

“A New Hope for Asia”? Australia, the United States and the Promotion of Economic Development in Southeast Asia

NICHOLAS FERNS
Monash University

The Colombo Plan and Point Four program were programs that provided technical and economic assistance to the newly independent countries of Southeast Asia. They represented Commonwealth and American attempts to promote economic development in the region. This paper will investigate how these policies, which were framed by US policy-makers and academics, were adopted in Australia. In so doing, it will demonstrate the ways that development was perceived as an important consideration in the foreign policies of both Australia and the United States. It will also examine the place of these programs in the Cold War and postcolonial world of the 1950s. As this paper will show, the interaction of these factors would affect Australian foreign policy for decades to come, revealing much about the complex nature of the Australian-American relationship.

In the fourth point of his inaugural address of January 1949, United States President Harry Truman called for a “bold new program” that would assist the countries of the “underdeveloped” world in their desire for economic development. In his speech, Truman emphasised American technological skill, exclaiming: “The material resources which we can afford to use for the assistance of other peoples are limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.”¹ Almost exactly one year later, Australian External Affairs Minister Percy Spender, at the Commonwealth Meeting of Foreign Ministers in Colombo, put forward a proposal to “create conditions of economic life and living standards under which the ideological attractions which communism exerts will lose their force”.² At the same meeting, Spender emphasised that “Commonwealth action should be coordinated with action taken by the United States Government”.³ Throughout 1950 and 1951 the Point Four program and the Colombo Plan were established, both with the explicit aim of promoting economic development in the “underdeveloped” areas of the world.

This article will examine the intellectual origins of the Colombo Plan in the context of the establishment of the Point Four program. Both policies incorporated new ideas regarding economic development, which emerged out of academic circles in the

¹ Truman Inauguration Speech, 20 January 1949, in Dennis Merrill, ed. *Documentary History of the Truman Presidency*, 30 Vols, Vol. 27 (Bethesda, MD., 1995-), p.4.

² Australian Delegation to the Commonwealth Meeting on Foreign Affairs, “Economic Policy in South and South-East Asia”, 11 January 1950, National Archives of Australia (NAA), A10617, 1950/1.

³ Commonwealth Meeting on Foreign Affairs, Minutes of the Eighth Meeting, 12 January 1950, NAA, A10617, 1950/1.

closing stages of the Second World War. These ideas stressed the importance of encouraging economic growth in countries that had endured colonial rule. They fed into the assumption of the time that economic prosperity would ensure international peace. Point Four and the Colombo Plan can be seen as two early examples of attempts to use governmental power to implement these theories. While the Colombo Plan was a Commonwealth enterprise, the focus of this article will be on Australia's contribution. After examining the intellectual context, the article will trace the interaction of the two programs. Both sets of policies exerted an influence on one another, as Point Four helped to shape the priorities of the Colombo Plan, while the Commonwealth program drew the United States further into the Southeast Asian region. The experience of the Colombo Plan and observation of American policy shaped Australian external aid policy for the next three decades. This reflected the intersection of Commonwealth and United States influence on Australian foreign economic policy. Driven by a complex combination of factors, ranging from the commencement of the Cold War to the spread of Asian nationalist movements, Point Four and the Colombo Plan revealed the ways that the fledgling field of development would inform the foreign aid policies of the Western powers.

In 2000, Nick Cullather wrote a seminal article in *Diplomatic History*, titled "Development? It's History". Central to Cullather's analysis was the view that "treating modernization as a subject instead of a methodology repositions the Cold War at the center of the economic history of this century".⁴ Historicising the concept of development allows us to examine its place in foreign policy considerations, such as those surrounding the origins of the Colombo Plan and Point Four. The interaction of developmental thinking with security fears (tied to the new Cold War system) and the rising force of decolonisation, provide a rich framework to understand the environment in which early foreign aid programs were established. A number of historians have worked to show the ways in which the Point Four program was a product of the newfound influence of development.⁵ In contrast, the link between the historical significance of development and the formation of the Colombo Plan has yet to be thoroughly examined.⁶ Exploring the connections between Point Four and the Colombo Plan will demonstrate the ways that development guided both Australian and American policy-makers in the late 1940s and early 1950s.

A brief definition of development is necessary in order to properly examine its historical significance. Gilbert Rist, in his extensive *History of Development*, provides a useful way of explaining the concept that strips it of its historical and cultural baggage. He defines the concept in the following way:

'Development' consists of a set of practices, sometimes appearing to conflict with one another, which require — for the reproduction of society — the general transformation and destruction of

⁴ Nick Cullather, "Research Note: Development? It's History", *Diplomatic History*, Vol. 24, 4 (2000), p.652.

⁵ *The Hungry World: America's Cold War Battle against Poverty in Asia* (Cambridge, MA, 2010); David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton, 2010); David C. Engerman *et al.*, eds., *Staging Growth: Modernization, Development, and the Global Cold War* (Amherst, 2003).

⁶ Daniel Oakman touches on the notion of development in his detailed analysis of the Colombo Plan, but does not really treat the concept as an historical subject. Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra, 2004).

the natural environment and of social relations. Its aim is to increase the production of commodities (goods and services) geared, by way of exchange, to effective demand.⁷

Central to this process is the notion of “growth”. Development as it was understood in the immediate post-war period (and indeed all the way through to the contemporary period), revolved around increasing rates of economic growth through a variety of means, such as increased industrialisation and more efficient methods of production of primary resources.⁸ By the end of the 1940s, there was an increasing recognition of the need for governmental assistance to promote this process throughout the world.

