

## 7. A TOOTHPICK TO PROP UP A SWAYING SKYSCRAPER

The immediate and unexpected success of the student program in Australia threatened to overshadow the Colombo Plan's primary objective: the reduction of poverty in Asia. Simmering beneath the government's carefully manufactured publicity were deep-seated problems with aid management, the use of Australian projects, and the complexities of international trade. By the mid-1950s, much of the early optimism for the Colombo Plan — arising partly from the sheer novelty and boldness of the program — had faded, and a more searching and penetrating body of opinion began to emerge. The renowned journalist and interpreter of Asia, Peter Russo, accused aid donors of acting like witch-doctors who saw little in Asia that could not be 'cured with brass knuckles or

a brew of politically flavoured handouts'. The Colombo Plan and other aid programs, he said, amounted to 'a toothpick to prop up a swaying skyscraper', incapable either of making a constructive impression on Asian economic development or of forestalling political turbulence.<sup>1</sup> The Royal Institute of International Affairs in London offered the judicious assessment that although the Colombo Plan represented the most effective means of conducting an 'onslaught on extreme poverty', its progress had been difficult and slow.<sup>2</sup> Chief among those qualified to judge Australia's aid program was the journalist Osmar White. At the conclusion of his six-month tour of the region, White offered his own assessment of the Colombo Plan aid program. His report, breathtaking in its scope and audacity, was a damning indictment of the international aid arena and, in particular, Australian practice. Corruption, wastage, gross mismanagement and ineptitude were recurring themes in White's appraisal of the much-vaunted Colombo Plan. The situation was at its most dispiriting in India (one of the largest recipients of Australian assistance in the 1950s), where aid was 'engulfed by the Greater Indian need — without leaving any measurable impression'. White told a foreign affairs committee that the task ahead was simply immense, 'as far as India is concerned, nothing foreigners can do will really affect the situation much at all. The problem is far too big. The most we in Australia can contribute is a mere drop in the ocean'.<sup>3</sup>

Inexperience and the lack of a systematic approach to international aid delivery fostered a cavalier attitude towards Australian aid to Asia in general, and the capital aid program in particular. From the outset, government officials seemed distinctly uninterested in what happened to goods once they left Australia and were reluctant to criticise publicly the uses to which Australian gifts were

put. In keeping with the Colombo Plan's bilateral spirit, Australia resisted attempts to implement a systematic or centralised system of monitoring the technical aid program, and maintained that such evaluations were 'something which individual Governments should do to satisfy themselves'.<sup>4</sup> Delegates to the annual Consultative Committee meetings offered cautious — and always diplomatic — appraisals of Colombo Plan projects in their respective countries. Donors and recipients alike rarely used this forum to discuss the gritty realities of aid delivery and national development.

Assessment of the Colombo Plan within official circles was sporadic and inconsistent. An undue emphasis on extreme cases of abject failure or glowing success tended to obscure any underlying pattern in the efficacy of Australian assistance. Eager to avoid the charge of attaching political conditions on the use of aid, Casey ignored early cases of misuse and mismanagement. Anticipating the waste of aid or the unlikelihood of aid halting the growth of political extremism, Casey became fond of publicly quoting the generous pronouncements made by Asian politicians, and he always alluded to the non-material benefits of the program. 'The significance of such friendly assistance far transcends its material value', Casey told the parliament, recalling the words of India's finance minister, Chintaman Deshmukh.<sup>5</sup> Even the sober-minded academic commentators Gordon Greenwood and Norman Harper were caught up in the excitement, when they wrote about the 'meeting of East and West in fraternal association' and Australia's 'increasing maturity'. But few could deny that the impact of Australian foreign assistance and the complexities associated with building Asia's economic potential had yet to be evaluated.<sup>6</sup>

Aid contributions were often not coordinated with pre-established development plans because of limited official

regulation or monitoring. This was so despite official decrees to the effect that support for the Colombo Plan was 'predicated on the belief that assistance should be within the context of well conceived development plans'.<sup>7</sup> Early projects, in particular, suffered from a combination of inadequate supervision, poor coordination, hasty execution, and 'unbusinesslike' procedures. For example, in 1952 the Pakistan government reported a 'most embarrassing situation', after a shipment of water pumps provided by Australia had been found to be completely unsuitable for the job at hand and discarded. With Australia eager to give and Pakistan eager to receive, neither country sent representatives to closely investigate the requirements of the project. A similar case occurred when Australia supplied 200 tractors for the Punjab Canal Links Project. After they arrived, officials discovered that much heavier vehicles were required to undertake land reclamation work. Compounding the error, Australia had supplied two technicians to train local staff how to operate and maintain the tractors, but the Pakistan government sent no personnel for training. The Australian experts left without conducting a single class. For Australia's part, Pakistani officials bemoaned the fact that Colombo Plan aid was not a simple supplement to their resources because they were often restricted to receiving 'Australian commodities, material, equipment and facilities' for a given project.<sup>8</sup> Goods and equipment manufactured in Australia consisted of around 65 per cent of the capital aid program to 1965. This procedure of 'tying' aid to the resources of the donor country was a common practice, intended to support local industrial capacity and agricultural production. Thus, high-wage nations, such as Australia, forced recipient nations to purchase expensive supplies and equipment that they might have been able to purchase more cheaply elsewhere.<sup>9</sup> Crocker, for one, felt helpless.

The practice hampered Australian short-term publicity objectives as much as it hindered effective economic development: 'what little it has accomplished has cost about three times what it would have in the free market. The same truth applies to American Aid and to the Technical Assistance of the UN'.<sup>10</sup>

Asian governments did not shirk responsibility for their role in project failure. Contrary to the tenor of many expert reports and Osmar White's pronouncements, the Pakistan government possessed a complex understanding of the aid-giving environment and the limitations of its own bureaucracy and work culture. The Pakistan Ministry for Economic Affairs (PMEA) took a savage view of its project directors:

*most do not appreciate their responsibilities or fail to live up to them. Sometimes, they act like 'white collar' desk workers, signing papers and issuing orders rather than field operators, having direct and daily contact with the job. In certain cases, they showed deplorable ignorance of the details of their projects, particularly the list and specifications of equipment ordered.*

The Ministry also resolved to curb the growing tendency to request foreign expertise on the slightest pretext and to discourage the attitude that the employment of a foreign expert would magically solve difficult problems. This 'creates a sense of undue dependence and discourages Pakistani technicians', the report warned.<sup>11</sup>

Although the Department of External Affairs (DEA) rarely knew how much aid they had to spend on the Colombo Plan until Casey secured Cabinet approval, Pakistani officials criticised Australia for not disclosing how much aid would be available each year. Instead, the DEA

preferred to see what projects the Pakistanis laid before them, and then to take its pick. When Australia did volunteer particular material and expertise, the preference for discrete and often isolated aid projects, while minimising the risk of a large-scale failure, had significant ramifications for Pakistan's national development program. As the PMEAs contended in a major report:

*in the case of Australian aid, most of the projects taken up were not approved projects nor were their details drawn up in advance. The range of availabilities in Australia was limited. In the anxiety to use the aid offered, projects were sponsored to suit the equipment available: in other words, the aid led to the project rather than the project leading to the aid.*<sup>12</sup>

Australia's narrow industrial export base, and the desire to reduce the export of goods with a high US dollar value, also restricted what Australia could provide, namely heavy capital equipment needed for complex projects such as power generation, mills, factories, and port facilities.

