of Finance was great, according to Robert Bothwell, Ian Drummond, and John English. In *Canada Since 1945*, (Toronto: University of Toronto Press, 1989), they write, "The circulation of cabinet papers warned ministers of their colleagues' plans and saved tedious exposition....Forewarned, Abbott, or his successor, Walter Harris, could come to cabinet and deliver instant opinions on the financial soundness of any ministerial proposal. The system guaranteed that the St. Laurent government would pay a great deal of attention to the voice of responsible finance, and it confirmed the already great power of the Department of Finance.", p. 118.

¹²⁴Escott Reid to Lester Pearson, Size of the Canadian Contribution to the United Nations Expanded Programme of Technical Assistance, June 10, 1950, RG 25, 89-90/292, Box 94, File 11038-40, pt. 1, National Archives of Canada

authorized a \$400,000 contribution to the Commonwealth technical assistance component for one year beginning July 1, 1950 on the condition that Canadian representatives ensure there was no duplication between the Commonwealth's work and that of the United Nations. The compromise was the best either side could obtain. Those who favoured the programme were able to participate in it with their small contribution. Those who opposed the plan could be satisfied that every effort was being made "to merge the two schemes".¹²⁵ If the two plans merged there would be no more work for the Consultative Committee to do and, therefore, no further aid commitments to the Commonwealth would be required. In addition, the consolidation of the two programs would ensure that Canada would not be contributing to the duplication of programmes.

Although the Liberal government had reached a decision regarding Canada's contribution on technical assistance, the Conservative opposition was not satisfied. When Mayhew made his report to the House of Commons announcing the contributions to UNEPTA and the Commonwealth technical assistance plan, Howard Green, a member of the Conservative opposition, pointed out an intriguing contradiction: \$400,000 would be going to Commonwealth countries, but the UNEPTA donation of \$850,000 would be available to any needy country, including those satellites of the Soviet Union. The point being that the government was undermining their own anti-communist foreign policy by donating less money to the economic assistance plan that was designed to fight communism and more to the aid plan that would help to support communist bloc countries. Pearson acknowledged that the contradiction was being investigated and would

¹²⁵Cabinet Conclusion, June 15, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

he discussed at the next meeting of the United Nations Economic and Social Council in Geneva.¹²⁶

Despite the alteration of the original recommendations for levels of assistance and the reallocation of funds between the UN and Commonwealth technical assistance programmes, the Canadian government was committed to providing some aid to Asia. In fact, the allocation of \$400,000 to the Commonwealth technical assistance scheme represented the first step toward a greater Canadian interest in Asia. The next step was to send a representative to a meeting to negotiate a technical assistance organization in late summer.

The Commonwealth Standing Committee for Technical Assistance met in Colombo on 24 July 1950. Its mandate was to establish an organization for providing technical assistance. In essence, the resulting Council for Technical Cooperation was to act as a clearing house; its functions included matching needs and resources, avoiding duplication with U. N. agencies by pointing needy countries to existing programmes, and exploring ways to facilitate the exchange of students and experts.

After two days of general discussion, the Standing Committee was divided into two sub-committees. Sub-Committee A was responsible for beginning the process of matching the resources and needs of donor and recipient countries. Sub-Committee B

¹²⁶Canada, *House of Commons Debates, second session-21st Parliament*, (Ottawa, King's Printer, 1950), pp. 4374-5. Douglas Anglin in his article, "Canada's External Assistance Programme", *International Journal*, 9 (Summer 1954), wrote: "In general, no Canadian aid has been extended to communist states since the completion of UNRRA operations. No post-UNRRA aid was given to Poland, Hungary or Yugoslavia, and Canada has supported the decision not to provide UN technical assistance to the Soviet bloc".

undertook the task of drafting a constitution. David Johnson, the Canadian High Commissioner to Pakistan, the only Canadian representative, sat on the second, and more crucial, sub-committee. Johnson's tenure as High Commissioner coincided with the beginnings of the Colombo Plan. He had flown out to Karachi to take up his appointment with Lester Pearson and the Canadian delegation to the Colombo Conference. Therefore, another supporter was added to the list of those who were negotiating Canada's participation in the Colombo Plan.

Points of contention arose during the preparation of the draft constitution. The thorny issues were the structure of the organization, the definition of technical assistance, and the financing of the administration. Canada was committed to technical assistance and now became active in creating a workable organization in which it could have an effective voice, thereby protecting Canadian interests. The most important issues from the Canadian perspective were the structure and financing of the technical assistance aspect of the overall aid plan.

The form of the organization was important to the Canadian government because of the geographical distance between Ottawa and the Asian capitals as well as the minimal level of Canadian diplomatic representation in Asia. At the time, there was no Canadian representative in Colombo.¹²⁷ One possibility was a permanent bureau with a Director and a staff overseen by a Council consisting of one representative of each member country who would meet frequently to decide important issues. David Johnson

¹²⁷There was the possibility that a Trade Commissioner would be posted to Colombo, Ceylon. The first resident Canadian High Commissioner was James Joseph Hurley who formally established the High Commission on 20 August, 1953. J. E. Thibault & Cheryl Moreau, *Canadian Heads of Posts Abroad, 1880-1989*, (Ottawa: External Affairs and International Trade Canada, 1991), p. 175.

did not view this as the best format, given the limited number of Canadian representatives in Asia. Instead he favoured assigning most of the work to the Director and his staff. The "Council" would then only meet once or twice a year to review the progress of the Bureau and give the Director his instructions.¹²⁸

Johnson lost the debate over the structure of the organization. In order to protect Canadian interests, however, he proposed that the known views of members would be taken into account when they were not represented at meetings in which important issues were being decided. Johnson further defined important decisions as those that dealt with new members, changes in the constitution, the appointment of the Director, budget approval, and changes in financing. This safeguard, coupled with the fact that the Council could not force any country to provide aid, sufficiently protected the Canadian position.¹²⁹

Among the representatives from Britain and Australia there was also disagreement over the definition of technical assistance. The difference of opinion arose over contributions for projects that were capital oriented rather than technical in nature. The British delegate objected to members providing capital assistance through the technical assistance program. The Asians supported the Australians. Johnson and his New Zealand counterpart took a middle-of-the-road view: they did not believe their governments would approve their contributions being used for capital assistance. However, they saw no

¹²⁸Despatch No. 251, David Johnson, High Commissioner for Canada, Karachi to Secretary of State for External Affairs, Ottawa 11 August, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada

¹²⁹*Ibid*

objection to others doing so. There was no movement from the British or Australians until Johnson suggested a clause that allowed any member to make a capital expenditure as long as there was no other existing aid programme that could provide such assistance.¹³⁰ This suggestion satisfied all members as well as the Canadian desire not to duplicate any existing efforts.

The final point of contention was the financing of the Bureau. Britain and Australia originally proposed that all the members share equally the costs of operating the Council. Johnson again objected and suggested an alternative: each member's share should be linked to their contribution. In his report to Ottawa he wrote:

I said that some countries were making larger contributions than others and it was to be expected that they would give leadership. It would, however, have a sobering effect on persons expected to give leadership if they had to bear a large part of the cost of any proposal made by them.¹³¹

When the draft constitution was complete, David Johnson left Colombo, and was succeeded by R. Harry Jay, a junior official from the High Commission in India.¹³² The constitution Johnson and Jay helped to create was a fairly flexible document. It allowed for the vast distances and perspectives that separated the various members and protected

¹³⁰*Ibid.*

¹³¹*Ibid.*

¹³²But Jay could not be spared from New Delhi for an extended period of time. The question of continuing representation on the Standing Committee was, therefore, raised. Jay submitted his recommendation on this issue four days after he took up his duties. He favoured continuing representation for two reasons. Firstly, if a Canadian delegate was not present, it could appear that it did not take the work of the Committee seriously. Secondly, and perhaps more importantly, the Australian representative continued to push for a "flexible and grandiose organization and is...willing to listen with favour to every request for assistance that is put forward". Australian policy was quite different from that promoted by Canada. The Australians had a much more direct interest in Asia. They were not quiet diplomats. Often this aggressive streak would rub the wrong way with Canadian diplomats and policy.

their interests as well as leaving the crucial decision-making in the hands of the governments. The organization was headquartered in Colombo and consisted of a Council that had one representative from each member government in addition to a Director and a small contingent of administrative staff. The Council's job was more or less administrative. An important point to governments which were located far from Colombo, such as Canada, was that all important decisions had to take into account the known policies of all the participants whether they were present or not. New members would only be admitted by unanimous vote. Assistance would take the form of bilateral agreements, and the Council would not have the right to force any member to supply it. The expenses incurred by the Bureau would be covered in direct proportion to the contributions of each government. The overwhelming theme of the technical assistance plan was to train people in their own countries. The provision of experts and training of students, as well as the supplying of equipment and infrastructure for training purposes, was also permissible.¹³³

Technical assistance was only one part of the total aid programme. The subsequent meeting in London of the Consultative Committee in September was meant to incorporate the needs of the area and create a broad plan for economic development. Although some progress had been made and the Canadian government appeared to be more willing to participate in the formation of an economic assistance plan, a number of

¹³³Despatch No. 251, David Johnson, High Commissioner for Canada, Karachi to Secretary of State for External Affairs, Ottawa, 11 August, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

developments threatened Canadian participation in the Commonwealth plan.¹³⁴ It will be remembered that at the Sydney Conference the Commonwealth members agreed that non-Commonwealth countries had to be admitted to the programme to ensure its success. This change in the terms of the agreement led to considerable debate which threatened to undermine the upcoming London Conference.