Point Four and the Colombo Plan were amongst the earliest examples of governments incorporating development into their foreign policies. Earlier scholarship on Point Four emphasised the centrality of the program to the rise of technical assistance as a means of improving the standard of living in “underdeveloped” countries. For instance, Claude Erb, in his study of the Latin American precursor to Point Four, the Institute of Inter-American Affairs, argues that Point Four established foreign aid as a central component of American foreign policy.⁹ This early work was based around the notion of development as a scientific methodology, and was directed at analysing the program itself. More recent scholarship, which has taken up Cullather’s recommendation to treat development as a subject worthy of historical analysis, has provided insight into the way that Point Four epitomises the importance of modernisation in post-war American foreign policy. David Ekbladh and Nick Cullather examine the way that Point Four sought to export American ideas regarding modern methods of production as a way of achieving economic growth.¹⁰ Adding to this historical analysis, Michael Latham examines the way that modernisation theory, which emerged as the dominant American paradigm of development, was a crucial component of American Cold War ideology.¹¹ According to these scholars, Point Four was an early example of development’s incorporation into the American mission to prevent the spread of communism in the “underdeveloped” world.

The scholarship on the Australian experience of the Colombo Plan largely revolves around demonstrating its importance with regard to Australian engagement with Asia and with its importance to Australian foreign policy towards Asia in the 1950s and 1960s.¹² Daniel Oakman, who has produced the only full-length study of the Plan,

⁷ Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3rd ed. (London, New York, 2008), p.13.

⁸ Eugene Staley, *World Economic Development: Effects on Advanced Industrial Countries* (Montreal, 1944); P.N. Rosenstein-Rodan, “The International Development of Economically Backward Areas”, *International Affairs*, Vol. 20, 2 (1944); Colin Clark, *The Conditions of Economic Progress* (London, 1940).

⁹ Claude C. Erb, “Prelude to Point Four: The Institute of Inter-American Affairs”, *Diplomatic History*, Vol. 9, 3 (1985), p.249. Similar analysis is provided in David A. Baldwin, *Economic Development and American Foreign Policy, 1943-62* (Chicago, 1966); Joseph V. Kennedy and Vernon W. Ruttan, “A Reexamination of Professional and Popular Thought on Assistance for Economic Development: 1949-1952”, *The Journal of Developing Areas*, Vol. 20, 3 (1986).

¹⁰ Ekbladh, *The Great American Mission*, pp.77-78; Cullather, *The Hungry World*, pp.74-75.

¹¹ Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill, N.C., 2000), pp.12-13; Ekbladh, *The Great American Mission*, p.97; Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore, 2003), p.261.

¹² Examples of analysis of the Colombo Plan outside of the Australian context include: Shigeru Akita, Gerold Krozewski, and Shōichi Watanabe, eds., *The Transformation of the International Order of Asia: Decolonization, the Cold War, and the Colombo Plan* (Abingdon, 2014); Keith Spicer,

emphasises its centrality to Australian attempts to engage with Asia, as shown by the acceptance of significant numbers of Asian students to Australian universities in the decades following its establishment in 1950.¹³ David Lowe demonstrates the way that the Colombo Plan was a means by which Australian policy-makers sought to negotiate the complexities surrounding the Cold War and the process of decolonisation in Asia.¹⁴ The work of Oakman and Lowe establishes the Colombo Plan as a key component of Australian foreign policy. This article adds to this analysis by demonstrating the place of development in the minds of policy-makers in establishing the Plan.

The interaction between the Point Four program and the Colombo Plan demonstrates the dual forces that worked to shape Australian foreign aid policy following the Second World War. Firstly, we have the British Empire, which had exerted the dominant force on the Australian worldview since the colonisation of the continent in the late eighteenth century. Rising to challenge this dominance was the growing power of the United States, a country that had enjoyed a close relationship with Australia since the mid-nineteenth century. In examining the post-war context, it would be easy to present the situation as one where a rising American force was quickly replacing the fading British. Indeed, this is an argument that has been presented by a range of Australian historians.¹⁵ This approach oversimplifies the process. Instead, the links between the Colombo Plan and Point Four reveal the complexity within Australia's worldview at the time. Australian scholars and policy-makers worked to negotiate both British and American ideas to establish a policy that was a synthesis of these influences.¹⁶

The origins of the Colombo Plan and Point Four can be placed within the broader context of development theory and its gradual acceptance by Western governments, both in terms of domestic and foreign economic policy. During the Second World War, governments drew much more heavily on the expertise of economists in order to successfully maintain the war economy.¹⁷ This phenomenon occurred in both Australia and the United States, but manifested itself in slightly different ways. In Australia, the process facilitated the rise of "academic bureaucrats", a group of individuals marked by postgraduate training in economics who would eventually rise to the upper levels of the Commonwealth Public Service (CPS). The American process was a much more fluid one, as economists and other social scientists moved back and forth between academia and government service. Despite these subtle institutional differences, the early years of Point Four and the Colombo Plan reveal the power of the ideas at the heart of early plans to promote economic development in "underdeveloped" countries.

"Clubmanship Upstaged: Canada's Twenty Years in the Colombo Plan", *International Journal*, Vol. 25, 1 (1969).

¹³ Oakman, *Facing Asia*, pp.1-3.

¹⁴ David Lowe, "The Colombo Plan", in David Lowe, ed. *Australia and the End of Empires: The Impact of Decolonisation in Australia's near North, 1945-65* (Geelong, Vic., 1996); *idem*, *Australian between Empires: The Life of Percy Spender* (London, 2010), pp.130-1.