Domestic budgetary problems in recipient countries also hampered the effective use of equipment. In Indonesia, for example, the 100 diesel buses so conspicuously supplied to the Djakarta public transport authority soon required running repairs and modification for local conditions. Unable to afford the expensive parts — the result of an unfavourable exchange rate — the authority kept two Australian experts on site, and they had no option but to cannibalise 80 buses to keep 20 on the road.<sup>13</sup> But the news was not all bad. A cement pipe plant for the Karachi water supply project, for example, proved to be a more successful venture because, as the PMEAs stated, a 'real need existed' and project managers implemented appropriate planning

mechanisms.<sup>14</sup> Similarly, the Kangaroo Tractor Station in Anduradhapura, Ceylon, while not without its problems, appeared to run smoothly. The station served as a repair and maintenance depot for agricultural equipment hired to local farmers. On inspection in 1960, Murray Bouchier from the High Commission reported that the Australian tractors were well-serviced, in reasonable mechanical condition, and 'presented a very smart appearance'.<sup>15</sup> Other successful ventures included the supply of over £A5 million in railway cars to India and Pakistan, £A1 million in broadcasting equipment for All India Radio, and an extensive feeder road construction project in Thailand.

As with most aid projects, quiet success could be disappointingly anonymous, but failure could be very public. An Australian official reported that two earthmoving vehicles provided for refugee resettlement in Vietnam did not reach their intended communities because they were too heavy for local bridges, but also 'because no Vietnamese really knew how to operate' them. Public scrutiny was unavoidable because the large, yellow tractors stood conspicuously idle between the airport and Saigon. The Saigon Public Works department did, however, eventually use the tractors to extend the runway. If the provision of assistance proved difficult in Vietnam, it was nothing short of a disaster in Laos. An assessment of Australian technical equipment by R. Soudre was enough to test the fortitude of the staunchest advocates of the Colombo Plan. Of three excavation machines sent to the public works authority, one was irreparable after being started when the shipping bolts were still in place, another rested on the bottom of the Mekong River after a transport accident on the way from Bangkok, while the third was in poor condition because of poor handling and lack of maintenance. Of the seven bulldozers provided by

Australia, just two were in working order (and being operated by the Americans), and spare parts for 14 diesel rollers had been destroyed in a fire at Nong-Kai. Soudre's litany continued. No one knew whether three rock-crushing plants shipped to the area were in operation, or even where the equipment had been sent! A DEA representative from Saigon accompanied Soudre on a field trip and confirmed most of his observations. Together they also discovered structural equipment provided by Australia for a sawmill lying unprotected and weathered in the Saigon goods yards. The final insult to these conscientious public servants was the assault on their olfactory systems, with the equipment now serving the locals as a public lavatory. Soudre was angry at the misuse of Australian aid and said that equipment should 'never be sent to Laos without being accompanied by Australian engineers; nor should it be provided unless for use on specific and detailed projects'. He delivered his parting shot squarely at local people. The Australian government was unlikely ever to attract people to work in the region, he said, 'due to the appalling living conditions in Laos and the obstructiveness of Laotian officials'. DEA staff chided Soudre as being 'not the most tactful of people'. Nevertheless, his observations were disconcerting, not just because of his indictment of the Laotian authorities, but because he bluntly confirmed the worst fears of those administering the Colombo Plan.<sup>16</sup>

Australia's reluctance to engage in long-term, expensive infrastructure ventures stemmed partly from the obvious wastage, as well as from an inability to gain public recognition. D.O. Muller undertook an assignment to Pakistan in 1961 and reported on a deep level of distrust between himself and the local officials who attempted to 'suppress all the undesirable features' of the inspection sites. More importantly, Muller found no obvious recognition that

the aid came from Australia; rather it was 'generally accepted that the scheme was conceived by the United Nations Food and Agriculture Organization'. He concluded that by the time the Tubewells irrigation program solved the problem of salinity in the Punjab, Australia's 'gift of 2 million worth of equipment ... will have been completely forgotten'. By the 1960s, with Casey now retired, diplomats reasserted their interest in funding sustainable and visible infrastructure development. The urbane and respected high commissioner in India, James Plimsoll, reported that 'what we need badly in India is some rather large project, in a place which is easily accessible and likely to be seen by a large number of Indians; which is almost completely financed by Australia'. He proposed the construction of a phytotron, a greenhouse with precise environmental controls used to study plant physiology and biochemistry. Simply giving aid to villages was wasteful, he said:

*Some Australians come here, and many Americans in the Peace Corps, to work in villages. The young men themselves benefit from the experience and come back to Australia (or the US) the better for it. But the gain is often to them rather than to the Indians they have been working with. As a general proposition, it is not a choice between Australia assisting in villages, or in more sophisticated ways. It is often a choice of the latter or nothing.<sup>17</sup>*

The DEA's early fear of a 'trail of well-written' but 'useless reports' from its technical experts was being realised. In November 1956, the DEA requested that Australian diplomatic posts throughout the Colombo Plan region prepare a general assessment of the expert program, based on questionnaires completed by the technicians

themselves. The results showed that while most achieved their basic objectives, they were hampered by ill-defined project proposals, worked in 'lower powered' positions than they anticipated, and had generally expected a higher degree of cooperation from local authorities than they found. Asians, some suggested, considered Western technicians a luxury: "frills" from ... the Colombo Plan cornucopia', as the Australian High Commission in Singapore put it.<sup>18</sup> Notably absent from the official report on the value of expert assistance was any mention of oversights by Australian officials and administrators. An independent survey conducted by Australian National University researcher Alan Boxer, however, found the DEA wanting. Boxer's report revealed that the most persistent problem associated with the provision of technical expertise was the lack of feedback and consultation initiated by the DEA. Experts identified themselves closely with the projects they undertook and the countries in which they worked. 'They had a lot to say about what they had done and how things could be better organised in the future', wrote Boxer, but had difficulty finding aid officials who were willing to listen. But such concerns had quietly disappeared from the department's list of priorities. Of course, the successful completion of their assignments was important, but the role of the expert as cultural emissary now overshadowed all other concerns. Once again, independent and governmental observers alike considered cultural interchange adequate compensation for expensive and economically dubious assignments: the value of the expert scheme, declared Boxer, 'greatly exceeds the actual money outlay incurred'.<sup>19</sup> The prestige associated with the Colombo Plan scholarship scheme, which always preceded the technicians, may also have been some compensation. Often local authorities enthusiastically received the Australians on assignment and

politely waited for an appropriate period of time before asking them if they could organise further training places in Australia.