The Australians took the lead in inviting Burma, Thailand, Indonesia, and the three states of Indo-China - Cambodia, Laos, and Vietnam - to the London meeting of the Consultative Committee. In addition, Percy Spender suggested providing those countries with information on the operating principles and the components of the technical assistance plan, as well as the structure of the organization, in order to help them form plans for the London Conference. The Canadian government had no reason to oppose the Australian proposal. It continued to keep its options open on the issue of economic aid. Arnold Heeney, Under-Secretary of State for External Affairs, had suggested, in the 12 June meeting of the ICETP, that Canada be associated with the invitation because the Canadian government was still "not committed to any specific action", but they "were...committed to participate in the general work of the Consultative Committee".¹³⁵

As the Canadian government was drawn deeper into the programme through financial commitments and continued representation, the officials at the Department of

¹³⁴The report of the Sydney Conference was accepted by the Canadian government in August 1950. Telegram No. 110, Secretary of State for External Affairs. Ottawa to Minister for External Affairs, Canberra, August 21, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

¹³⁵Arnold Heeney, Minutes of the Interdepartmental Committee on External Trade Policy, 12 June, 1950, RG 20, 1950, 20-22-2C, pt. 2, National Archives of Canada.

Finance made their views known on various questions relating to the Colombo Plan. In general, W. C. Clark supported External Affairs on invitations to other countries. He opposed the Australian suggestion that any mention of potential American involvement ought to be omitted because they had not made their views known and were still studying the need for aid to South-East Asia. Clark argued,

To omit any reference to a subsequent approach to the United States would clearly imply that the development programmes were in some way to be assessed directly against Commonwealth resources.¹³⁶

Given the British monetary crisis that had considerably weakened the sterling bloc countries, it was obvious that even as a group, the Commonwealth countries could not carry the financial obligation alone. Clark believed, furthermore, that the non-Commonwealth Asian countries would choose to forego membership if American involvement was not forthcoming. The State Department had made it clear that they could not agree to membership at that time, and that the Commonwealth could not depend on the United States.

Financing was at the root of the Department of Finance's worries about Canadian participation in the Colombo Plan. In the 12 June ICETP meeting, Douglas LePan made it very clear that the reasons for Canadian participation in the Sydney Conference had not only included an "interest in the possibility of communist domination of the area", but also the prospect "of bringing about a fresh injection of U.S. dollars into world

¹³⁶Letter, John Deutch for the Deputy Minister, Department of Finance to A. D. P. Heeney, Under-Secretary of State for External Affairs, July 18, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt 1, National Archives of Canada.

trade".¹³⁷ The former was not as important to the officials at Finance as the latter.

The possibility of propping up the Commonwealth economies with American dollars raised a number of problems for Canada, as John Deutsch pointed out:

In so far as the economic development programmes involved dollar aid our situation was analogous to that of the United States. A further question arose as to whether Canada, as an active partner in the origins of the programme would be expected to do proportionately more in the contribution of dollar assistance than the United States. If so, it might be questioned how realistic such a possibility was in relation to our fiscal and budgetary position.¹³⁸

Clark knew that it would be impossible for Canada to supply the dollar aid required on its own; therefore, he felt that it was imperative to show that there would be American participation, or at least that the United States was going to be approached for help. It was the question of American involvement that became the basis of the disagreement between the Departments of Finance and External Affairs.

To address the issue of limited funds, Pearson suggested that the Canadian contribution could be made in the currency with which the sterling bloc countries had paid for imports from Canada.¹³⁹ The idea was that Canada would export apples to Britain. The British would pay for the apples out of the loan Canada had made to them in 1945. The British Treasury would then release the equivalent amount in sterling to one or more of the recipient countries. This proposal would preserve Canadian dollar reserves. Moreover, Canada would not be losing anything it had not already promised

¹³⁷Minutes of the Interdepartmental Committee on External Trade Policy, 12 June, 1950, RG 20, 1950, 20-22-2C, pt. 2, National Archives of Canada.

¹³⁸*Ibid.*

¹³⁹Memorandum for LePan and Economic Division from Heeney, July 3, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

and Canadian apple-growers would have a secure market for that season. Unfortunately, this idea was not in keeping with the idea of infusing dollars into the world economy.

This did not prevent Canada from proposing another scheme designed to benefit the Canadian economy. In June 1950, Pearson asked LePan whether a deal could be struck with the British that in exchange for a Canadian contribution the British would agree to buy Canadian apples or other commodities. LePan discussed Pearson's idea with John Deutsch of Finance and Wynne Plumptre of External Affairs. They came to the conclusion that it would be almost impossible for this idea to be implemented. The Canadian contribution was expected to take the form of services that would not normally be found outside of Canada as well as the covering of the expenses of experts abroad and foreign students.

In the midst of the attempts to gain benefits for Canada, the necessity of economic assistance was brought dramatically home to all Canadians with the invasion of Korea. On one hand, the Korean crisis helped the supporters of the Colombo Plan, on the other it hindered their efforts in achieving an aid programme for South-East Asia. The supporters of the Colombo Plan continued to try to gain support for it within the government.

The invasion of Korea resulted in a renewed urgency in the work of the committee. On 30 August, the opening statement of the instructions for the London Conference declared:

the Canadian government is keenly aware the world situation is very different today from what it was last May when the first meeting of the Commonwealth Consultative Committee was held to consider economic development in South and South East Asia. The military action against aggression in South Korea has, in

the view of the Canadian Government, in no way diminished but, on the contrary accentuated the need for improved economic, political and social conditions in Asia.¹⁴⁰

The Canadian government, however, was still not in a position to provide additional financial support. At the instruction of the federal government, the delegation was allowed to express sympathy over the current situation, but noted that Canada had other commitments which had to be weighed before it could agree to involvement in South-East Asia. The delegation did suggest that:

...[the Canadian Government] would be prepared, should the United States Government indicate that its willingness to participate in a development plan would be influenced by Canadian action, to give a sympathetic and earnest consideration to Canada's proper share in any such broadly based development programme.¹⁴¹

The Canadian government was cautiously working its way toward a commitment. The two external impediments to a Canadian decision were the uncertainty of the American position and the emerging hesitancy of the Asian nations to the Consultative Committee's invitation.

Sensitivity towards the colonial history of Asia and their strong nationalist movements had developed among Canadian officials. It had become increasingly evident to those in External Affairs, that "the memory and fear of colonialism is even now a stronger force in Asia than opposition to Communism".¹⁴² The sensitivity to the

¹⁴⁰*Draft Instructions to the Canadian Delegation to the Second Meeting of the Commonwealth Consultative Committee for South and South East Asia, London, September 25-October 7, 30 August, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.*

¹⁴¹*Ibid.*

¹⁴²*Ibid.*

nationalist feelings of the Asian countries was probably reinforced by discussions between the Canadian High Commissioner in Australia, L. R. LaFleche, and Arthur Tange, an Australian official. Tange's insights emerged through a discussion of the Australian concern that the non-Commonwealth countries were not significantly progressing with their questionnaires. Only Indochina--Cambodia, Laos, and Vietnam--had given a formal indication that they would take part in the London meeting. One explanation for this trend, Tange surmised, was that they were already receiving assistance from the United States. The Americans did not ask them to answer questionnaires, tie their aid, or ask for economic data to be scrutinized by outsiders. Many of the other non-Commonwealth Asian members were balking because of a feeling that

...having only recently obtained their political independence, [they] were extremely wary of throwing in their lot with plans for economic development which might involve them deeply in some sort of economic dependence on the Western powers.¹⁴³

To illustrate this point, Tange described the reaction of the Thai government, which believed that if it joined it would be approaching as a beggar and would not be considered equal to the original members. Tange suggested that the non-Commonwealth members be invited to London even if their questionnaires were not completed.

Another factor contributing to the suspicion of the Western countries was their assertion that assistance was meant to keep the threat of communism at bay.¹⁴⁴ This

¹⁴³Letter No. 522, L. R. LaFleche, High Commissioner for Canada in Australia to Secretary of State for External Affairs, Ottawa, August 10, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

¹⁴⁴The countries of South East Asia demonstrated that they were not willing to be dependent on the initiatives of Western outsiders, as they revealed at the Baguio Conference in the Philippines in late May of 1. The participants--Indonesia, Thailand, the Philippines, Pakistan, India, Ceylon, and Australia--

statement only reinforced Asian attitudes that they were only being used as a bulwark against Communism. After the London Conference, this point of contention was played down in order to placate the Asians and keep them in the plan.¹⁴⁵ In an effort to address the problem, the Canadian delegation was instructed to intervene at the London meeting to avert suspicion of Western motives. In addition, the delegation was instructed that no Asian members could be pressured into agreeing to a joint approach to the United States.¹⁴⁶

More important than the Asian countries' hesitancy was the ambiguity of the American position. The Canadian officials were eager to learn the views of the American State Department. At the same time, however, the Canadians wanted to keep their independence from the Commonwealth in any approach to the United States. The Canadians were following a traditional policy of not appearing to support one side against

-agreed to recommend to their governments "closer cooperation among the participating governments in order to ensure the orderly progressive development of their countries and the improved living conditions of their people". Along with it came a certain amount of suspicion of Western motives. For instance, at the Baguio Conference, the Filipino hosts emphasized that the association and cooperation among the members was not meant as a front against communism. The Western emphasis on anti-communism as a goal would become a major issue separating the Asians and the Western countries. Eventually, the Western countries participating in the Colombo Plan would de-emphasize the goal of economic aid as a bulwark against communism in order not to antagonize countries like India that were in the Colombo Plan. Campbell, American and Far Eastern Division, Memorandum for Economic Division: The Baguio Conference, June 14, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