¹⁵ Joseph A. Camilleri, *Australian-American Relations: The Web of Dependence* (South Melbourne, Vic., 1980); Henry S. Albinski, "Australia and the United States", *Daedalus*, Vol. 114, 1 (1985).

¹⁶ Philip Bell and Roger J. Bell, *Implicated: The United States in Australia* (Melbourne, 1993).

¹⁷ Stuart Macintyre, *Australia's Boldest Experiment: War and Reconstruction in the 1940s* (Sydney, 2015); Gilman, *Mandarins of the Future*.

The rise of the "academic bureaucrat" in Australia was a defining feature of the immediate post-war period.¹⁸ This phrase reflects the level of economic training possessed by many of the key departmental officers during this time. The best illustration of this process is provided by the example of the influential Department of Post-War Reconstruction (PWR), led by H.C. "Nugget" Coombs. Coombs obtained his PhD in economics from the London School of Economics in the early 1930s, and had briefly taught at the University of Sydney before moving into the public service.¹⁹ Another important example was Arthur Tange, who began his career in PWR before moving to the fledgling Department of External Affairs, where he would eventually rise to become departmental head. Tange played a pivotal role in the formation of the Colombo Plan proposal.²⁰ Prior to entering PWR, Tange received postgraduate training in economics at the University of Western Australia under the prominent economic historian Edward Shann. Indeed, Tange married one of Shann's daughters. He entered the Commonwealth policy-making bureaucracy after several years of work at the Bank of New South Wales, where he further expanded his understanding of finance. According to his biographer Peter Edwards, Tange's experiences at the bank provided an "opportunity for him to join an influential new elite, the small group of academically trained and publicly engaged economists".²¹ A similar example can be found in John Burton, who was Secretary of the Department of External Affairs at the time of the 1950 Colombo Conference. A recipient of a doctorate from the London School of Economics, Burton rose quickly to become departmental secretary under H.V. Evatt.²² Despite his departure shortly after the establishment of the Colombo Plan, his commitment to development can be seen in his 1954 book *The Alternative*, where he expressed concern at fledgling foreign aid policy, but argued that there was a need for the "giving of economic and technical assistance on a much increased scale to governments prepared to institute fundamental reforms for the sake of world peace".²³ Informal networks were constructed that sought to shape Australian post-war economic policy in a way that reflected the growing Keynesian influence on Australian economists.²⁴

In the United States, the economic division of the State Department grew in influence, as manifested by the involvement of individuals such as Walter Salant. The

¹⁸ Another link to the phenomenon of the "academic bureaucrat" can be seen in the wartime Directorate of Research and Civil Affairs, headed by Alf Conlon. They played an important role in driving the early post-war administration of Australia's colonial administration in Papua-New Guinea, another place where ideas of economic development played a key role. See Graeme Sligo, *The Backroom Boys: Alfred Conlon and Army's Directorate of Research and Civil Affairs, 1942-46* (Newport, NSW, 2013); Geoffrey Gray, Doug Munro, and Christine Winter, *Scholars at War: Australasian Social Scientists, 1939-1945* (Canberra, 2012).

¹⁹ H.C. Coombs, *Trial Balance* (South Melbourne, 1981), pp.3-6; Tim Rowse, *Nugget Coombs: A Reforming Life* (Cambridge, 2002), pp.52-58.

²⁰ Arthur Tange, *Defence Policy-Making: A Close-up View, 1950-1980* (Canberra, 2008), p.2.

²¹ P.G. Edwards, *Arthur Tange: Last of the Mandarins* (Crows Nest, NSW, 2006), p.15.

²² Adam Hughes Henry, "John Burton: Forgotten Mandarin?", in Samuel Furphy, ed., *The Seven Dwarfs and the Age of the Mandarins: Australian Government Administration in the Post-War Reconstruction Era* (Acton, ACT, 2015), p.223.

²³ John W. Burton, *The Alternative: A Dynamic Approach to Our Relations with Asia* (Sydney, 1954), p.115.

²⁴ In 1937, Tange referred to Keynes' *General Theory* as a "breath of cold air after the somewhat stifling complacency of classical economics". A.H. Tange to A.C. Davidson, 8 June 1937, Tange Papers, National Library of Australia (NLA), MS 9847, Box 3.

process took place in a much different context to the Australian example, largely owing to the more established nature of the State Department. As a consequence of this factor, there was a clash of ideas between the entrenched Foreign Service officers and the incoming economic planners, such as Winthrop Brown, Paul Nitze, and Willard Thorp. It was amongst the latter that ideas of economic development had taken hold, and it was these individuals who would play a key role in establishing Point Four. Indeed, according to State Department official Lucius D. Battle, it was the new arrivals who comprised “the brightest and most imaginative people” and without whom innovative proposals such as Point Four would not have taken hold.²⁵

The work of Australian and American policy-makers was underpinned by growing academic interest in the process of economic development. The idea of development has a long history, but its post-war manifestations mark a firm shift away from the earlier emphasis on colonial administration.²⁶ While the events of the war served to undermine the colonial enterprise, sparking a process of decolonisation that would occur over the next several decades, the faith in Western technological superiority remained central to ideas of development.²⁷ The perceived need to secure a peaceful and prosperous international system following the upheaval of the Second World War added urgency to this process. This is evident in the work of one of the earliest post-war development scholars, Paul Rosenstein-Rodan, who observed that “the development of the economically backward areas of the world is, therefore, the most important task facing us in the making of the peace”.²⁸