Casey's enthusiasm for the Colombo Plan blinded him to its faults. Yet observers, such as White, and senior diplomats also alleged that Australian officials concealed unpalatable aspects of the aid program from him. John Quinn, head of South and South-East Asia Branch, and Walter Crocker, suggested that ambitious officers would 'fawn on the Minister's foibles' and take advantage of what had become Casey's obsession.<sup>20</sup> Four years later, while on his investigatory tour, White reported that significant quarters of the public service had glossed over the failure of certain projects and generally neglected to 'inform Casey on what's been going on'. For his part, Casey preferred Asian authorities to manage their own aid allocations, thus avoiding potentially uncomfortable or destructive cultural and social misunderstandings. This official indifference to aid management and the reluctance to tread on Asian sensitivities helped perpetuate the ineffective management of Australian aid. White put it forcefully: Australia had been timorous and 'profitlessly diffident in failing to make it clear that reasonable utilization is a reasonable price to ask for continued aid-giving'.<sup>21</sup>

With limited resources at their disposal, Australian diplomatic staff were daunted by the magnitude of the developmental work facing many Asian countries. The growing administrative demands generated by Colombo Plan projects exacerbated official indifference towards what experts had to say and over the effectiveness of aid. In Indonesia, for example, senior diplomats were regularly spending the majority of their time on Colombo Plan matters. Casey concluded on his 1955 tour of the region that aid management was 'absorbing a good deal too much

time'.<sup>22</sup> Rarely receiving explicit advice from Casey or the DEA in Canberra, this pattern of administration continued into the decade. According to Francis Stuart, Casey simply expected that he would 'get on with the job' with existing staffing levels.<sup>23</sup> According to Crocker, the spiralling burden had 'nothing less than a disastrous affect on the department'. Administration of aid came to be considered an incidental, additional chore to the routine duties of diplomatic posts, often relegated to inexperienced junior officers, untrained in the assessment of technical matters.<sup>24</sup> As the novelty receded and the continuing management responsibilities mounted, Arthur Tange saw his department becoming overloaded with the unwieldy task of administering an ever-expanding program of foreign aid. In the mid-1950s he decided that another department might better handle the growing responsibilities associated with the Colombo Plan. In fact, he hoped to retain policy control and, as he put it, simply 'off-load the administration'.<sup>25</sup> He found no takers. Australia's aid program stumbled on under the control of the DEA until 1974, when the Whitlam Labor Government created the Australian Development Assistance Agency, which brought together the various functions performed by different departments since a bilateral aid program (to Papua New Guinea) had begun in 1946. Renamed in 1976, and again in 1987, the agency finally settled on the title of Australian Agency for International Development (AusAID) in 1995.

## **Goodwill**

Australian policy-makers placed considerable stock in the Colombo Plan's ability to generate benefits incommensurate with the limited funds channelled through the program. Personal rapport between officials and the somewhat amorphous concept of international 'goodwill' became an important measure by which the success of the Colombo

Plan could be judged; indeed, it was sometimes the only one. Assessment was also important to allay the concerns of those who thought that the Colombo Plan did not bring sufficient benefits to justify the costs. The constant repetition of the word 'goodwill' in departmental correspondence and public speeches throughout the 1950s and 1960s helped to establish its legitimacy as part of the international affairs lexicon. Such imprecise and flexible benefits also helped the boosters assuage those who decried the Colombo Plan as a wasted exercise.

Goodwill was often synonymous with the personal interactions facilitated by the Colombo Plan, and observers other than politicians also argued that even if aid did not raise living standards 'when related to the individual', it had 'been an instrument of mutual understanding *at the personal level*'.<sup>26</sup> To a great extent, this was the only meaningful way Australia could interpret the usefulness of foreign aid, especially considering the problems associated with large-scale project management and the piecemeal nature of the program itself. Former diplomat and senior DEA official Malcolm Booker suggested from retirement that despite the meagre and 'misdirected' nature of Western assistance, personal interaction succeeded in 'winning the trust and goodwill of the people' of Asia.<sup>27</sup> Australian politicians used the outwardly magnanimous Colombo Plan as a diplomatic tool to build a reserve of goodwill. 'Goodwill', said Menzies in 1955, was central to the Australia's 'good neighbour policy' toward Asia. Australia had made 'substantial contributions to the store of capital and other goods and of goodwill in several Asian countries'. Specifically, he contended that:

*personal contacts between Asian students and the Australian people in Australia and between Australian experts and the countries they have visited, and the physical symbols of goodwill to be found in Colombo Plan programs, have all helped*

*to make our attitude and the integrity of our motives better understood and reciprocated in Asia.*<sup>28</sup>

The impression left by Menzies here is that the 'stores' of goodwill being built through Australian generosity were as tangible and quantifiable as the tractors, rolling stock, wheat and flour donated via the aid program. From the very beginning of the Colombo Plan, however, it was always easy to claim widespread understanding and acceptance of Australia's good intentions; it was much harder to measure it. Nowhere was this more apparent than with the student program.

The DEA's failure to instigate a methodical evaluation procedure resulted from the lack of resources, the difficulty in locating ex-students, and cultural barriers. Often assessment was simply beyond the embassy's capacity and its knowledge of the country. To gauge the real value of their benefit to the national economy, said J.M. McMillan from the Djakarta embassy, 'would require a far more thorough knowledge of the apparatus of government in this country than can readily be obtained by foreign representatives'. The suggestion that returnees be approached directly was also problematic. 'Indonesians tend to be evasive', McMillan generalised, 'particularly in view of their fear of losing face and of their desire always to appear more important than they are'. Canberra insisted that the post must offer some indication of the effectiveness of the scheme. Going beyond the call of duty, the third secretary resorted to staging informal social gatherings of returned students at his home in order to circumvent these cultural constrictions. Diplomatic staff in Ceylon were also forced to 'tread warily when seeking information from Government Departments' about the destinations of

returning Colombo Plan scholars. Once again, informal evaluations revealed a series of minor problems that marred the effectiveness of the program. Lack of planning and poor administration sometimes saw former students employed in work unconnected with their training. Some students regarded their Colombo Plan qualifications merely as something to mark them out for early promotion. The High Commission also heard reports of cliques forming of ex-Colombo Plan students (according to the country they studied in) and 'for these cliques to be jealous or critical of one another'. On another occasion, two Ceylonese nationals who interviewed Colombo Plan students in Australia, told the commission about the dissatisfaction felt by students who had experienced a 'better life materially in Australia'. They claimed that these students 'did not relish the thought of returning to Ceylon' for the five years required of them by the Ceylon government and 'thought of establishing themselves in the UK or Canada if Australia would not have them'.<sup>29</sup> To a greater or lesser extent, Australian diplomatic posts throughout Asia expressed these concerns about the viability of the student program.

Wastage and the potential for abuse by ambitious, middle-class Asians offended some commentators. The middle-class leanings of most Colombo Plan students prompted journalist Peter Coleman to describe the scheme as a 'racket for yes-men only'. Coleman suggested that the scheme shift its focus to provide poorer Asians with Leaving Certificates. This, he believed, would encourage economic development and discourage 'careerist' scholars. Chiming in, John Quinlem suggested that money would be better spent by establishing centres for technical education in Asia, and reserving scholarships to Australia for talented Asian post-graduates. Not only would this be more efficient for building the necessary skills among Asians, but it would

also address the wastage which occurred because of the language and cultural difficulties experienced by many undergraduate scholarship holders. Raffles Professor of History at the University of Singapore Ken Tregonning flayed the Colombo Plan for giving Asians an 'irrelevant' education 'opposed to conditions in their own environment'. His rather thin body of evidence came from personal experience. Suffering from a painful earache, Tregonning got no relief from his Australian-trained Chinese doctor. Only a locally-trained physician recognised his ailment as a tropical ear infection. 'I could not help wishing the first doctor knew more about the diseases of his country', Tregonning wrote. The point that training needed to be better tailored to local conditions may have been valid. But as Asia's appetite for Colombo Plan stipends, other international scholarships, and overseas tertiary experience in general grew apace, he seemed wide of the mark when he suggested that 'in many cases' outside education led to 'estrangement, even possibly an emasculation, of those involved'. And his fanciful suggestion that 'deculturised' Asians returned home from Australia unable to communicate in their native language was based on a deeper fear about the corruptive impact of Western values.<sup>30</sup> Nevertheless, Australia continued to resist the establishment of education centres in Asia, preferring to educate Asians in Australia. Cultural exchange and the search for the elusive store of 'international goodwill', even at the cost of achieving developmental objectives in Asia, remained an overwhelming government priority.