¹⁴⁵The Indians, to the surprise of the Canadians, were not disappointed that the non-Commonwealth countries were not participating. In fact, they felt that the others would ask for outrageous contributions and limit the amount the Commonwealth Asians would receive. Telegram No. 1816, Acting High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 21 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁴⁶*Draft Instructions to the Canadian Delegation to the Second Meeting of the Commonwealth Consultative Committee for South and South East Asia, London, September 25-October 7, 30 August, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.*

the other. They did not want to start now to appear to have joined a Commonwealth pressure group. This was further emphasized on 31 August, in a telegram from A. F. W. Plumptre to Don Matthews in Washington. In it Plumptre stressed that it was not

desirable that Labouisse [an American official] should call in United Kingdom and Australian representatives when discussing with Canadian officials the United States reaction to the plans of the Commonwealth Consultative Committee; also that it would be preferable for you and other Embassy officials to get the reaction of State Department officials individually rather than in a meeting. We are most anxious that Canada should not appear in Washington as a leader in matters relating to the Commonwealth Consultative Committee. This might be misunderstood by the United Kingdom and Australia, as well as by United States officials.¹⁴⁷

The Canadians were continuing their role as cautious observers, shunning even the slightest hint of leadership. In this dispatch, however, a slight change can be seen in the Canadian view of its role *vis a vis* the Commonwealth and the United States. Three years previously, in another Commonwealth Conference in Canberra, Australia, the Canadians had not wanted even to appear to act with the Commonwealth. The government had repeatedly stressed to the Americans, through their Ambassador in Washington, that they were not part of a united Commonwealth policy over the peace treaty with Japan.¹⁴⁸

In shunning a leadership role, a ridiculous situation resulted. In early September, 1950, Labouisse informed W.D. Matthews and Ralph Collins that he was attempting to get authorization to show them the updated plans for economic aid to South-East Asia, based on the Griffin Report. Matthews and Collins suggested that any information of that

¹⁴⁷Telegram EX-1479, Plumptre, Ottawa to Matthews, Washington, August 31, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

¹⁴⁸For more on this, see my work, "Canada and the Canberra Conference", (Carleton University: unpublished M.A. course paper, May 1991).

sort could more properly be given to the British or the Australians.¹⁴⁹ The Canadian government was still hesitant to take any kind of leadership role, even to the extent of being supplied with information about how the Americans were going to allocate aid funds, despite their keen interest in American plans.

In early September, a number of Canadian officials expressed concern over the inactivity of the Asian and the American governments. In fact, there appears to have been a real feeling among the Canadian officials that the London meetings were going to fail. This would compound an already serious problem in Asia.¹⁵⁰ Moreover, there was some doubt as to the British commitment. British motives for aid to South-East Asia emerged from the need to offset the effects of the financial crisis of 1949 and the end of Marshall Plan aid in 1952. The British had hoped that an economic assistance plan to South-East Asia would draw in the United States, which would in turn support the weak British economy. Since January 1950, however, the British economy had improved. Furthermore, the Americans had extended the period for Marshall Plan aid. In addition, it had always been envisaged that the Colombo Plan would be expanded to include non-Commonwealth Asian countries. With the continuing reluctance of most of these nations

¹⁴⁹Telegram WA-2043, Canadian Ambassador to the United States to Secretary of State for External Affairs, Ottawa, 6 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁵⁰Telegram No. 1305, Secretary of State for External Affairs, Ottawa to Canadian High Commissioner. London, 7 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada. Alfred Rive, the Canadian High Commissioner in New Zealand, reported to Ottawa that Canada was not the only country to be concerned with the possible failure of the London Conference. The New Zealand authorities were also worried that the talks would fail for similar reasons. Telegram No. 76, Secretary of State for External Affairs, Ottawa to High Commissioner for Canada in New Zealand, 9 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

to participate, the viability of the plan was thrown into question.¹⁵¹ All of these uncertainties made Canadian officials very nervous.

There was also some concern over the British draft agenda for the London Conference, which had been submitted to the Commonwealth countries in late July. A number of Canadian officials did not welcome the British agenda. Neil Perry of the Department of Finance, for one, viewed the British synopsis as an attempt to steer a path through the different points of view without accomplishing anything. Perry suggested two courses of action; either a non-committal reply, or the cessation of all planning for the aid programme and allowing the Asians to negotiate with the United States on their own. In the Department of External Affairs, Hume Wright, Pearson's assistant, objected to the British draft on different grounds. Wright viewed the report as written in terms that were calculated to appeal to the United States; the British approach was self-defeating, given previous American warnings not to expect their help. He suggested that:

...the proposed Report would get a better reception in the U.S. if it gave that country credit for its \$60,000,000 programme of assistance in South-East Asia and looked towards the integration of all economic development efforts in Asia instead of telling the U.S. about Commonwealth initiative and leading up to the "missing component" of U.S. aid.¹⁵²

Escott Reid emphasized this last point in the reply to the British.¹⁵³

The Canadian government officials, however, were committed enough to economic

¹⁵¹Telegram No. 1305, Secretary of State for External Affairs, Ottawa to Canadian High Commissioner, London, 7 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁵²Memorandum, Hume Wright to D. V. LePan, August 1, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada

¹⁵³Letter, Escott Reid, to G.E.B. Shannon, Deputy British High Commissioner, Ottawa, August 9, 1950, RG 25, 86-87/160, Box 131, File 11038-40, pt. 1, National Archives of Canada.

assistance to try to salvage something. Norman Robertson, Chairman of the ICETP, suggested on 5 September that there was a need for a "radical re-examination of the entire approach" with the Foreign Ministers of Australia and the United Kingdom. Robertson, retreating from his original support, hinted that perhaps it was time to consider operating the programme under the auspices of the United Nations.¹⁵⁴ He believed that non-Commonwealth countries might be more willing to participate under a U. N. programme rather than a Commonwealth one.¹⁵⁵

The anxiety over the potential failure was short-lived. The Embassy in Washington reported a conversation that W. D. Matthews and George Ignatieff had with Labouisse that gave some hope for American participation. The Americans once again raised the issue of spheres of responsibility. Labouisse told them that the Americans would continue to regard the Philippines and Indonesia as special spheres of American responsibility. In the case of Burma, Indo-China, and Thailand, the United States wanted to coordinate Commonwealth and American initiatives, but on the basis of United States plans. In the purely Commonwealth region consisting of India, Pakistan, and Ceylon, Labouisse suggested that Commonwealth plans be the basis for aid. He also told Matthews and Ignatieff that India would be in line for a substantial appropriation from Congress in the next fiscal year. In spite of these hopeful assurances, he continued to warn that the Commonwealth plan should be drafted so that it stood on its own, just in

¹⁵⁴Excerpt of Minutes of ICETP, 5 September, 1950 in Memorandum, Heeney to Pearson, 13 September, 1950, RG 25, 86-87/150, Box 132, File 11038-40, pt. 3, National Archives of Canada

¹⁵⁵*Ibid*

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case United States participation was not immediately forthcoming.¹⁵⁶ Although the American proposal was not in keeping with the spirit of the Commonwealth proposal, it did offer some hope.

The American State Department had indicated, by 25 September, further interest in the draft report, but continued to warn the Commonwealth leaders to keep quiet about American participation. It was a delicate matter, and the timing of the presentation to Congress was critical. Still, the Canadian Acting High Commissioner reported that many were giving serious consideration to the structure of the organization to include the United States. Popular opinion among the various officials called for an egalitarian organization "on which donors and recipients would sit as equals tackling a common problem", but supplemental bilateral agreements between the United States and recipient countries would still have to be drawn up.¹⁵⁷ The danger that the United States administration would become irritated, and withdraw if they knew of the plan, was less important to the United Kingdom than the form of the organization if and when the U. S. decided to join the Commonwealth in the aid programme.

In the meantime, the Colombo Plan for Economic Assistance to South and South-

¹⁵⁶Telegram No. WA-2060, Canadian Ambassador to the United States, Washington to Secretary of State for External Affairs, Ottawa, 8 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada. Labouisse asked for Canadian opinion on the best way of making a contribution to the Asian region. He proposed a direct consultation process between the Americans and some experts on the Canadian side, because the Americans were suspicious of suggestions from the members of the sterling bloc. The Canadians were seen as either disinterested or influenced by the Americans. All that External Affairs could offer to the United States, however, was a suggestion for "untied loans".

¹⁵⁷Telegram No. 1837, Acting High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 25 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

East Asia was being prepared in London by a battery of officials.¹⁵⁸

On 11 September, 1950 Dana Wilgress wrote to Arnold Heeney with his views of the process. The lack of participation of the majority of the South-East Asian governments, he argued, would result in American refusal to join a narrow Commonwealth plan. He also pointed to the propaganda potential for the Soviet Union if the non-Commonwealth Asian countries did not participate.¹⁵⁹ A new invitation had been issued to these countries in the hope that they would join the meetings in early October. Furthermore, the Americans were encouraging the governments of these countries to participate.

The British revealed an administrative cause of the non-Commonwealth reluctance to participate. British Treasury officials, who had recently toured Asia, suggested that "administrative disorganization and inexperience" was a contributing factor. Moreover, the British Foreign Office suggested that recent events in Korea may have contributed to the problem:

...the heavy military reverses which were suffered initially by the United Nations

¹⁵⁸At the end of August, the delegations were being put together and a problem arose for the Canadian Department of External Affairs. At the first Commonwealth meeting in January, the Department of Finance had refused to be represented at the financial meetings. They had left the representation in the hands of External Affairs. Within External Affairs responsibility for the Commonwealth economic assistance programme had been given to the Economic Division. In the nine months since the initial conference, the Department of Finance had become more interested in economic assistance to South-East Asia. As a result, there was a major change in representation on the delegation to London compared to the delegation to Colombo: no External Affairs officials were assigned to the London Conference on a full time basis. The majority of advisers and officials came from Finance. This situation proved to be an embarrassment to External Affairs, which had been emphasizing to the other departments that the Consultative Committee was of great importance. A. F. W. Plumptre suggested to Escott Reid that, in order to reinforce Pearson's interest and External Affairs' commitment to economic assistance, it would be wise to appoint more representatives of the Department of External Affairs. Douglas LePan was, therefore, assigned to the London Conference.