Early examples of development theory made general recommendations regarding the means by which the process could be fostered. Indeed, Cullather makes the powerful point that, throughout the late 1940s and 1950s, “the methods and techniques for ‘making men modern’ were themselves underdeveloped”.²⁹ While Rosenstein-Rodan was able to demonstrate the significance of the problem, another scholar, Eugene Staley, can be identified as one of the first Western scholars to theorise on ways of promoting economic development in poorer parts of the world.³⁰ The clearest expression of Staley’s views come in his 1944 book, titled *World Economic Development*. In *World Economic Development*, Staley sought to answer the question: “What is economic development?”. His succinct answer essentially outlines the various components of early Cold War aid policy:

It means introduction of better techniques; installing more and better capital equipment; raising the general level of education and the particular skills of labour and management; and expanding internal and external commerce in a manner to take better advantage of opportunities for specialisation.³¹

These were processes that had taken place (or were taking place, in the case of a country like Australia) in the “developed” world, and starting the process in the “underdeveloped” regions of the world would be the responsibility of both private

²⁵ Oral history interview, Lucius D. Battle, 23 June 1971, Truman Library, 46-8.

²⁶ H.W. Arndt, “Economic Development: A Semantic History”, *Economic Development and Cultural Change*, Vol. 29, 3 (1981), p.463; Rist, *History of Development*, p.89; Michael Cowen and Robert W. Shenton, *Doctrines of Development* (London; New York, 1996), pp.12-3.

²⁷ Rist, *History of Development*, pp.47-68.

²⁸ Rosenstein-Rodan, “International Development of Economically Backward Areas”, p.159.

²⁹ Cullather, “Development? It’s History”, p.652.

³⁰ Arndt, “Economic Development”, pp.464-5.

³¹ Staley, *World Economic Development*, p.5.

enterprise and governments.³² It is also important to note the qualitative language employed by Staley, which implied the superiority of the techniques in the "developed" world. Language such as this was a hallmark of developmental thinking. This kind of analysis served to influence the work of more prominent development theorists of the 1950s and 60s, such as W. Arthur Lewis and Walt Rostow.³³

Australian work on development during the 1940s was largely confined to studies of its own economic history. Economic historians such as Edward Shann, Brian Fitzpatrick, and Alan Shaw produced influential studies throughout the 1930s and 1940s.³⁴ At the heart of these analyses was the understanding that two factors dictated Australia's development since the beginning of British colonisation: a reliance on primary exports (largely to other parts of the Empire) and imported British capital. According to Shaw, these factors combined to enable the Australian economy to grow at such a rate that the population enjoyed one of the highest standards of living in the world.³⁵ Further, there was recognition that Australia shared characteristics with less developed economies.³⁶ On a more theoretical level, Colin Clark's *Conditions of Economic Progress* provided innovative arguments that challenged earlier assumptions regarding the connection between capital accumulation and economic growth.³⁷ This work helped to consolidate the understanding of some of the factors that helped to promote economic growth (and therefore economic development). It therefore helped to inform the attempt to create similar conditions in the "underdeveloped" economies of South and Southeast Asia. Interestingly, Clark was sent to Pakistan as a Colombo Plan expert in 1952, further demonstrating the link between theory and practice.

As scholars such as Staley and Clark worked their way towards gaining an understanding of how best to promote economic development throughout the world, policy-makers began to take note of the importance of economic development. The work of these scholars, which emphasised the importance of technological progress in ensuring economic growth, tapped into the spirit of "high modernism" that was prevalent throughout the middle of the twentieth century. In the words of Nick Cullather:

It was at this moment of modernist optimism that Truman's Point IV speech proposed a complicated merger between development and the Cold War. Foreign aid was never simply a weapon against Soviet influence; even without a superpower confrontation the United States would have needed some means to manage the transition to a postcolonial world.³⁸

³² *Ibid.*; Staley also expresses his desire for international action on economic development in *World Economy in Transition* (New York, 1939).

³³ Arndt, "Economic Development", p.465; W. Arthur Lewis, *The Theory of Economic Growth* (London, 1955); W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (London, 1960).

³⁴ Brian Fitzpatrick, *The British Empire in Australia: An Economic History 1834-1939* (Melbourne, 1941); A.G.L. Shaw, *The Economic Development of Australia*, Rev. ed. (London, 1946); E.O.G. Shann, *An Economic History of Australia* (Cambridge, 1930).

³⁵ Shaw, *The Economic Development of Australia*, p.183.

³⁶ Fitzpatrick, *The British Empire in Australia*, p.436.

³⁷ Peter D. Groenewegen and Bruce J. McFarlane, *A History of Australian Economic Thought* (London, 2011), pp.111-2; Clark, *The Conditions of Economic Progress*.

³⁸ Cullather, "Development? It's History", p.651. Michael Latham also identifies this period as a key time where the foreign aid policy of the United States was underpinned by American faith in its own modernisation process, Latham, *Modernization as Ideology*, p.214.

The interaction of the Point Four program and the Colombo Plan reveals the intersection of the dual forces of the Cold War and decolonisation. Consequently, they form the earliest attempt of Western governments to implement development into foreign economic policy.