The DEA was generally less perturbed by the precise destinations of Colombo Plan graduates. Robert Birch in Rangoon reported that although Australia had lost contact with most of the returning scholars, some trainees went on to provide valuable links to the Burmese government

service. The embassy in Djakarta posed questions about an Indonesian Colombo Plan student, Mr Saud, who studied commerce and price control, then returned to Indonesia, and within a short time became head of the Criminal Division of the Djakarta Police. Did he gain valuable public administration experience while in Australia, the DEA wondered? Did he just get enough kudos to obtain a promotion? Did it matter? Indirectly addressing these very issues, Asian student Chai Hon-Chan acted as an unwitting propagandist when he took issue with the likes of Quinlem and Coleman. Encapsulating the government's prevailing concerns, he wrote that Coleman's argument was moot because Asia's emerging middle classes were precisely the social group that needed to experience Australia's liberal democracy if progressive development was to be encouraged in the region. Officials and policy-makers alike accepted some waste and mismanagement because they were convinced that 'the growing cadre of people associated directly or indirectly with the training aspect of the Colombo Plan' was a boon for Australia and stood in stark contrast to the capital aid program. Copying the American practice, the DEA proposed to present Colombo Plan certificates at Australian diplomatic posts throughout Asia. This presentation, they believed, would help establish personal contact between the Australian representatives and returned students and help to ensure Australian involvement in solving any problems they might encounter when 'adapting their Australian experience to local conditions', such as the provision of equipment or further technical assistance.<sup>31</sup>

A conference of government agencies involved in the training of Colombo Plan students that met in Canberra in 1960 was one indication of increased effort to evaluate the impact of educational assistance. Although

delegates complained about getting inadequate information on trainees, they acknowledged that Asian governments, motivated by the rising demand for the highly prized scholarships, were beginning to institute rigorous selection processes and methods of evaluation. By the mid-1960s, the DEA, in conjunction with the Bureau of Census and Statistics, set about developing a more sophisticated means of surveying ex-Colombo Plan scholars.<sup>32</sup>

Australians expected to be applauded as good and generous neighbours. But the response of Asian authorities to the Colombo Plan was equivocal, ranging from appreciation through to indifference and even hostility. Asians, while happy to receive aid, did not wish to appear as lesser or subservient people in need of advice, charity, and surplus goods. Nor did they accept passively the role of grateful and pliable recipient. Many Australians working in Asia were genuinely surprised and hurt by such ambivalence, and, in turn, responded defensively. Osmar White reported the Indian attitude to aid as being 'ungracious and at times obliquely contemptuous'.<sup>33</sup> For others, the ingratitude and righteousness displayed towards donor nations seemed to grow as they became accustomed to receiving aid. As Crocker committed to his diary: 'another thing to strike one is the widespread feeling amongst Indonesians, as amongst so many Asian people, that the better-off-world and especially the West, owes it to them to give aid a'la [sic] Colombo Plan'.<sup>34</sup> Australian experts on assignment in Asia may well have reported on a changing attitude towards Australians, but that did not necessarily extend to a sense of appreciation for aid. With surprising regularity, those working in the region suggested that very few Asians were aware of Australia's aid contributions and only an educated minority thought more positively about Australia. Once again, it was only former students and those

who worked alongside Australian technicians who displayed any gratitude towards donor countries.<sup>35</sup>

The goodwill that Australia did generate often had more to do with timing than the particular effectiveness of aid projects. Osmar White noted that in Pakistan even though much of Australia's aid contribution was inadequate and mismanaged, it was supplied on a consistent basis at a time when the Western world regarded the nation with suspicion. Like Indonesia's admission to the Colombo Plan, the 'spectacularly well-timed' gift of aid to Pakistan allowed Australia to gain 'room for manoeuvre and fields of contact with Pakistani opinion beyond the normal diplomatic field'.<sup>36</sup> But using aid to bolster diplomatic relations was fraught with problems. As White explained to the DEA in July 1959: 'Goodwill built up in this way is a fragile thing. It can be destroyed by one ill-timed political speech. That is the tragedy of it'.<sup>37</sup> Of course, the government already knew this well, but they received an explicit reminder the following year. In May 1960, the Indian newspaper the *Hindu* attacked Menzies's failure to speak out when South African police opened fire on black demonstrators at Sharpeville, killing 67. The paper claimed that by describing it as simply a domestic and 'internal affair', he destroyed 'at one blow much of the work of Mr. Casey in creating a friendly image of Australia'.<sup>38</sup>

Western allies could be just as fickle towards Australia's aid efforts as Asian leaders. In the field, US aid managers were cooler in their attitude towards Australia's use of the Colombo Plan. According to DEA reports, Australia's aversion to submerging her smaller contributions within larger American projects was 'unsympathetically received in some instances', as was the tendency to avoid difficult projects in favour of 'politically rewarding' ones.<sup>39</sup> But in diplomatic circles, American representatives in

Canberra were forced to concede that the Colombo Plan still had the 'highest reputation of any of the international aid programs and has been fully successful in establishing a framework for Australian assistance'. And, regardless of the effectiveness of individual aid projects, the Colombo Plan reduced Australia's sense of dislocation from Asian affairs. It facilitated access to all levels of government and enabled Australian diplomats to get to know a wider range of people than they might have in its absence. The DEA, quite rightly, reasoned that the Colombo Plan had 'much to do with the opening of doors and the readiness of ministers and officials in most countries of Asia to give Australian representations a sympathetic hearing'.<sup>40</sup>

Yet Australian leaders could forget the Colombo Plan as easily as they could invoke it. Bipartisan support (and the concomitant lack of public debate) and competition from Soviet aid programs took attention from Western aid, and prompted former Secretary of the DEA, and now Commissioner in South-East Asia, Alan Watt, to tell Casey that 'some of the novelty of the Plan has worn off and the impact of the Plan upon Asian consciousness has lost some of its freshness'.<sup>41</sup> Menzies' major statement on international affairs, made to his own party in 1957, ignored the Colombo Plan entirely.<sup>42</sup> Even Casey, the plan's champion, grew less interested: his diaries hardly mentioned it by the end of his time as minister. It was the same outside Australia. The institutional success and public cohesiveness of the Consultative Committee did not make exciting copy, especially as Asian governments came to expect and rely on regular aid payments. 'The Colombo Plan has lost its initial novelty. It has become an accepted fact, and a successful institution in the community of nations', said Ceylon's finance minister, M.D.H.