¹⁵⁹No. 1747, Wilgress to Heeney, 11 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

forces in Korea have made countries in the area even less willing than they were before to take any steps which might commit them more firmly to one side or another in the struggle between the Soviet and non-Soviet worlds.¹⁶⁰

As a result, the Canadian delegation decided to emphasize the importance of a working plan that would produce the necessary financial assistance. If the non-Commonwealth members chose not to participate, then it would have to be more limited.¹⁶¹

By 19 September the Canadian High Commission was able to report that the draft chapters of the report on the general development programme were nearing completion. To Dana Wilgress, in London, the plan appeared to be sensible.¹⁶² "The development programmes submitted by the Commonwealth countries in South-East Asia", Wilgress wrote,

are relatively modest in relation to what might have been expected. The report is being drafted in a manner suitable for presentation to the world and is not specifically addressed to the United States. The expression of the need of the area for outside assistance in terms of the balance-of-payments gap is minimized. Primary attention is given to the requirements of capital as such, whether for internal or external purposes. In the development programmes, emphasis is placed primarily on the improvement of agriculture, health, educational services, public utilities, and transportation, and not on rapid industrialization. It is appreciated

¹⁶⁰Telegram No. 1816, Acting High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 21 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁶¹*Ibid.*

¹⁶²Wilgress had favourable remarks to make about the developing plans. In fact, he believed that the under-developed countries had asked for less than what was really needed. He wrote to Ottawa that, "The programmes appear to be realistic in relation to what the countries themselves could support by way of development at the end of the six year period". Telegram No. 1747, Dana Wilgress, High Commissioner for Canada, London to Arnold Heeney, Under-Secretary of State for External Affairs, Ottawa, 11 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

that industrialization will result gradually at a later stage.¹⁶³

The chapter about the financial aspects had not been discussed in the Consultative Committee, but it was clear that no country was prepared to make a firm financial commitment at this stage.¹⁶⁴

The matter of financial contributions was one of the last items to be discussed at the conference. When the matter came before the Committee, the Canadian delegation made it very clear that it could not commit the government to any sort of financial contribution when that government had not seen the report.¹⁶⁵ The British were pressing Australia, New Zealand, and Canada to make a firm offer so that the Asians could be assured of the Plan's success and the United States could discover how much they would have to supplement the plan. The other Commonwealth members had not come to any definite plans for contributions, and the Canadian delegation held firmly to the point of view that no statement of the amount of financial assistance needed to be made in the report.

The London Conference concluded with the creation of the Colombo Plan for Co-operative Economic Development in South and South East Asia.¹⁶⁶ The Consultative

¹⁶³Telegram No. 1813, Acting High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 19 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁶⁴*Ibid.*

¹⁶⁵Telegram No. 1858, Acting High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 28 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁶⁶The Colombo Plan for Co-operative Economic Development in South and South East Asia, 1950, RG 25, Volume 2253, National Archives of Canada.

Committee determined that £1 billion was needed over the next six years to finance the program. Up to this point, the Canadian government had put off discussion of a financial commitment, preferring to participate in the Committee while emphasizing its other obligations. However, participation in conferences and the deferral of commitments would no longer suffice.

Chapter 4: Clash of Divergent Views

It took five months to settle the issue of Canada's part in the Colombo Plan. There continued to be a great deal of opposition to the Colombo Plan from the Department of Finance. Generally, Douglas Abbott and his Deputy Minister, Clifford Clark, believed the Colombo Plan would not succeed because of the uncertainty over American involvement. In short, they were hesitant to supply the money needed without the safety net of the American dollar. The ensuing debate revolved around international commitments versus domestic concerns and it was ultimately decided at the highest level in the Canadian Cabinet.

The first battle over the Colombo Plan arose in an ICETP meeting. The members of the committee examined the Colombo Plan report and were immediately concerned about the language as well as the content. The report implied that all governments had already approved the Plan. The Canadian government certainly had not approved anything in the report and would not for several months. The committee recommended that the foreword of the report be changed to show general agreement rather than blanket approval.

The wording of the Colombo Plan was only one problem. Clifford Clark pointed out two other weaknesses of the development plan. He argued that the problems of increasing population as well as the dispute between India and Pakistan over Kashmir had not been taken sufficiently into account. Once again Clark argued that the armed conflict between the two countries was already draining resources that could be put to better use

in development. In addition, Clark believed that the large and ever-increasing population of a number of Asian countries would defeat the goals of the Colombo Plan. The donor countries of the Plan would never be able to keep pace with the needs of the recipient countries and their population explosions. The small amount of aid that was to be supplied in order to raise living standards would be as productive as hailing water with a thimble. Clark believed that these problems were being glossed over and the eventual result would be that the plan would fail.¹⁶⁷ The other members of the ICETP were inclined to agree with him.

Clark's problems with the Plan would have to wait. The Cabinet had to deal first with the implications of publishing the Colombo Plan report. The British were eager to release the report to the world. The most important advantage to the promulgation of the plan was that by making the plans available to the world it was hoped that more countries, in particular the United States, would join.¹⁶⁸ Consequently, on 25 October, Pearson asked Cabinet to accept the report with the view to having it released. The Cabinet realized the importance of issuing the report and by 1 November, it had agreed to publication on the understanding that nothing would appear within the report that

¹⁶⁷Telegram No. 1643, Secretary of State for External Affairs, Ottawa to High Commissioner for Canada, London, 24 October, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁶⁸It had become important to publish the report by early to mid-November because the United States authorities favoured the report but wanted the release to be timed to come after the congressional elections but before the new budget. Telegram No. 52, Secretary of State for Commonwealth Relations, London to Secretary of State for External Affairs, Ottawa, 19 October, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada. Cabinet was also asked to approve the constitution of the Council for Technical Cooperation with the Canadian Trade Commissioner appointed as the representative on the Council.

implied that all governments had accepted it.¹⁶⁹

Publication of the Colombo Plan was a fairly easy point to win, but acceptance and a financial commitment were not. Pearson continued to be cautious about the financial aspect of participation. On 25 October, he suggested that any decision on financing be deferred until the United States made clear its intentions toward the Colombo Plan. In suggesting this course of action, Pearson may have been acknowledging the Department of Finance's desire that Canada not be drawn into a situation in which it was the only country supplying dollars to the economic aid plan.

Adding to Pearson's difficulties in getting Cabinet approval was the caution of Prime Minister St. Laurent. St. Laurent, as a former Secretary of State of External Affairs, might have been expected to be more understanding or forthcoming with his support. In this case, his uncertainty had much to do with encroachment on the agencies of the United Nations. The proposal that Canada should give economic aid separate from the United Nations was a major adjustment in foreign policy. St. Laurent held firmly to the idea that Canada should be supporting the United Nations aid efforts rather than establishing a competing program. In that October Cabinet meeting he added to the delay by suggesting that the views of both the United Nations officials and the Americans be sought out.

International events also contributed to the delay of Canada's final commitment. For instance, when Cabinet met, on 1 November, the chief supporters, Pearson and

¹⁶⁹Telegram No. 2101, High Commissioner for Canada, London to Secretary of State for External Affairs, Ottawa, 3 November, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada and Cabinet Conclusion, 1 November, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

Mayhew, were missing. Mayhew was in his riding in British Columbia. Pearson was in New York attending United Nations meetings about Korea. The Korea crisis had shifted attention away from the consideration of the Colombo Plan and Pearson was not able to devote his full attention to the scheme. Ironically, it was the problem of communism in Asia that the Colombo Plan was designed to fight that diverted attention away from it.

With the key supporters missing, both Abbott and St. Laurent were able to point to the weaknesses of the Colombo Plan report without the countering arguments of its supporters. Employing the same points his Deputy Minister used in the ICETP meeting, Abbott argued:

The reference to the India-Pakistan dispute over Kashmir [in the Colombo Plan report] was misleading. The dispute was absorbing about one-half of the central budgets of the two countries and the drain over six years would amount to as much as it was proposed to put in through the development programme. The report also glossed over the effect of a rapidly increasing population in limiting the efficacy of the programme. It was not desirable to prevent publication of the report, but its implications were so broad that it did not seem possible at the present time to say that it was approved by the Government of Canada.¹⁷⁰

Robert Mayhew, though absent, continued to play a role. He had become increasingly disturbed over the line of reasoning of Abbott and Clark. He attempted to put an end to Abbott's objections. He wrote St. Laurent on 2 November, arguing against the point that there could be no success for the plan if India and Pakistan continued to fight over Kashmir. He reasoned that

it would be a grave mistake for Canada to decide against taking its share in the program on the grounds that India and Pakistan are devoting a large portion of their budgets to armaments. I think that Canada should take a lead in giving assurances to these countries that they will be left free to decide their own

¹⁷⁰Douglas Abbott, Cabinet Conclusions, 1 November, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

differences between themselves. After talking with several of their leaders, I am more than ever convinced that the Kashmir problem can be solved by peaceful negotiation. I am equally convinced that a settlement cannot be reached by a United Nations commission or by any other outside agency. The solution lies in the hands of Mr. Nehru and Mr. Ali Khan and we should let them know that we have confidence in their vision and ability to reach agreement on peaceful terms.¹⁷¹

Naive though this now sounds, the essence of what Mayhew wrote to St. Laurent was that the more important goal was to achieve a greater peace in the region by helping these countries build up economic defences against communism. The threat of communism, now made even more apparent by the invasion of Korea, was greater than a regional conflict between nations with common ties. Mayhew suggested that any criticism of India and Pakistan or unwanted advice would only be interpreted as interference.