Early post-war programs of financial and technical assistance were generally provided through the fledgling United Nations (UN). They also tended to focus on rebuilding parts of the world affected by the Second World War. The primary example of this was the United Nations Relief and Rehabilitation Agency (UNRRA), which provided economic assistance to countries both in Europe and Asia. Australia was the fourth highest contributor to UNRRA, something emphasised by Australian policy-makers.³⁹ Concurrent to this, economic and political crises in Europe led to the first example of substantial post-war economic aid provided outside the context of the UN. This was the European Recovery Program (ERP, more commonly known as the Marshall Plan), which sought to reconstruct the “developed” economies of Western Europe. In a way, the Marshall Plan provided a path for the Colombo Plan and Point Four to follow, although its emphasis on reconstruction rather than development marks an important distinction. By providing European countries with American dollars, the ERP indirectly enabled the continued development of colonial possessions, such as British Malaya and the Netherlands East Indies.⁴⁰ Importantly for the Commonwealth and the Colombo Plan, the United Kingdom received substantial amounts of Marshall Plan aid (thereby creating the curious situation that from 1950 the British were both aid donors and recipients).⁴¹ This context, with the growing emphasis on bilateral agreements, is crucial in situating the origins of both the Colombo Plan and the Point Four program.⁴²

The origins of Point Four can be traced back to a paper written by Ben Hardy, an official in the Public Affairs Office of the State Department. Hardy had previously worked as a press officer within the Office of the Coordinator of Inter-American Affairs, an important predecessor to Point Four.⁴³ In 1948, Hardy wrote a memorandum that contained the essence of what would become Point Four, but was rebuffed by senior State Department officials. Hardy was persistent, though, and his ideas eventually reached the President’s office where, amidst preparations for the 1949 inaugural address, they met a positive reception.⁴⁴ Hardy, as a result of his position as a publicity officer, conceived of the Point Four idea as an attempt to overcome American

³⁹ The bulk of Australia’s UNRRA contribution went to China. “Statement on Australia’s Contribution to Humanitarian Funds”, NAA: A1068, R47/3/1.

⁴⁰ Nicholas J. White, “Reconstructing Europe through Rejuvenating Empire: The British, French, and Dutch Experiences Compared”, *Past and Present*, 210, suppl. 6 (2011), pp.211-236.

⁴¹ Members of the United States State Department expressed concern over British economic concerns and the effect it might have on the ability of the United Kingdom to provide aid funding in Southeast Asia, State Department, “Southeast Asia and Philippines”, April/May 1951, Box 2854, Decimal File, 1950-54, Central File for State Department Records, RG 59, National Archives at College Park, MD. (Hereafter cited as NACP).

⁴² Despite the growing mistrust for the UN, there was still a perceived need for multilateral involvement through the Point Four idea. See Minutes of Meeting, Department of State, 3 February 1949, United States Department of State, *Foreign Relations of the United States, 1949*, vol. 1, United States Government Printing Office, Washington D.C., 1976, 762. (Hereafter cited as *FR-US*).

⁴³ Erb, “Prelude to Point Four”.

⁴⁴ Betty Snead, “Point IV: How Ben Hardy’s Idea Became an Historic Speech”, *War on Hunger*, Vol. 7, 5 (1973), pp.7-8.

foreign policy's negative reputation.⁴⁵ Nevertheless, it is telling that the means by which this issue would be overcome was through the provision of technical assistance. This reveals the strength of the ideas of scholars such as Staley and Rosenstein-Rodan, whose work provided the germ of what would become American foreign aid policy.

It took some time for Australian policy regarding economic and technical assistance to be formulated. Throughout 1949 vague plans were made in an attempt to further the economic development of Southeast Asia. These ideas were formalised in an External Affairs memo just prior to the December 1949 Federal election. Drafted by Pacific Division head L.R. "Jim" McIntyre and forwarded to Departmental Secretary John Burton and Assistant Secretary Arthur Tange, the memo outlined various means by which Australia could strengthen its relations with Southeast Asia. Written in the context of the Communist revolution in China, the memo was clearly a response to growing concern over the Cold War. McIntyre suggested that countries of Southeast Asia, such as French Indo-China and Thailand, were under threat from the forces of communism, and that external assistance was needed to meet this threat:

For Australia the problem is at present political and economic; it calls for sustained and co-ordinated action to encourage and strengthen established governments throughout the area, to cultivate and maintain the goodwill of the peoples, and to help them raise their standards of living and thereby increase their resistance to Communism.⁴⁶

The last point demonstrates an early attempt by Australian policy-makers to engage with development. In much the same way that "development" and "modernization" were synonymous throughout this period, "raising standards of living" operated as an early reference to promoting economic development. The ideas of Staley and Rosenstein-Rodan were steadily filtering through to Australia.

These ideas were still in the process of being refined when the Menzies Liberal Coalition government came to power on 19 December 1949. Percy Spender was the new Minister for External Affairs, and he would bring a different perspective to the Department than his predecessor, H.V. Evatt, whose emphasis on the primacy of the United Nations was to be quickly forgotten.⁴⁷ Spender's undergraduate studies included economic training at the University of Sydney. He first put that training to use as Commonwealth Treasurer in the early stages of the Second World War. David Lowe traces the way that Spender's time as Treasurer served to shape his understanding of the development process:

His experiences confirmed him in the conviction that the world was changing rapidly, that Australia needed to respond in the interests of security, rapid modernization and development, and that the United States was in the cockpit of much of the change that he welcomed.⁴⁸

Thus, Spender was building upon earlier experiences at Colombo. These experiences also informed the centrality of the United States in Spender's developmental vision. Less than a month after becoming External Affairs Minister, Spender represented Australia at the Commonwealth Conference of Foreign Ministers in Colombo. It was at this meeting that the plan that had slowly been formulated in the Department of External Affairs was presented for the first time.