Jayewardane, during his opening address at the 1955 Consultative Committee meeting.<sup>43</sup>

Despite the Colombo Plan's fading lustre, the annual meeting of the Colombo Plan Consultative Committee prevailed as the diplomatic high point of the aid-giving calendar — an event that promised opportunities for Western donors to test, and perhaps draw on, their stocks of international goodwill. Social events, excursions, and informal meetings accompanied the formal business of the week-long conferences. Although the rigours of the heavy social agenda tested Casey's stamina, he revelled in the power and influence at his command. Seasoned diplomat that he was, Casey worked the floor and took the opportunity to drop hints about the forms of assistance that Australia could supply. For example, during the Ottawa meeting he mentioned informally the availability of Australian-built light trucks and tractors to the Burmese delegation: 'their eyes opened wide' at the remark, he recorded.<sup>44</sup> The pressure brought to bear on Asian recipients during these meetings was always subtle. When donor governments did exert pressure and make suggestions, this occurred in the congenial atmosphere of a dinner party or over cocktails. Indeed, often the recipients of aid had the upper hand, able to canvass a range of glad-handing representatives, who were in turn eager to appear generous and obliging.<sup>45</sup> Nevertheless, the increasing importance of informal discussion, and the corresponding decrease in the significance of official business, was institutionalised, albeit casually. During the Melbourne meeting of the Consultative Committee in 1962, the chairman apologised for pushing delegates to conclude their business quickly, but said that the formal business was less significant than the informal discussions after the close of proceedings. They agreed.<sup>46</sup>

## Quiet diplomacy

Australia's Colombo Plan aid may have been sporadic, limited, and loaded with political and cultural preconceptions, but it was rarely capricious. The DEA did not suspend aid in retaliation if a country took a stance at odds with Australian foreign policy. They also avoided accusations of providing assistance on a political basis alone because even though political relations with Indonesia deteriorated over the West New Guinea dispute, there was no corresponding reduction in assistance. Certainly, some officials and politicians would have preferred to use foreign aid as a direct political lever. The conciliatory and incremental nature of Australian diplomacy, which played an important role in securing Indonesian participation in the Colombo Plan, was lost on some members of the Australian parliament, who demanded explicit political concessions in return for aid. Henry 'Jo' Gullett, son of the late Sir Henry Gullett, saw Indonesia's involvement with Australia as an opportunity to bully Indonesian elites over West New Guinea:

*I trust that the Australian Government, though under the Colombo Plan it is giving aid to Indonesia, among other Asian countries, will speak firmly and bluntly to the Indonesians. I have never believed that one buys popularity in this world ... Australia should tell Indonesia bluntly that if it wants assistance from us, we should like it to adopt a more reasonable attitude towards West New Guinea.<sup>47</sup>*

Extreme and out-of-touch as Gullett was, he represented the imperial apologists who lurked ever more furtively in Australia's halls of power. But the example highlights an important evolution in the history of Australia's diplomatic service. The gulf between those who

recognised that Australia's engagement with Asia required a more mindful approach and those who maintained a paternalistic and imperial view of regional affairs continued to grow. Decision-making power, however, rested with those who insisted that the political usefulness of the Colombo Plan arose from the spirit of bipartisan cooperation it had come to represent. The Assistant Secretary of the DEA, Keith Waller, rejected suggestions from his staff to direct Colombo Plan aid to Australia's SEATO partners and cut assistance to neutral governments. The Colombo Plan 'flourished because political issues have been kept at bay', he told Casey. 'No country has ever had to vote in a minority in Colombo Plan councils because all decisions are taken unanimously and harmoniously. It would destroy the fabric of the Plan to give political considerations undue weight'. Of course, this did not mean that the Colombo Plan was about to shed its strategic and political essence. Aid to India, Ceylon, and Pakistan slowly tapered off towards the end of the 1950s and flowed in the palatable form of scholarships and technical equipment to South-East Asia, notably Malaya, Indonesia, and later Vietnam; regions 'where we have an obvious political target', explained Waller.<sup>48</sup> That shift to the 'near north' also reflected a growing consciousness among Australians of the relative importance of the immediate region over the old ties of Empire and Commonwealth.

The immediate region to the north was of particular significance. With a communist nation potentially sharing a land-border with Australian territory, Australian relations with Indonesia had greater repercussions for Australia's security than any other country in the region. They would continue to do so for many decades. John Kevin, Australia's Minister and Charge d'Affaires in Djakarta, told Casey in 1953, 'both as near

neighbour and for reasons of self-interest', Indonesia was a nation Australia could ill afford to ignore.<sup>49</sup> As an aid-giver, Australia had established a greater rapport with Asian leaders and officials, but the goodwill created by the Colombo Plan was not always enough to offset the negative consequences of other aspects of Australian foreign policy. For example, Australia's refusal to support Indonesian claims to West New Guinea, according to White, 'obliterated memory of Australian support for Indonesian claims to independence ... and had certainly overshadowed any warmth that might in other circumstances had been derived from appreciation of attempts at economic, technical and educational assistance'.<sup>50</sup> Australian self-delusion over this issue featured in a political report written by Samar Sen, the Indian High Commissioner in Canberra in 1959. Among a myriad of topics, he suggested that the Australian government had not realised that Colombo Plan aid could not repair the 'ill-will and suspicion caused by its attitude over West Irian'.<sup>51</sup>

By the mid-1950s, Australian predictions of Indonesian militancy were being realised. Indonesia lobbied the UN General Assembly to force The Netherlands to enter negotiations over the West New Guinea issue; and in 1955 the Bandung conference of Afro-Asian nations — that quintessential expression of Asian nationalism — rallied behind Indonesia. Rising nationalist sentiment, combined with Sukarno's increasingly restive and unpredictable behaviour, prompted Australian officials to think carefully about the consequences of a breakdown in diplomatic relations. With Australia still unlikely to change its position on the issue, the DEA looked to the Colombo Plan to maintain stable relations. In November 1957, former Ambassador in Bangkok, David Hay, wrote a draft memo to Casey:

*The Colombo Plan is perhaps our best way of keeping open the door to Indonesia ... There is little doubt that our Colombo Plan activities constitute a very positive aspect of our foreign policy and that good relations have been cemented with responsible people in Indonesia by means of our training programmes, supply of useful equipment and willingness to undertake such integrated projects as the printing school and the central Sumatran medical school. Should there be any termination or suspension of our aid it would be extremely difficult to ever recapture the present atmosphere of our unique partnership under the Colombo Plan.*<sup>52</sup>

Kevin had also told Casey that providing scholarships to Indonesia continued to be the 'best propaganda' on offer because opportunities to study in Australia were 'greatly appreciated ... much sought after and [receive] wide publicity'. The decision to maintain Colombo Plan aid to Indonesia, Casey explained to James Plimsoll, Assistant Secretary of the DEA, represented a 'mild piece of generosity' that would pay off in the long run.<sup>53</sup> At this time, however, he was not to know how quickly things would deteriorate. One week later, Indonesia's Foreign Minister since 1957, Dr. Achmed Subandrio, made the ominous announcement that Indonesia would no longer seek redress through the General Assembly, but would pursue 'action outside the United Nations'. In December 1957, the Indonesian army took control of Dutch businesses, banned Dutch publications, revoked the landing rights of the Dutch airline KLM, and took steps to repatriate Dutch citizens. The Dutch responded by calling for a mass exodus and

more than 40,000 Dutch citizens left Indonesia in a matter of weeks. Throughout this chaotic time Australia's Colombo Plan aid program continued relatively smoothly. Projects continued to be developed, technical experts travelled and worked throughout the archipelago, and students continued to study in Australia. In fact, in 1957 almost 500 Indonesians were attending Australian educational institutions, or had completed their studies and returned home – the highest of any Colombo Plan nation supported by Australia. By 1970, that total approached 1,500.<sup>54</sup>