Concerns over territorial disputes and population increases are insufficient to explain Abbott's objections to the Colombo Plan. There are several domestic and foreign factors which may explain his opposition. As Finance Minister he was responsible for sound fiscal management, and he had a good record. In 1949 the surplus had amounted to roughly \$600 million.¹⁷² One would think, therefore, that a contribution of \$25 - \$50 million a year would not be much. On the other hand, Canada had also incurred financial commitments under the NATO Treaty, as Pearson himself had pointed out several times since the Colombo Conference. Moreover, the Canadian military was in the process of

¹⁷¹Robert W. Mayhew to Louis St. Laurent, 2 November, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁷²According to the Dominion Bureau of Statistics, *The Canada Yearbook, 1951*, (Ottawa: King's Printer and Controller of Stationary, 1951), p. xxvi-xxvii, the difference between total federal revenue and total federal expenditure in 1949 was \$595,502,741. In 1948, the surplus was even higher at \$676,119,656.

undergoing the largest expansion in the post-war era because of the Korean War.

Military and economic containment through aid were two ways to prevent the advance of communism and, therefore, create a more stable world. A number of countries, the United States and Australia for example, approached the threat of communism using both military and economic containment as strategies. As Escott Reid has said,

Alliances and rearmament are familiar patterns in history. Organized regular giving from the governments of wealthy countries to the governments of poor countries for the purpose of helping them speed up their economic development is an unfamiliar pattern in history.¹⁷³

Given a choice between the familiar pattern of rearmament and the new and untested pattern of economic aid, Abbott may simply have been choosing to support the more conventional and safe option.

The Canadian government did not share the view of the Americans and Australians that economic aid was a part of a defence strategy, though one of the goals was to prevent the spread of communism.¹⁷⁴ Pearson was one of the few to support the Plan on the grounds that it had defense implications. On Christmas day, in a letter to Robert Mayhew, he expressed more definite support for the Plan than he had to Arnold Heeney the previous January:

Finally, I am, as you know, in hearty agreement with your thesis that we must

¹⁷³Escott Reid, *Radical Mandarin: The Memoirs of Escott Reid*, (Toronto: University of Toronto Press, 1989), p. 251.

¹⁷⁴It is clear that economic aid as a defensive strategy was not seriously considered. A review of the Cabinet Defense Committee minutes shows that the Colombo Plan was never discussed. Discussion was limited to the more traditional forms of defense and revolved, after June 1950, on the Korean crisis and rearmament. See RG 2, Volumes 2748-9 and 2751, National Archives of Canada.

play our part in economic assistance to this area, because, for one thing, it is part of the defence of the free world, including Canada, against communist expansion and aggression.¹⁷⁵

Clearly, External Affairs no longer questioned Canada's commitment to economic assistance in Asia.

Abbott may have also been concerned with Canada's moral commitment to the Colombo Plan. Pearson and his officials had affirmed that participation in the Consultative Committees would not mean an automatic Canadian financial commitment. Abbott certainly doubted Pearson's assertion that Canada was not committed to the Plan. He was apprehensive that Canadian approval of the Plan would lock the country into a financial contribution of \$50 to \$60 million a year.¹⁷⁶

One of the final arguments advanced by other Cabinet ministers against Canadian participation showed that the mind set toward the Commonwealth that had been created during King's tenure was still present. A number of ministers were wary because they viewed the Colombo Plan as a potential threat to Canadian independence. It was suggested that the Plan represented an attempt by the United Kingdom and other Commonwealth members "to establish elaborate centralized Commonwealth machinery".¹⁷⁷ With so many questions requiring answers or more study, no decision

¹⁷⁵L. B. Pearson to R. W. Mayhew, 25 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁷⁶Great Britain had suggested after the London meeting that the contribution would amount to \$50-60 million dollars a year.

¹⁷⁷Telegram No. 224, A. F. W. Plumptre, Ottawa to Lester Pearson, Canadian Delegation to the United Nations General Assembly, New York, 6 November, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada. Wynne Plumptre described the concerns voiced in Cabinet as the "red herrings hatched by the Department of Finance".

was reached in that Cabinet meeting.

Although the Cabinet Ministers who supported the plan were absent, an official from the Department of Finance, John Deutsch did attend. Deutsch had attended the London Conference and had participated in the preparation of the Colombo Plan. He tried to counter St. Laurent's doubts about the ability of the Commonwealth to administer the plan by pointing out that they did not expect to manage it alone. Deutsch rebutted the economic and administrative arguments with a warning that,

So far as present 'approval' was concerned, the political aspects of the matter were of some importance. The Asian countries, he reported, considered that in reducing their programmes they had made a substantial concession to the western point of view. They looked to the western countries for some expression of interest in the welfare of their countries through willingness to approve a programme on these limited lines.¹⁷⁸

For supporters of the Plan, the political and international implications of not accepting the report far outweighed other considerations.

It was clear that the political implications would be very serious. The damage caused to Canadian and Western credibility in the eyes of the Asians could have been great. For instance, less than a week prior to the Cabinet meeting, David Johnson, the Canadian High Commissioner to Pakistan, reported an alarming conversation that he had with Gulam Mohammed, the Pakistani Minister of Finance. Contrary to Robert Mayhew's assertion that the London Conference was a success¹⁷⁹, Gulam Mohammed

¹⁷⁸John Deutsch, Cabinet Conclusions, 1 November, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

¹⁷⁹Robert Mayhew made his initial report to Cabinet on 17 October. He told his colleagues that the conference had been successful in part due to the "intervention of the Korean War since the Sydney meeting of the [Consultative] Committee" which "had made the Asian countries more ready to participate in the plan advanced by the democracies than they had been previously". In his view, and

declared that the Conference failed because none of the Commonwealth countries had committed themselves to a definite sum for economic assistance. He was very pessimistic about the future commitments of the Commonwealth and the United States. He warned that Communism could take hold in Pakistan because of the despair of the Pakistani people. Suspicion of the Western nations was apparent in this conversation, including a good deal of emotional blackmail. Johnson wrote:

In spite of all we may say to the contrary, he thinks that consciously or unconsciously, western nations attach importance to the notion of white superiority. Race prejudices and discrimination to a greater or lesser extent exist in nearly all of them. Or it might be fairer to say that they have not the same degree of concern for the sufferings of coloured people as they have for the sufferings of white people. Moreover, several of the Western democracies, particularly Canada, Australia, South Africa and New Zealand, have small populations with immense natural resources which they are not willing to share with less fortunate countries on any substantial scale. Though South Africa was perhaps the worst offender, the rest of us were not far behind. Communism has many disadvantages but at least it is not based on racialism and it is not so obvious that white communist countries have control of large unpopulated areas with rich natural resources which they are not willing to share with less fortunate people.¹⁸⁰

Further delay, he believed, would serve to reinforce Asian suspicions, and could damage Canadian efforts to open trade relations with certain countries.

The never-ending deferrals and equivocations of Finance became increasingly frustrating not only for the politicians but for several officers of External Affairs. In early

the view of others, the six-year development plan they had created was "sensible". Cabinet Conclusions, 17 October, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

¹⁸⁰Despatch No. 389, David Johnson, High Commissioner for Canada, Karachi to L. B. Pearson, Secretary of State for External Affairs, Ottawa, 26 October, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada. The Minister certainly had grounds for believing much of this. Canada's immigration policy toward Asians was exclusionary.

November, Wynne Plumptre, voiced his exasperation in a lengthy memorandum. He was outraged because, "Canada is outstandingly the richest and most prosperous country amongst those attending the Commonwealth Consultative Committee meetings. The present position of the Government must look strange to all the other participating countries." Plumptre agreed with Johnson that relations with the Asian countries of the Commonwealth could be seriously undermined. Most importantly, Plumptre was disappointed by the lack of independence the Canadian government was showing in its foreign policy decision-making. He declared,

What is really at issue is whether the Canadian Government wishes to continue to play a respected role of leadership in international affairs, paying its way as it goes along, or whether it is willing to become a satellite of the United States, pushed from time to time into grudging gifts.¹⁸¹

On 8 November, the day Plumptre vented his frustration, Cabinet met. This time Pearson and Mayhew were present to promote certain components of the Colombo Plan. Having been briefed in New York on the developments in Cabinet, Pearson arrived in Ottawa the morning of the meeting. Discussion centred on the technical assistance package. Pearson began by reporting on his consultations with various United Nations officials in response to St. Laurent's doubts that the Commonwealth was the proper body to manage a development plan. Pearson informed Cabinet that

he had recently had talks with Dr. Keenleyside, Director of the Technical Assistance Commission of the United Nations, and other U. N. officials. They had been much impressed by the practical character of the Commonwealth scheme and felt that it might provide a valuable pattern for the technical assistance programme under the United Nations. The danger of overlapping between the two schemes, which appropriate U. N. officials were thoroughly aware of, would to

¹⁸¹Memorandum, Plumptre to Heeney, 8 November 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

some extent be minimized by the fact that a large part of the U. N. funds had already been earmarked for South American countries.¹⁸²

These assurances bolstered the position of the supporters of the Colombo Plan. In addition, the Cabinet took a step forward at this meeting and approved the constitution of the Council for Technical Co-operation in South and South-East Asia and authorized the appointment of the Canadian Trade Commissioner as the Canadian representative on the Council.¹⁸³

Undoubtedly, Pearson's talks with United Nations officials helped to sway the Cabinet. The concurrence of the head of the United Nations Division, John Holmes, also helped. As early as 28 September, Holmes had insisted that the United Nations and the Commonwealth aid programmes could be complementary. For him, the duplication of programmes was not the most important point; rather, it was which plan could get the most aid to the region in the shortest period of time. Although the Commonwealth scheme was small in comparison to the United Nations plans, he believed the former was more effective given the current situation in Asia. Holmes' comparison of the two programmes is worth noting:

The cumbersome machinery of the United Nations Technical Assistance Administration, which will take some time to become well oiled, cannot show demonstrable results in the very near future involving as it does over-all assessments of the requirements of large under-developed areas, then an assessment of priorities, then a distribution of tasks and finally the implementation of recommendations, all of which necessitates at every stage the co-ordination of the activities of the specialized Agencies. In contrast to this, the Commonwealth

¹⁸²Lester Pearson, Cabinet Conclusions, 8 November, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

¹⁸³Cabinet Conclusions, 8 November, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

scheme has already resulted in considerable progress being made in matching specific requirements with availabilities. We can expect immediate and concrete requests being made on a bilateral basis and a direct response from members of the Commonwealth in a position to provide Technical Assistance.¹⁸⁴

This view addressed Asian concerns that they were not receiving as much aid through the United Nations as Africa or Latin America. For Holmes, the Colombo Plan was also the best way to reinforce the primary political goal of the West; to emphasize the interest in the Asian nation's welfare. With the issue of the duplication of services resolved, another hurdle had been overcome.