⁴⁵ Oral history interview, Clark Clifford, 16 March 1972, Truman Library, p.357; Ekbladh, *The Great American Mission*, p.97.

⁴⁶ Department of External Affairs Memo, December 1949, NAA: A1068, DL47/5/6.

⁴⁷ Percy Spender, *Exercises in Diplomacy: The Anzus Treaty and the Colombo Plan* (Sydney, 1969), p.32.

⁴⁸ Lowe, *Australian between Empires: The Life of Percy Spender*, pp.51-52.

In his memoirs, Spender described the way the policy that became the Colombo Plan was formulated in the air *en route* to the conference.⁴⁹ McIntyre tells the story of Spender pacing the halls of his guesthouse in Jakarta, excitedly outlining his plan before heading to Colombo.⁵⁰ While there is little reason to doubt that discussions between the new minister and his departmental officials added flesh to the bones of the Colombo Plan, these men were building on ideas that had been evolving throughout the previous year. In addition, while Spender does not really mention the role of American policy in guiding his thinking in Colombo, it is clear that the Australian delegation were aware of Point Four. In his review of the Colombo Conference, the Counsellor of the American Embassy in Colombo observed: "In this connection it has been learned that the Department's booklet, POINT 4 (revised December 1949), which had been loaned to the Ceylon legation, was passed on to the Australians".⁵¹ Thus, while Spender played an important role in the genesis of the Colombo Plan, it is clear that his plan did not emerge out of an intellectual vacuum.

The United States paid close attention to the proceedings at Colombo. Daily reports were sent back to the Department from the Embassy, and as the plan for economic development emerged, it became clear that the Americans saw potential for linking the Commonwealth plan with Point Four. On 12 January (the day after Spender's comments cited at the beginning of the article) American Ambassador to Ceylon Joseph C. Satterthwaite reported back to the State Department the first suggestions of a Commonwealth plan for aid to Southeast Asia.⁵² Only four days later Satterthwaite made a direct link between what would become the Colombo Plan and Point Four, in discussing the machinery to be used in carrying out the aid. This largely revolved around bilateral assistance, rather than using the United Nations, as Satterthwaite observed that the UN Economic Commission for Asia and the Far East was "under suspicion".⁵³ The connections between the two programs would grow stronger still.

A comparison of the formation of the Colombo Plan and Point Four reveals a great deal about the influence of development on foreign aid policy towards the "underdeveloped" world. Both programs reflected the growing influence of the Cold War on attempts to raise the standard of living in places like Southeast Asia. One of the vital assumptions of policy-makers at this time was that communism thrived in areas of economic poverty and political instability. For instance Spender, in the introduction to *New Hope for Asia*, an early example of publicity for the Colombo Plan, wrote the following:

It is in countries with low living standards and little hope for improvement in the future that extremist political doctrines find fertile ground. This Plan is a major part of the answer of the Western World to any questions which may be raised in the minds of the peoples of these countries by Communist influences.⁵⁴

⁴⁹ Spender, *Exercises in Diplomacy*, p.214.

⁵⁰ L.R. McIntyre, Presentation to Conference on South-East Asia, Goulburn College of Advanced Education, 7 July 1976, McIntyre Papers, NLA, MS 7662, Folder 3.

⁵¹ John B. Ketcham to the Department of State, 25 January 1950, Box 3519, Decimal File, 1950-54, RG 59, NACP.

⁵² Joseph C. Satterthwaite to Dean Acheson, 12 January 1950, Box 3519, Decimal File, 1950-54, RG 59, NACP.

⁵³ Joseph C. Satterthwaite to Dean Acheson, 16 January 1950, Box 3519, Decimal File, 1950-54, RG 59, NACP.

⁵⁴ Australian Dept. of External Affairs, *New Hope for Asia: The Colombo Plan for Co-Operative Economic Development in South and South-East Asia*, Australian ed. (Sydney, 1951), p.6.

In order to prevent this from occurring, economic assistance aimed at improving the living standards of people in "underdeveloped" countries would counter the apparent appeal of communism.⁵⁵ This assumption provided the direct link between early foreign aid programs and the theoretical work of Staley and Rosenstein-Rodan.

The link between the Cold War and the rise of development is further demonstrated by Spender's comments to Cabinet following the Colombo conference. Upon returning to Australia, Spender wrote:

There was a general consensus of opinion that the most effective way of resisting the spread of Communism in South and South East Asia was by selected economic measures designed to stabilise Governments and remove causes of unrest in the most critical areas.⁵⁶

The Point Four program was no different. In outlining the purpose of the program to the President, Secretary of State Dean Acheson claimed that "good will toward the United States and recognition of mutual interest can lessen greatly the effectiveness of sabotage and subversion by unfriendly nations and can unify our friends and make them more effective".⁵⁷ The mindset associated with the Cold War, combined with the academic understanding of economic development, provided the formula for the emergence of Point Four and the Colombo Plan.

Throughout 1950, as Commonwealth leaders met twice (in Sydney in May and London in September) to formalise the machinery of the Colombo Plan, constant attention was paid to American designs in the region. At the same time the United States was preoccupied with establishing the Act for International Development, passed in June 1950. This piece of legislation authorised \$35 million to be spent on technical assistance to "assist underdeveloped areas" and provided the machinery for the Point Four program.⁵⁸ As the two programs began to be implemented, attention was given to ways in which Point Four and the Colombo Plan could complement one another. The interaction between the two programs, which took place as ideas regarding the process of development continued to evolve, reveals the growing role of development in the formation of foreign policy.