Australia also maintained Colombo Plan assistance when Indonesia aggressively resisted the formation of the Malaysian federation in September 1963, and President Sukarno's policy of 'confrontation' saw Australian troops fighting in Borneo in an undeclared war against Indonesia. In January 1965, in the face of pressure from the opposition and the press, Cabinet elected to restrict the negotiation of new Colombo Plan projects, but to maintain existing projects operating in Indonesia and the flow of scholarship holders. Cabinet determined that the 'abrupt discontinuance' of Colombo Plan aid risked 'adverse repercussions without yielding any balancing advantage to Australia'.<sup>55</sup> Menzies defended the decision by saying that he strove to 'preserve our contact with Indonesia in such directions as are open to us in the hope that this may produce opportunities to work towards peace and stability in the area'.<sup>56</sup> Here was the Colombo Plan clearly fulfilling an important purpose in maintaining visible, positive, and non-political contact in the face of hostilities that, at the time, had the potential to escalate into a much wider conflict with Indonesia. The government rescinded its restriction on the negotiation of new Colombo Plan aid projects as soon as the prospect of a resolution appeared likely.<sup>57</sup> Using the Colombo Plan to

chart a quiet but persistent path through seemingly intractable regional disputes had become an important feature of Australian diplomacy.

### **A difficult business**

However, the Colombo Plan's usefulness as a diplomatic tool and facilitator of cross-cultural relations stood in marked contrast to its ability to generate economic growth. Piecemeal as it was and wedded to political and strategic incentives, Australian Colombo Plan aid was spread so thinly across a wide range of countries that it had little measurable impact on capital formation. Indeed, the billions of dollars supplied by Colombo Plan donors did little to alter the trajectory of South and South-East Asia's economic evolution. But in the mid-1960s, the shadow cast by Rostow's theorem was long. Although the language employed by planners and economists became increasingly sophisticated, the message was the same. 'No country can arrive at the "take-off" point purely through foreign aid', the DEA advised in 1964 during the first major review of Australia's aid program: 'domestic effort is vital to any economic development program'.<sup>58</sup> The role of trade was more pronounced than ever before, but responsibility for economic performance rested squarely with Asian authorities themselves. And, by regularly claiming that the Colombo Plan would make people richer in the future, donor nations could at least distract attention from the fact that the recipients were poorer at present. Asians were always encouraged to keep looking towards the future.

Donor nations paid cursory attention to the complex interplay between trade, aid, and economic development. This annoyed Asia's more truculent leaders, who were only too willing to point out the flaws and contradictions inherent in the giving of foreign aid. 'Make

no mistake', President Sukarno blustered at a state banquet for Colombo Plan delegates in Jogjakarta in 1959, 'the greatest evils and dangers facing humanity are the perverted products of a technical civilization centering in the West'. Of course, he welcomed aid but confessed, with heavy irony, to being 'very puzzled when a market manipulation of prices destroys in one day all the aid and assistance received in one year'.<sup>59</sup> Shattering the collegial and cordial atmosphere, most delegations found his bellicosity in 'extremely bad taste and inappropriate to the traditional harmonious spirit' of Colombo Plan meetings. Nevertheless, Sukarno had a point. In the short term, the Korean War boom pushed up commodity prices for many Asian countries (and Australia) and increased their foreign exchange earnings. In turn, this allowed them to spend more of their own finance on development projects. But from the end of 1951, as export prices fell, developing countries lost as much through the deterioration in their terms of trade as they received in aid. Sukarno's provocative speech reminded Colombo Plan donors that recipients of aid were alive to the impact world markets and trade barriers had on their economic progress and were unwilling to fall into the role of grateful and supine recipients. However, according to the US delegation, Sukarno's speech was 'rebutted without creating sharp dissension'. That congeniality prevailed was, according to the Americans, a 'remarkable tribute' to the atmosphere of the Colombo Plan. However, it was equally a 'tribute' to the reluctance of delegates to confront the complex relationship between aid and trade that might otherwise have been expected to accompany such an outburst. But then the Consultative Committee never was a forum for discussing the gritty and often depressing realities of development aid.<sup>60</sup>

Australia, like other nations with primary industries to protect, found itself in the contradictory position of offering aid on one hand — presumably to help Asian nations expand their export potential — and invoking trade barriers to deny competitive access to the Australian markets on the other. Australian policy-makers found themselves in a double bind. By resisting pressure to give unrequited tariff concessions, they increased the obligation to give more aid. Alternatively, giving trade concessions might reduce pressure to give aid. The decision to bolster the Colombo Plan and multilateral aid agencies instead of negotiating trade concessions emerged as the path of least resistance. Helping Asia with aid spread the burden and did not single out the local manufacturers likely to be adversely effected by freer trading arrangements. Of course, Australian manufacturers were keen to exploit the increased exposure made possible by Colombo Plan gifts, yet they were ambivalent — and often hostile — to the prospect of tariff reduction and increased competition from Asian imports. The trade concessions, which might have made a far greater economic impact than aid, threatened national economic interests. While gaining access to Asian markets was a relatively minor factor in the genesis of the Colombo Plan, policy-makers envisaged that the promotion of Australian technology, expertise, training facilities, and commercial produce would generate substantial commercial business.<sup>61</sup> In fact, only very occasionally did the exposure of Australian equipment under the Colombo Plan generate commercial interest. Of course, some grew frustrated at the tantalising but unrealised potential. In 1955, Alexander Downer (Snr) asked Phillip McBride, Acting Minister for External Affairs, whether Australia could supply a shipment of dried fruit to Colombo Plan countries, thus exploiting a ‘hitherto undeveloped market’

and stimulating a struggling local industry. McBride was circumspect, explaining that it was usual for Australia to respond only to explicit requests for goods and equipment. The government had received no request for dried fruit.<sup>62</sup> But it was not policy or a fine sense of morality that distanced the Colombo Plan from the pursuit of new export markets. Indeed, the DEA reassured conscientious officials who expressed concern about taking advantage of their Colombo Plan connections to foster additional commercial sales that such transactions were 'within normal business methods'.<sup>63</sup>

In some cases, winning a contract to provide goods under the Colombo Plan boosted a company's production levels and saved them the expense and responsibility of shipping. However, many Australian manufacturers with 'comfortable and sheltered' domestic markets had little incentive to give priority to filling Colombo Plan orders, especially when they had little prospect of further sales. In addition, the ubiquity of US aid (usually tied to the purchase of American goods) also affected the chances of Australian manufacturers gaining their share of the market.<sup>64</sup> The typically caustic Tange wrote that in addition to the 'faltering, uncertain, tardy and relatively inefficient Australian manufacturing industry', the inability to break the 'franchise arrangements where South East Asia belongs to the American parent company' meant that Australia did 'not seem to have very much ice upon which to skate'.<sup>65</sup> In the 1950s around 10 per cent of Australian exports went to South and East Asia, mostly in the form of foodstuffs, only marginally higher than it had been in the 1930s, and slightly lower than in the 1910s. By the early 1970s this figure had risen to 15 per cent, largely on the back of limited tariff concessions granted by Australia in the mid-1960s and not from any cumulative impact of Colombo Plan aid. With the

exception of Japan, trade between Australia and Asia struggled to expand because of low commodity prices, political instability, concurrent population growth, debt repayments, and the crushing weight of tariff barriers. The small market for Australian foodstuffs and the growing relationship with Japan created a basis for future trade and regional economic integration. But, in general, in the poorest nations of Asia there was simply no appreciable increase in purchasing power to sustain fresh imports.