An additional obstacle was removed when, on 12 December, the United States government - through its Ambassadors in various Commonwealth countries - indicated that it would participate in the Colombo Plan. This participation, however, did not mean approval of specific development programmes. The most important part of the announcement lay in the request that other donor governments announce their contributions.¹⁸⁵ This development gave a further impetus to the need for a definite Canadian financial contribution. Another motive was provided by the British, who

¹⁸⁴Memorandum, John Holmes, United Nations Division to Escott Reid, Acting Under-Secretary of State for External Affairs, 28 September, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 3, National Archives of Canada.

¹⁸⁵Dispatch No. 217, the Ambassador of the United States, Ottawa to the Secretary of State for External Affairs, Ottawa, 12 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada. The Gordon Gray Report revealed a number of factors in determining American policy toward economic assistance in South East Asia. Communism was a real and immediate threat, but it was felt that the United States had to proceed carefully in this region. Some South-East Asian countries might find American motives suspicious. This was especially true of India's sceptical view of U. S. policy on the Korean question. The Report suggested that because of these suspicions and sensitivities that more and more United States aid should be channelled through international agencies. Finally, the Report recommended that loans should be untied. R. Murray, *Memorandum on the Gordon Gray Report and the Colombo Plan*, 14 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

suggested that in order to maintain momentum another Consultative Committee meeting should take place at the official level in Colombo in late January 1951.¹⁸⁶

With the Americans publicly announcing their support for the Colombo Plan, delays in implementation became more frustrating for Canadian officials. For instance, in late December, Plumptre had to explain to Acting Indian High Commissioner Banerjee why the Canadian government seemed stalled in its efforts. Plumptre told Banerjee that officials supported the plan, but the continued absences of Pearson and occasionally Mayhew were slowing down the process.¹⁸⁷ Consequently, in December, Douglas LePan approached Escott Reid to suggest the urgent need for a meeting within the Department. LePan and his group wanted to push ahead in order to deflect criticism away from Canada, especially from within the Asian camp.

Adding to the urgency was St. Laurent's attendance at the Commonwealth Prime Minister's Meeting in London in January. He most certainly would be meeting Jawaharlal Nehru and Liaquat Ali Khan in London. It was, therefore, important that the Prime Minister be able to discuss the issue in a positive manner. LePan urged that the next step for Pearson would be to convince St. Laurent of the need for swift Canadian approval of the Colombo Plan, as well as to brief St. Laurent for his upcoming meetings with Nehru and Liaquat Ali Khan in London. LePan suggested that if St. Laurent could tell these two Asian leaders that he was prepared to recommend to Cabinet "a substantial

¹⁸⁶Telegram No. 75, Secretary of State for Commonwealth Relations, London to Secretary of State for External Affairs, Ottawa, 16 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁸⁷A. F. W. Plumptre to Arnold Heeney, 22 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

Canadian financial contribution, he would then be in a very strong position when talking to the Prime Ministers of India and Pakistan and might have more chance of budging them over Kashmir".¹⁸⁸

As the year drew to a close, time became the most important factor affecting the proposed plans. By 20 December, with the Commonwealth Prime Minister's meeting approaching and another Consultative Committee Conference proposed by the British, Arnold Heeney wrote Pearson stating: "It appears desirable that Cabinet should decide without further delay whether Canadian representatives will attend proposed [Consultative Committee] meeting".¹⁸⁹ But the Canadian contribution had to be decided upon first. Heeney warned that, at the latest, a sum had to be specified by the time the Prime Minister returned from the Prime Minister's Conference in London. He also pointed out that the doubts expressed by Cabinet Ministers had been based upon whether the United States was also going to participate. Now that this condition had been met, it would be a bad time to renege if the United States decided to participate with a generous contribution. In addition, Heeney showed evidence of some departmental jealousy when he wrote that some had suggested that the Department of External Affairs involved the government in a financial commitment without adequate consultation.¹⁹⁰

Pearson, aware of the time constraints and Heeney's warnings, demanded on 27

¹⁸⁸Memorandum, LePan to Reid, 12 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁸⁹Heeney to Pearson, 20 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁹⁰*Ibid.*

December that St. Laurent take action on the matter. He pointed out that two important factors had been satisfied: the question of duplication had been dealt with and the United States had indicated that "it would support the aims of the Plan and that, if the other governments are agreeable, it would like to be associated with the Consultative Committee".¹⁹¹ In his letter to St. Laurent, Pearson outlined his views on the subject. He wrote:

The importance of the free countries of Asia to the fabric of world peace is increasing at a pace which is hard to realize. The issue is not merely how to prevent the spread of communism to these countries. In our own interest our concern with their welfare should, I think, be more positive than that. The role of the free Asian countries can play in building a peaceful Asia is impossible to measure. But it is clear that they will be in a better position to play such a role effectively, the stronger their economy and political institutions are. The Colombo Plan offers hope to the free Asians - and hope to us - that their economies and therefore their free institutions will be strengthened.¹⁹²

Pearson also pointed to the strained relationship between India and the United States. Although he did not come out and directly say that Canada could provide a bridge or a buffer between the two, he did feel that it was essential for something like this to exist:

It does seem to me that here is one situation where the countries of the Commonwealth can play an important part in bridging the gap between the poverty and therefore the neutrality and indifference of free Asia and the wealth and therefore, at times, the "interventionist" and impatient tactics of the United States.¹⁹³

In other words, Canada could perform a "linch-pin" or mediating role in Asia. The internationalist aspect to the debate may have swayed St. Laurent, but it was not the kind

¹⁹¹L. B. Pearson, to Louis St. Laurent, 27 December, 1950, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

¹⁹²*Ibid.*

¹⁹³*Ibid.*

of approach that could be used to influence Abbott.

The tension between Pearson and Abbott was rising. Abbott continually emphasized that Pearson had committed his government without proper consultation. Now he had two new criticisms. He argued that the United Kingdom and Australia, would not be making real contributions to the plan, because the United Kingdom would only be releasing sterling balances that belonged to the recipient countries. Australia, Abbott argued, would also not be sacrificing anything because of the high demand and price of its wool.

Pearson was about to respond to Abbott's argument when Heeney warned Pearson that in his experience, "controversy carried on by correspondence between Ministers is seldom worthwhile."¹⁹⁴ Moreover, he told his Secretary of State that Abbott may have been correct:

There is also the difficulty that, although Mr. Abbott has grossly misrepresented the situation by charging that you had committed your colleagues without consulting them, the Department of Finance may have some very slight grounds for grievance arising from your statement in the House of Commons on February 22. You did perhaps somewhat anticipate developments when you stated on that occasion, "When a further meeting is held in Canberra, probably shortly, to discuss this matter, the Canadian Government will of course be represented".¹⁹⁵

On the basis of Pearson's comment to the House of Commons, the ICETP recommended to Cabinet that Canada should participate in the Sydney Conference, overcoming the objections of the Deputy Minister of Finance and the Governor of the Bank of Canada.

¹⁹⁴Arnold Heeney to L. B. Pearson, January 11, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

¹⁹⁵*Ibid.*

Heeney then assured Pearson that any letter was unnecessary because they were actually winning the battle. St. Laurent, who had initially expressed doubts about the Colombo Plan and supported Abbott, began to favour Canadian participation in the plan. He had read Pearson's letter and he had met with Jawaharlal Nehru and Liaquat Ali Khan. Consequently, on January 8, at a Canada Club lunch he announced that he was prepared to recommend a substantial Canadian contribution. The opposition was also in favour of a large contribution. Heeney reported that John Diefenbaker had suggested that the Canadian financial assistance to South and South-East Asia be as high as \$50 million a year.¹⁹⁶ It is unclear how Diefenbaker came to the figure of \$50 million. It is possible that he got it from a member of the British High Commission. After all, it seems too much of a coincidence that Diefenbaker's figure and that of the United Kingdom were exactly the same.

Up until this point, the arguments for and against Canadian participation had not taken into direct consideration public opinion on the issue. In late 1950, External Affairs had conducted a survey of Canadian newspapers in order to determine the public response. There was overwhelming support for the Colombo Plan from coast to coast.¹⁹⁷ One of the most influential of these newspapers, the *Winnipeg Free Press*, supported aid to Asia from the outset. An editorial, in October, declared:

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. We are a Pacific as

¹⁹⁶*Ibid.*

¹⁹⁷Newspaper survey, undated, RG 25, 86-87/160, Box 132, File 11038-40, pt. 4, National Archives of Canada.

well as an Atlantic power and we are as much concerned as any nation in the prosperity of Asia.¹⁹⁸

The support of the opposition party and the apparent support of newspapers and, therefore, the public strengthened the position of Pearson and his backers.