1950 was a pivotal period for Australian policy in Asia, with the Chinese Revolution and Korean War causing significant concern. Indeed, Arthur Tange, reflecting on his career in the 1980s, referred to 1950 as the most important year for foreign policy in Australia's history.⁵⁹ As the plans of "underdeveloped" Commonwealth countries were published however, the scope of the task became clear.⁶⁰ For example, in the first six years of the Plan, Indian officials anticipated that they would need £1,379 million in external finance for development.⁶¹ In the same period, Australia had committed £31.25 million to cover the entire region. Consequently, Australia and the rest of the Commonwealth were deeply interested in securing American involvement in the Plan,

⁵⁵ Christina Klein, *Cold War Orientalism: Asia in the Middlebrow Imagination, 1945-1961* (Berkeley, 2003), p.38.

⁵⁶ Spender, Memorandum for Cabinet, 6 February 1950, NAA: A4639, 37.

⁵⁷ Acheson to Truman, 14 March 1949, *FR-US*, 1949, vol. 1, p.778.

⁵⁸ State Department memorandum, "Point IV Legislation", 12 July 1950, Merrill, *Documentary History of the Truman Presidency*, vol. 27, p.421.

⁵⁹ Tange Papers, NLA, MS 9847, Box 25.

⁶⁰ The recognition of Commonwealth limitations was a central subject of the London meeting of the Commonwealth Consultative Committee, held in September 1950. NAA: A10617, 1950/11.

⁶¹ "The Colombo Plan for Co-operative Economic Development in South and South-East Asia", London, October 1950, NAA: A9879, 2202/E PART 1.

largely owing to a recognition of Commonwealth economic limitations.⁶² In order to attract American attention, a range of considerations guided the actions of Commonwealth representatives.

Firstly, emphasis was placed on attempts to bring non-Commonwealth countries, such as Indochina and Indonesia, into the Plan. These countries, along with Burma, sent observers to the Conference of September 1950, but were reluctant to actively participate. Indeed, the non-Commonwealth representatives were primarily interested in the technical assistance component of what, at the end of the London Conference, became officially known as the Colombo Plan. The technical assistance aspect of the Plan was also clearly a signal to the United States that the Commonwealth was willing to invest in the development of the region.⁶³ Technical assistance was of course, at the heart of the Point Four program. This was recognised and acknowledged by Australian policy-makers at the time.⁶⁴ Ultimately, these tactics achieved their desired aim, as the United States joined the Colombo Plan at the beginning of 1951. This success was more the product of British diplomatic initiative than any Australian actions.⁶⁵ Other non-Commonwealth countries, such as Indonesia and Vietnam, would join by 1954.

The Australian vision of American involvement in the Colombo Plan revolved around filling the large gap in funding left by the Commonwealth. After some negotiation between officials in the Departments of External Affairs and Treasury, Australia pledged £31.25 million in developmental funding for the first six years of the Plan. £8.75 million was allocated in the financial year 1951/2, with £4.2 million going to India, £2 million to Pakistan, £300,000 to Ceylon, and the remaining £2.25 million being held in reserve for potential new members, such as Indonesia.⁶⁶ In the same period, the United States provided \$282.5 million to “Asia and the Pacific”, which included Colombo Plan countries as well as countries like Taiwan and South Korea.⁶⁷ The report of the London Conference in October 1950 explicitly pointed out the inability of the Commonwealth to provide the funding for the economic development for the region on its own.⁶⁸ While the United States was a formal participant in the Colombo Plan from its very early stages, it always kept the Plan at arm’s length, maintaining a level of autonomy in its provision of aid. While Australia sought direct and substantial American financial involvement in the Colombo Plan, the United States envisioned the establishment of the Plan as a means of buttressing the work already

⁶² Ademola Adeleke, “Playing Fairy Godfather to the Commonwealth: The United States and the Colombo Plan”, *Commonwealth and Comparative Politics*, Vol. 42, 3 (2004).

⁶³ The report of the London Conference draws explicit influence from the American Point Four program, which had recently been established, and which drew attention to the importance of technical assistance. “The Colombo Plan for Co-operative Economic Development in South and South-East Asia”, London, October 1950, NAA: A9879, 2202/E PART 1.

⁶⁴ Dept. of External Affairs, *New Hope for Asia*, p.56.

⁶⁵ Memorandum of Conversation between Dean Acheson, Sir Leslie Rowan, and Willard Thorp, May 5, 1950, *FR-US 1950*, Vol. 3, p.1640; B.R. Tomlinson, “‘The Weapons of the Weakened’: British Power, Sterling Balances, and the Origins of the Colombo Plan”, in Akita, Krozewski, and Watanabe, *Transformation of the International Order of Asia*.

⁶⁶ Department of External Affairs, “Colombo Plan Economic Development and Technical Co-operation Programmes – Progress Report of the Australian Effort, 17 April 1951 to 17 September 1951”, NAA: A1838, 2020/1/12 PART 1.

⁶⁷ *Ibid.*

⁶⁸ “The Colombo Plan for Co-operative Economic Development in South and South-East Asia”, London, October 1950, NAA: A9879, 2202/E PART 1.

being done by Point Four.⁶⁹ Nevertheless, despite the fact that the specifics of the interaction between the two programs were not agreed upon, the ideas underpinning them were very similar.