Perhaps because of Australia's negligible trade ties with the region, the Department of Trade and Industry exerted a powerful influence over the aid review committee. While defence and political considerations were important, its officials wanted aid to be given in a form that contributed 'most towards Australia's trade policies and through them towards Australia's economic objectives'. The national mantra of sustainable growth and full employment meant that Australia had to look towards Asia for fresh export markets. 'If Australia is to obtain her share of the markets in the Less Developed Countries, particularly in South East Asia, aid must become recognised as a technique of export expansion', the departmental report stated.<sup>66</sup> The Department of Trade's interest in commercial benefits and the Department of Treasury's continuing reluctance to embrace the program soon brought them into conflict with the DEA.

While no one could accuse Tange of being an uncritical supporter of the Colombo Plan, to some extent he took over Casey's battle with those who sought to hobble the already tightly-funded program. In the midst of the review, he declared to his senior officers that the preoccupation with fostering trade advantages, the persistent 'gamesmanship' from the Treasury department, and general 'inadequacy' of the Colombo Plan added 'up to

a rather negative commercial interest in our external aid' policy. Tange disagreed with the passive and ambiguous nature of the Colombo Plan. Australia's aid program, he reasoned, should be determined by the specific needs of particular Asian economies and 'specific Australian policy objectives', and not 'flow from some general preconceived idea as what level and kind of aid ... we ought to give the outside world'.<sup>67</sup> Even those outside the inner sanctum of inter-departmental policy-making could see the bureaucratic strictures at play. Heinz Arndt, one of Australia's leading economists, wrote that the 'trickle' of aid to Indonesia was 'pushed along by a handful of Australian officials in the face of heart-breaking frustrations arising from conditions in both countries'. Australia's aid program, he continued, suffered from inadequate administrative support and relentless pressure from a Department of Trade 'interested only in export promotion and the pulls from a Treasury jealous of the taxpayers' money and sceptical about the value of foreign aid'.<sup>68</sup> No doubt Tange would have appreciated Arndt's analysis.

By insisting that the chance of trade promotion 'should not be allowed to divert [Australia] from the basic aims of our aid policy', Tange did manage to temper the Trade Department's forceful presence. But it was not his intention to emphasise the humanitarian dimensions of the Colombo Plan. Rather he sought to embed hard-headed political and strategic imperatives within the broader thrust of Australian aid policy — of which humanitarian concern was only one facet. After 15 years, the essence of that policy remained largely unchanged. The inter-departmental committee concluded that Australian assistance was intended to help develop the nations in areas of political and strategic importance to Australia, lessen the attractions of communism, stimulate additional markets for Australian

goods, and foster circumstances to dispose of surplus commodities. Importantly, the committee believed that the Colombo Plan continued to demonstrate to the United States that Australia was prepared to assist the Western effort to resist regional aggression and subversion, reinforce the collegial spirit inherent in Colombo Plan dealings, and give substance to the 'Commonwealth concept'.<sup>69</sup> Cabinet approved the review's broad direction. However, it scotched recommendations to restrict involvement with the soon-to-be-opened Asian Development Bank, an institution the DEA considered of 'doubtful utility'.<sup>70</sup> Japan and the United States strongly supported this UN-managed organisation, which provided loans and technical assistance and brought together 30 regional governments and 14 nations from Europe and North America. Fearing regional ostracism, Australia soon fell into line.

The DEA had learnt valuable lessons from 15 years of giving aid. Drawing on this experience, the review spelt out the attributes essential to the successful and efficient completion of an aid project. This basic framework, while elementary stuff for aid managers today, was not obvious to a department with such limited experience in supplying overseas aid. Where aid was accompanied by training and carefully targeted to 'break a bottleneck in the local economy', it was more likely to meet its objectives. Projects without diplomatic support, local involvement, and continuing financial backing would inevitably falter, languish, or fail altogether. The absence of a forward-planning provision in the annual budget restricted the ability of developing nations to predict the amount of funds likely to come from Australia and so allow them to initiate large-scale projects. The restriction on supplying equipment when the imported content exceeded 33 per cent or if the US dollar content exceeded 10 per cent meant that very

few manufactured goods could be donated. Australia could not contribute to the hydro-electricity schemes in India because the generators were not made in Australia. Significantly, the DEA realised 'the same limitation applies to most "prestige" projects or industrial ventures'. The restriction also stopped Australia undertaking many 'complete projects' if there was an item of equipment required from overseas. For example, Australian aid workers could not complete the construction of a school in Khulna, Pakistan, because some steel rods were only available outside Australia. The DEA's review also acknowledged that the failure to provide flexible loans or credits, which allowed recipients to buy in the cheapest markets, meant that the department was unable to initiate major projects and 'very few worthwhile development projects cost less than £1 million'. Not only did this hamper attempts to promote the importation of Australian goods, it denied Australia the opportunity to create 'interest and capital repayment obligations [which] could act as a stimulus to ensure the optimum economic use of the resources provided'.<sup>71</sup> In other words, by encouraging poor countries to repay loans, Australian authorities could argue that they were building economic incentives into the aid projects themselves. These incentives would then ensure that the projects worked efficiently and generated income. Yet the economic situation in developing Asia was not this simple. The Consultative Committee reported in its final communiqué in 1966 that already a 'substantial proportion of the assistance obtained by developing countries is being repaid in the form of interest and installment payments on debts contracted earlier'. By the 1970s, many developing countries were trapped in a vicious cycle of producing cash crops to satisfy loan requirements that restricted their capacity to sustain their own development programs. In

turn, this process kept industrial powers supplied with cheap primary commodities. Political economists labelled the intractable problem 'dependency theory'.<sup>72</sup>

By the mid-1960s, Australia spent a greater portion of national income on aid than at any time in its history, supporting a growing array of multilateral aid agencies in addition to a further £A1 million a year for the Colombo Plan. Australians, too, had grown accustomed to giving aid to the region. Opinion polls reflected this attitude, with the proportion of respondents supporting the provision of humanitarian and educational assistance hovering between 50 and 60 per cent throughout the decade. More significantly, the proportion of those who thought the government should reduce or cease giving aid altogether fell from 40 to 24 per cent. The student program was by far the most popular feature of Australian aid. In 1960, around 90 per cent of respondents were aware of the program, and 80 per cent were in favour of it. Seventy per cent thought that Australia should extend the invitation to African students.<sup>73</sup> Support for expanding government assistance also came from unlikely quarters, such as the Victorian Country Party, which passed a resolution in support of giving one per cent of national income as foreign aid. The government now sought to appease those among them who sought to open the national coffers, in contrast to the succession of foreign ministers who had spent years haggling and cajoling their uninterested colleagues. In 1967, Holt pacified Country Party whip Winton Turnbull by telling him that Australia already supplied 0.65 per cent of national income as foreign aid, second only to France and Belgium. It made more sense, he wrote, to examine what was being done with Australian money rather than simply spending more.<sup>74</sup>

The proliferation of non-government aid agencies also reflected community interest in assisting the developing

world. In 1965, non-government aid organisations in Australia formed the Australian Council for Overseas Aid (ACFOA). The ACFOA functioned as an interface between the government, the UN, and a growing number of community and religious groups that had organised voluntary aid programs since the Second World War. Among its members were Apex, Lions Clubs, the YMCA, the YWCA, the Australian–Asian Association of Victoria, the Australian Council of Churches, the Australian Council of Aid to Refugees, the Australian Red Cross Society, Community Aid Abroad, the Society for Relief in India and South–East Asia, and the Freedom from Hunger Campaign. Non-government organisations conspicuously picked up the humanitarian shortfall of the government’s aid policy, and by the 1980s the ACFOA’s original membership of around 20 groups had tripled.