Abbott was not to be convinced so easily. He continued to write protesting the weaknesses of the Plan. The Finance Minister was not sufficiently convinced that any improvement could be achieved.

I think it is just conceivable that if the aid were on a sufficiently large scale, far larger than the \$3 billion contemplated by the Plan, there might be some chance of increasing production and raising the standard of living with sufficient speed to produce a slowing down of the rate of population growth and perhaps drastic changes in ancient traditions, religions, taboos, etc. However, there is no chance of this. It is probably too much to hope that money and supplies will be in sufficient quantity to carry out even the more limited objectives of the Colombo Plan.¹⁹⁹

Although there had been some movement in convincing the Cabinet to approve Canadian participation in the Colombo Plan, by mid-January the question of a suitable contribution was still undetermined. Pearson told St. Laurent that a decision would have to be made by 15 January. This was more than wishful thinking: a discrepancy existed in the amount the United Kingdom had suggested would be appropriate for Canada to contribute the amount the Canadian advisers recommended. On 20 October, the contributing formula was discussed in the ICETP. The British had suggested that they

¹⁹⁸Editorial, *Winnipeg Free Press*, 21 October, 1950. The idea of Canada as a Pacific power had been emphasized by the editors of the Free Press since the early part of that year when an editorial appeared 24 February stating that, "By its own interests as a Pacific nation, by its own stakes in the stability of the world, and as an example to its great American neighbour, Canada is bound to take part in this vital work. It is bound to make what contribution it can to the ultimate cost".

¹⁹⁹D. C. Abbott, Minister of Finance to L. B. Pearson, Secretary of State for External Affairs, 30 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

and their colonies contribute one-third of the needed £1 billion; that Canada, Australia, and New Zealand in conjunction with the International Bank be responsible for another one-third; and that the remainder be provided by the United States. Certain members in the ICETP objected because, Canada was asked to contribute \$50 million a year over the six year period. John Deutsch told the British representative the figure was much too high and any Canadian contribution would be based on the American government's actions.²⁰⁰

John Deutsch and Clarence Read of Finance and Wynne Plumptre of External Affairs, therefore, undertook to discover the American plans for aid. The news from Washington was disappointing. Although the United States supported the Colombo Plan, the Americans had decided to put off any decision on contributions until after the Consultative Committee meeting in February. The three Canadians were told that the American contribution would fall below the expected \$200 million mark because of a scarcity of commodities. Political factors contributed to this deferment and reduction of aid. Congress insisted that aid contributions of a non-military nature be justified in terms of defence. Increased tensions between India and the United States over the Korean War also made it difficult to give aid to India, which was scheduled to be the principal recipient of aid.²⁰¹

Heeney, reported the new developments to Pearson and stressed that the United

²⁰⁰Memorandum, Murray to Plumptre, 15 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

²⁰¹Memorandum, Heeney to Pearson, 22 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

States deferral would give the Department of Finance new ammunition with which to resist a large and prolonged financial commitment. Heeney wrote:

They will probably wish to delay all decisions until the outlook clarifies. They will probably emphasize that commodities are now the limiting factors and that we do not yet know either what commodities are needed from Canada under the Colombo Plan or what commodities we would be willing to make available in view of developing short supplies in this country.²⁰²

Heeney suggested four choices to Pearson: postpone a decision; seek Cabinet's approval for a contribution of \$25 million for the first year; approve a reduced contribution for 1951-2 of \$10 million; or implement a short-term package. Pearson favoured the second option.²⁰³

Heeney predicted that Finance would continue to oppose a contribution based on the fact that Canada did not know what kind of commodities it could supply to India or Pakistan. These objections were quickly overridden by Deutsch, who was more sympathetic to the Colombo Plan than his superiors. On 29 January, he proposed "that Canada should immediately make a gift of wheat to India...The Indian Government would sell the wheat in India. It could then use the proceeds for capital development under the Colombo Plan".²⁰⁴ The country that would be receiving the greatest amount of aid, India, had suffered a devastating drought and was in desperate need of wheat.

²⁰²*Ibid.*

²⁰³*Ibid.*

²⁰⁴Memorandum, Plumptre to Heeney, 29 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada. It will be remembered that Pearson had suggested a similar scheme involving apples, but it had been dismissed on the grounds that it was not in keeping with the spirit of the Colombo Plan. For an interesting regional perspective on apples and wheat see Margaret Conrad, "Apple Blossom Time in the Annapolis Valley, 1880-1957", *Acadiensis*, (Summer 1980), p. 14-39. I would like to thank Robert Vigneault for drawing this article to my attention.

Compounding the natural disaster was some doubt that the United States would assist. The Americans were extremely annoyed with Indian leaders over the course of the debate on Korea in the United Nations. Deutsch suggested that \$10-12 million worth of wheat would be sufficient provided that it was available.

Deutsch's plan would produce considerable advantages for both India and Canada. For India, the famine would be alleviated and workers would be released for capital projects, such as irrigation or dam building. For the Canadian government the political advantages were great. The gift would cement the Canadian commitment in the eyes of India. In addition, supplying wheat to India would help to offset the reluctance of the United States Congress to aid India. In the domestic political arena, a gift of wheat would be more acceptable to those who would oppose a large cash contribution, such as Jimmy Gardiner, the Minister of Agriculture from Saskatchewan, and Douglas Abbott.²⁰⁵ Administratively, "Canada would not get into the position of having to approve or supervise any particular plan for capital development put forward by the Government of India".²⁰⁶ Unfortunately, this presented problems for Canada. Certainly, the Canadians would not have to administer the plans arising from the funds created by the sale of wheat, but how could the Canadian government ensure that the money raised from the sale of the wheat in India would actually go toward development projects? They

²⁰⁵The gift of \$10 million dollars of wheat, though small, would have received support from Jimmy Gardiner. The Minister of Agriculture had faced severe criticism for an agreement that had been negotiated with the British for the supplying of wheat after the war. The agreement had fixed the price of wheat. Though there was a mechanism that was meant to balance any radical shifts in the price, it was so ambiguously phrased that when the price of wheat rose, the British refused to pay the difference.

²⁰⁶Memorandum, Plumptre to Heeney, 29 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

could not. There was no monitoring mechanism to ensure that the Indians were keeping up their end of the bargain. This situation became a major problem in the Canadian aid programme in later years.

Deutsch also suggested that the wheat deal be limited to India: Pakistan was self-sufficient in food production and Ceylon did not need food assistance at this time. Plumptre and Pearson were strong supporters of this plan, as was Clifford Clark, the Deputy Minister of Finance.²⁰⁷ Abbott was slowly beginning to agree to Canadian participation in the Colombo Plan. The agreement of the whole Cabinet was needed. On 1 February, 1951, Pearson approached the Cabinet for approval of the Colombo Plan with the wheat deal.²⁰⁸

After five months of equivocation and deferral, Cabinet finally came to a decision on February 7, 1951, five days before the Consultative Committee meeting in which the United States participated as a full member. Pearson opened the Cabinet discussion by asking that a contribution be decided upon at that meeting and by introducing the plan to send wheat to India as a grant against the Canadian contribution. Abbott supported the plan to give wheat to India but reminded the Cabinet that in order to meet the Canadian contribution of \$25 million suggested by Pearson, they would have to face either cuts in funding to their departments or an increase in taxes.²⁰⁹ After some further discussion

²⁰⁷*Ibid.*

²⁰⁸Memorandum to Cabinet, 1 February, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

²⁰⁹Abbott had grudgingly come around at the end of January 1951. In a private letter to Pearson he agreed, "If my colleagues believe that opinion in Parliament and in the country will support a contribution to this Plan and are prepared to see either a reduction in their own departmental projects or a corresponding increase in taxation, I will be prepared to support any contribution that may be agreed

the Cabinet agreed to provide \$25 million for 1951-2, but only for the first year of the programme, under the condition that other countries were contributing sufficient amounts to ensure that the objectives of the Plan would be met. In addition, the Cabinet authorized Pearson to open discussions with the Indians for a grant of wheat under the Colombo Plan.²¹⁰ Canada's fifty year association with the Colombo Plan had begun.

upon". Abbott to Pearson, 30 January, 1951, RG 25, 86-87/160, Box 132, File 11038-40, pt. 5, National Archives of Canada.

²¹⁰Cabinet Conclusion, 7 February, 1950, RG 2, 16, Volume 21, microfilm T-2368, National Archives of Canada.

CONCLUSION

The government of Canada took more than a year to consider the full implications of participation in the Colombo Plan. The debate was intense, and the result was never a foregone conclusion. Interestingly enough, the debate did not involve opposing political parties as so many issues in Canadian foreign policy have, but two opposing views within the governing Liberal Party. John Holmes in *The Shaping of Peace* divided the debate into two camps: "the forces of what one might call 'isolationist nationalism' and 'internationalist nationalism'"²¹¹; the old guard who had long-served under Mackenzie King and the younger men who had been frustrated by King's caution and equivocation in foreign affairs.