In the early 1960s, a group of Melbourne academics, including the economists Anthony Clunies-Ross and Richard I. Downing, formed a lobby group advocating the spending of one per cent of national income on foreign aid. Taking an idea already espoused by Community Aid Abroad, the ‘One per cent’ group employed a more detailed, and, it might be said, more coherent application of the government’s own argument for assisting the region. Although driven by a strong humanitarian impulse, they stressed the political, strategic, and economic benefits likely to come from economic expansion in Asia. ‘Imagine the changes that would come about if the major low income areas of the world attain appreciably better living standards by 1980’, the writers enthused. ‘The people of these areas will be more numerous, and will consume more per head of industrial materials ... [and] much of the extra food and agrarian raw materials they consume will have to come from imports’. And they also knew that in order to embrace

this new age of economic expansion Australians would have to relinquish their fears of Asian population growth and start to see 'our neighbours as real people rather than as vast (and necessarily predatory) hordes'. However, it was over trade policy that Clunies-Ross and his co-authors departed from government policy. The 'cautious liberalization' of the tariff and import restrictions they recommended, structures which had hitherto hindered Asia's industrial growth, were still decades away.<sup>75</sup> Government leaders pushed the idea that Australia herself was a 'developing' country and refused to offer loans as part of aid because of her own large-scale borrowing from overseas: an idea that academic economists such as Heinz Arndt dismissed publicly as 'sheer humbug'. Yet, the powerful sentiment struck a deep cord with how Australians perceived their own role as developers of a vast, underpopulated land, and it was successful in restraining the Colombo Plan and other aid initiatives. John McEwen made Australia's special status official at the United Nations Conference on Trade and Development meeting in 1964, when he lobbied for Australia (and other net importers of capital) to be excluded from a resolution asking wealthy nations to offer one per cent of their national income as foreign aid.<sup>76</sup>

For Australia, the failure to imagine Asia as anything other than a homogenous collection of buffer states obscured the specific economic and cultural factors that determined the effectiveness of each aid project. Although a believer in the Colombo Plan, Osmar White was among those who challenged the prevailing faith in the ability of aid projects to fit seamlessly into existing development programs and benignly launch Asia's economic growth. The DEA 'failed to understand that effective aid-giving poses a different set of problems in every country', he told

his boss at the Melbourne *Herald*. The 'Paks, Indians, Nepalese, Burmans and the rest have different temperaments, skills, prejudices and reactions. Except in the broadest sense you can't have a Colombo Plan policy; you've got to have 17 separate policies guided by a unifying set of principles'. In parliament, some members were beginning to sense that issues of regional development were becoming more complex and the policy options less assured. As one member said in September 1959: 'Take a country like Malaya ... It is an under-developed and under-populated country. But it is a wealthy country. It produces rubber and tin ... I think we use this term far too broadly when we say that there are starving millions in the near north'. At the very least, public debate exhibited a more inquiring approach to Asian–Australian affairs and marked a departure from the formulaic conventions that had shaped earlier Australian perceptions of the region.<sup>77</sup>

How did Australia's aid program respond to these subtle cultural and attitudinal shifts? Behind the DEA's application of the universal logic of 'take-off' theory, there appeared to be an emerging appreciation of the complexity of giving aid to an economically, politically, and culturally diffuse region. Improving the effectiveness of aid delivery required more than improving accounting, auditing, and the supervision of public expenditure, the review said. Policy-makers also needed to consider the 'susceptibilities of sovereign states and the complex psychological reactions that former colonial non-European peoples have towards richer Western nations'.<sup>78</sup> Significant as this change was, it is important to remember that the DEA couched these sensitivities less in terms of meaningfully addressing developmental issues and more in terms of easing the passage of Australian economic and foreign policy objectives. The government based its expanded aid

commitments of the mid- to late-1960s on the assumption that communist China (and north Vietnam) would maintain expansionist pressure against the 18 non-communist countries in the region. In the face of overwhelming problems associated with development assistance, the DEA in general, and aid policy-makers in particular, retreated behind the glib maxim that had governed aid-giving over the last 15 years: the idea that, given time, development and peaceful prosperity would take care of themselves. The primary objective of international assistance revolved around generating economic and political dividends for the donor government. The major goals for Australia remained the cultivation of political contacts, minimising the impact on Australia's balance of payments, and maximising the 'opportunity to introduce Australian goods to new markets'.<sup>79</sup> So too, when Australia's diplomatic representatives met in 1964 to discuss aid policy administration, they agreed that increased pressure to contribute to multilateral agencies, such as the Asian Development Bank, would reduce bilateral spending. The Colombo Plan's annual meeting, they said, risked losing its 'pride of place amongst regional economic meetings'.<sup>80</sup> And with it, they might have added, Australia's conspicuous reputation as an aid-giving regional power.

Australia's attempts to generate political influence through aid worked against a growing raft of difficult international issues likely to alienate Asian leaders. The major issues included support for US defence policy, support for Dutch control of West New Guinea, endorsement of British action at Suez, maintenance of a protective tariff system, and the failure to condemn the South African government's apartheid policy. But while the 1965 review warned against over-estimating the extent to which

Australian policy had been accepted, it also reiterated the view that aid could 'demonstrate our good intentions' and alleviate the handicaps imposed by what had become the pillars of Australian foreign policy.<sup>81</sup> The government's predominately realist approach to international affairs continued to be girded by an optimistic faith in the Colombo Plan's ability to convince the world of Australia's probity.

Since 1950 Australia policymakers subordinated the selection, monitoring, and evaluation of foreign aid to a narrower quest for political and strategic advantage and regional status. The tendency to spread aid projects thinly over a wide array of small-scale undertakings was based on a preference for maximum exposure over substance. In turn, this reduced the impact of Colombo Plan projects in Asia, both in terms of their capacity to foster economic change and, ironically, in terms of their ability to generate positive publicity for Australia. The inexperience and indifference displayed by diplomats and high-level policy-makers, combined with widespread waste and mismanagement of Colombo Plan resources, also severely limited the potential of the program to effect economic growth in the region's poorest countries.<sup>82</sup> For the most part, Casey and the DEA worked in full knowledge of these limitations. Experts, independent observers, and academics suggested ways to release the Colombo Plan from the constraints through which it operated, but the government's unwillingness to divorce aid from foreign policy entrenched an inflexible and doctrinaire approach. In thinking about the Colombo Plan's capacity to initiate substantive economic change in Asia, we might take a broad interpretation of what irrigation expert D. Muller said when he returned after completing his assignment: 'we in Australia' have developed a distinct capacity to 'mislead ourselves'.<sup>83</sup>

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