In spite of Holmes' convenient classification, it is difficult to divide the Colombo Plan groups into isolationists and internationalists, or old guard and new. For instance, Robert Mayhew might have been considered a member of the old guard, but he was one of the Colombo Plan's greatest supporters in Cabinet. His backing had initially been secured by his participation in the Colombo Conference and had become stronger through his attendance at the Sydney and London meetings. On the other side, Douglas Abbott was a fairly new addition to the Cabinet. His opposition had less to do with foreign

²¹¹John W. Holmes, in *The Shaping of Peace: Canada and the Search for World Order, 1943-1957, Volume 2*, (Toronto: University of Toronto Press, 1982), pp. 174-5 stated, "In an examination of the contesting forces of what one might call 'isolationist nationalism' and 'internationalist nationalism' in Canada the struggle over the Colombo Plan matches in importance the argument over participation in the United Nations Commission in Korea in 1947-8 and over participation in the UN force in Korea....The agonizing reappraisal over the UN force in Korea was going on at the same time as the later stage of the debate over the Colombo Plan and very much affected political ideas on the subject not only in Ottawa but in Washington as well".

policy aims or "isolationism" than with the financial burden that would be required of Canada and a conservative view of maintaining peace and stability in the world. Essentially, the decision-making process was governed by two opposing views of Canadian foreign policy and Canada's role in the world; on one side stood L. B. Pearson, Robert Mayhew, and a number of officials from the Department of External Affairs such as Escott Reid, Douglas LePan, A. F. W. Plumptre; on the other side stood Douglas Abbott, W. C. Clark, Graham Towers, and for a time Prime Minister Louis St. Laurent, who were unsure about the direction in which economic aid to South-East Asia might lead Canada.

It would be wrong to believe, however, that Pearson and his backers were immediately committed to the idea of economic aid to South-East Asia. In the early consideration of the aid scheme, the actions of the Colombo Plan supporters can best be described as cautious internationalism. The bureaucrats in External Affairs were willing to consider an aid programme, but they had to see what it entailed before they became committed to it. Pearson, Reid, and other sympathizers approached the issue prudently and carefully. They did not commit the Canadian government to any financial obligations, but were willing to listen and wait for a well conceived plan that would meet the needs of the area while providing minimum risk and maximum benefit to Canadian interests.

There were a number of factors that contributed to a cautious Canadian approach to the aid proposal. To begin with, Asia was not considered a region in which Canada had any major interests. The Canadian government recognized that its two traditional

allies, Britain and the United States, did have major interests in the Pacific. Canadian policy in the Pacific, as elsewhere, had typically been careful not to alienate one or the other ally, though it is evident that the Secretary of State for External Affairs believed that the Canadian outlook on Asia was closest to that of the United States. In the negotiations for the Colombo Plan, it is clear that Canada continued to follow the policy of not alienating one or the other. Pearson and his supporters convinced the government to, at the least, listen to the Commonwealth without making any commitments or taking on any leadership role, until the point when American membership was also secured.

Another reason for caution on the part of the officials at External Affairs was that Canada had a history of not supporting aid to the region. Several times between 1945 and 1950 proposals for development aid were met with suspicion by Canada, if not rejected. The provision of assistance by the wealthier nations to develop the poorer regions of the world, independent of the agencies of the United Nations, was uncommon.

The question of the Colombo Plan being in competition with the United Nations aid agencies also gave Canadian decision-makers pause. Since its creation, the United Nations had been providing, among other services, aid programmes. By 1950, the United Nations Expanded Programme of Technical Assistance had been established to provide development aid to the less-developed regions of the world. UNEPTA was designed to work on a grand scale. Policy-makers were concerned that a Colombo Plan which was supposed to be much smaller might, if not properly conceived, subvert or overlap the more important programmes of the United Nations.

Lester Pearson, Robert Mayhew, and Escott Reid became more sympathetic

towards the aid proposal because of their attendance at the Colombo Conference. They were able to put a human face on the problems faced by the Asian countries as a result of their trip through the region. There was, as Ernest Levos has suggested, a certain amount of humanitarianism involved in their support that may have been influenced by their religious upbringing. The influence of the missionary spirit, however, cannot be given excessive credit.²¹² Keith Spicer has noted:

Altruism as foreign policy is a misnomer, even if sometimes the fruits of policy are incidentally beneficial to foreigners. To talk of humanitarian "aims" in Canadian foreign policy is, in fact, to confuse policy with the ethics of individuals moulding it, to mix government objectives with personal motives...²¹³

Spicer, however, seems to neglect the fact that decisions are not made in a single dimension; they are always complex, like decision-makers themselves. The ethics of the individuals concerned certainly influenced them to give more consideration to the aid proposal than to any that had been presented before.

Even though the early supporters of the plan gave it favourable consideration, they

²¹²Ernest Levos, "The War For Men's Minds", (University of Alberta: unpublished Ph.D. dissertation, 1991), p. 139-40. Douglas LePan in, *Bright Glass of Memory*, (Toronto: McGraw-Hill Ryerson Limited, 1979), wrote: "Our motives were mixed, of course. That goes without saying. I have not tried to conceal that one of our preoccupations was to try to strengthen a large part of Asia against the risk of Communist expansion, of which at that time we were deeply apprehensive. But I don't believe that was our principal motive. We also hoped, as I have laboured to make clear, that the initiative taken at Colombo would lead to a new outflow of United States dollars,...No, I think our principal motives must be found on other grounds, on grounds that are usually called "humanitarian"....We believed that, on a radically shrunken and shrivelled planet, the peoples of the earth could not permanently endure, half rich and half poor. Or to put it another way, just as there had been for decades a movement of opinion that insisted that efforts must be made to narrow the gap between rich and poor among individuals in a single nation, so there was now a new movement of opinion gaining momentum that claimed that efforts must be made to narrow the gap between rich and poor among nations. That secular movement of opinion was important and growing, we thought; and it was in Canada's interest to work with it, rather than against it", p. 223.

²¹³Keith Spicer, *A Samaritan State?: External Aid in Canada's Foreign Policy*, (Toronto: University of Toronto Press, 1966), p. 11-12.

were still cautiously approaching the issue as late as June 1950. Two circumstances strengthened their resolve. The first was the possibility that the Americans would join the Commonwealth plan. The second was the invasion of Korea. Until that event, the officials of the Department of External affairs had been content to discuss the structure and goals of an aid programme without making a commitment. More than anything else, the Korean invasion showed key policy-makers that the communist threat in Asia was severe, and went beyond China, where Communists won power in 1949. Asian statesmen at the Colombo Conference all pointed to the possibility of communism finding fertile ground in their countries if development aid was not forthcoming. These two events did not spur Canadian policy-makers into activity as much as the Korean invasion of 1950.

The last battle in Canada's entry into international bilateral aid had to be won in the Canadian Cabinet. Led by Douglas Abbott, the Minister of Finance, the arguments against participation focused on financial considerations. Abbott and his advisers were worried at first that Canada would be pushed into a programme that would grow out of proportion to Canada's ability to give. The aid plan and the sterling bloc needed an infusion of American dollars, but Canada could not be the sole supplier. American participation had to be assured. Abbott and Clark did not want Canada to be put into a position in which it had made a financial commitment and suddenly found itself as the major dollar supplier of aid to the region. They needed to know that the American safety net would be in place to ensure the success of the Colombo Plan. As soon as the American commitment was secured, opposition to Canadian participation was considerably weakened. This did not happen until well into 1951. Even then, Abbott

clearly did not believe that economic aid to South-East Asia would be successful, an argument he made because of the relatively small amount that was being proposed.

The difference between the two camps and their view of Canadian foreign policy lay in means rather than ends. Both groups supported the primary goal of Canadian foreign policy which was the maintenance of peace and stability in the world. While the supporters of the Colombo Plan had come to view economic assistance as a viable method of ensuring peace, the opponents continued to view this new technique as a risky one. They were perhaps more comfortable in the two traditional practices of alliances, as in the newly created North Atlantic Treaty Organization, and military rearmament, such as the Korean War. While the supporters of the Colombo Plan had come to terms with the difficulties and novelty of giving aid to South-East Asia in order to raise the standards of living of the people in that region, those who opposed the scheme continued to be wary.

Douglas Abbott, his supporters in Cabinet, and his officials in the Department of Finance believed that Canada would be sacrificing more than the other donors, in particular Britain and Australia who were the leaders in the scheme. Furthermore, they were not convinced that the goal of raising the living standards of South-East Asia could be realized with the limited amount of funds, as well as the drain placed on the countries by over-population and disagreements such as the Kashmir conflict. A. F. W. Plumptre may have best summed up the attitude of the opposition when he noted:

most ministers and at least one very influential civil servant in the Finance Department felt on familiar grounds when dealing with Europeans, but hundreds of millions of Asians, diseased or starving or both, raised questions of a different type and seemed to involve amounts of a different magnitude that stretched

interminably into the future.²¹⁴

It would not be sound fiscal policy or politically popular, so the opposition believed, to be giving millions of dollars to support people in a distant region of the world without any tangible benefit to Canada.

Public opinion was relevant to the debate, the opposition to the Colombo Plan using the uncertainty of the public attitude as a reason to oppose Canadian financial participation. It became clear, however, from newspaper surveys taken by the Department of External Affairs and positive statements by the official opposition in Parliament that the Colombo Plan was generally considered a step in the right direction for Canadian policy.

The decisive argument was won on the point that benefits would accrue to Canada as a result of participation in the Colombo Plan. In order to gain the support of his government, Pearson had to demonstrate that Canadian self-interest and aid policy did not have to be incompatible. John Deutsch's proposal to create a counterpart fund in wheat accomplished this goal. The wheat deal showed the opponents of the Colombo Plan that aid could benefit Canada as well as the aid recipients.

Self-interest and American participation secured, albeit reluctantly, the agreement of the Minister of Finance and the rest of the Canadian Cabinet. By stressing the economic advantages for Canada and the limited risks resulting from American participation, Pearson, with considerable support from Robert Mayhew and officials from External Affairs and one official from the Department of Finance, was able to win support

²¹⁴A. F. W. Plumptre, "Perspectives on Our Aid to Others", *International Journal*, 22 (Summer 1967), p.487.

from the Cabinet and launch Canada into a long history of direct bilateral aid through the Colombo Plan.

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