This can be seen in the way that the two plans worked hand in hand in the early 1950s. For instance, Charles Kevin, the Australian minister posted to the Australian Embassy in Indonesia from 1953-55 commented on the fact that the only "substantial foreign aid received by Indonesia" was through the Colombo Plan and Point Four. In 1953, American assistance to Indonesia totalled \$3 million, while Australia had provided £201,368 to February 1954.⁷⁰ Further evidence can be gleaned by examining correspondence between British Chancellor of the Exchequer Hugh Gaitskell and Australian Prime Minister Robert Menzies. Gaitskell, in attempting to obtain a larger commitment from Australia, argued that "it is almost certain that the ultimate decision as to how much America can afford to make available towards the Colombo Plan will be substantially affected by the efforts which Commonwealth countries are making".⁷¹ While this can clearly be observed as the attempt of the senior member of the Commonwealth to influence the policy of its junior colleague, the fact that the British saw an interaction between the two programs is telling. The combined efforts of Point Four and the Colombo Plan worked to promote economic development throughout the underdeveloped world.

Throughout the early 1950s in the United States there was a clear recognition of the importance of a program like the Colombo Plan. The most important reason for this was the American argument as to the necessity of presenting the promotion of economic development in the poorer parts of the world as a project the entire Western bloc was behind. As has already been seen, only days after Spender put forward the plan for the promotion of economic development, the United States saw links between the idea and Point Four. These observations continued throughout 1950. Just one example can be seen in the observations of the American Consul-General in Singapore:

The UK and the Dominions have made substantial preparatory progress with their Commonwealth scheme for aid to SEA countries, and Burma, Indonesia, Siam and the Indochinese States are interested in it. We should give scheme our financial and moral aid when it is invited, as it will undoubtedly be in due course.⁷²

The Colombo Plan was therefore useful as it could be presented as a non-American program that could work side by side with Point Four, establishing a "free world" network of technical assistance.

Further examples of United States acknowledgement of the importance of the Colombo Plan can be found in the report of the International Development Advisory Board (better known as the Rockefeller Report). Written in the context of the Korean War, this report was commissioned by President Truman and published in March 1951, and advocated a strong American response to the problem of economic development,

⁶⁹ John B. Ketcham to Department of State, 25 January 1950, Box 3519, Decimal File, 1950-54, RG 59, NACP.

⁷⁰ J.C.G. Kevin, Ministerial Dispatch, 30 May 1953, NAA: A816, 11/301/720.

⁷¹ Aide-Memoire, United Kingdom Exchequer, attached to Hugh Gaitskell to Menzies, 9 January 1951, NAA: A1209, 1957/5406.

⁷² William R. Langdon to the Department of State, October 30, 1950, Box 2854, Decimal File, 1950-54, RG 59, NACP. Another example is United States Ambassador in Canberra, Pete Jarman, observing that the Colombo Plan as being "complementary our own plans and policies including Point Four". Pete Jarman to Dean Acheson, 24 March 1950, *FR-US*, 1950, Vol. 6, p.66.

in conjunction with the rest of the “free world” (in other words, the Colombo Plan).⁷³ Jonathan Bingham, deputy administrator of the Technical Cooperation Administration, the administrative body for Point Four, also expressed his enthusiasm for the way that his program could work with the Colombo Plan.⁷⁴ On the other side of the equation, the Australian government had come to see the Colombo Plan as being decisive in drawing the United States into providing foreign aid to Southeast Asia.⁷⁵ The combination of Point Four and the Colombo Plan therefore served both the United States and the Commonwealth in their attempts to incorporate ideas of development into their aid policies in the region.

Australian policy-makers were aware of the importance placed on the Colombo Plan forming part of an international effort to promote economic development throughout the “underdeveloped” world. The above-cited quote from *A New Hope for Asia* illustrated the Australian view that the Plan worked in cooperation with efforts from the “Western World”. This view persisted throughout the first phase of the Colombo Plan, as shown in 1954 when External Affairs Minister Richard Casey presented a report to Parliament. In this report, Casey maintained the argument that the Plan worked in conjunction with efforts by other countries:

In extending aid to countries of the area, Australia has recognised that the economically more developed countries have a responsibility to see that the peoples of less developed areas of the world should receive the opportunity to improve their standards of living towards that level enjoyed by countries of the Western world.⁷⁶

By the mid-1950s, it had become an accepted part of both Australian and American policy that the Colombo Plan would form part of a broader effort to promote economic development throughout the “underdeveloped” world.

In contrast to these optimistic reports, the Colombo Plan initially faced some difficulties. The Australian commitment to India and Ceylon primarily comprised of gifts of flour and wheat, but by January 1952 none of the £2 million for Pakistan had been allocated. Indeed, of the budgeted £8.75 million, over half had yet to be provided to the recipient countries.⁷⁷ This slowness would persist, as the machinery of providing large-scale aid to South and Southeast Asia required much more bureaucratic work than the technical assistance component of the Plan. Indeed, Creighton Burns aptly identified this issue in a 1954 piece for *Australia's Neighbours*, when he wrote: “By 1952 the exuberant idealism of the original conception had hardened into restrained optimism. This has now given way to set-jaw determination which seems to carry with it a hint of disillusionment”.⁷⁸ Officials both in Australia and the United States held a similar view. Commenting on the lack of progress in providing assistance to Pakistan, the Economic and Technical Assistance section of the Department of External Affairs wrote: “Taking the Colombo Plan as a whole, it is probably fair to say that the Australian effort is not, at this stage at least, as impressive as might have been

⁷³ Report, International Development Advisory Board, March 1951, Merrill, *Documentary History of the Truman Presidency*, Vol. 27, p.525.

⁷⁴ Jonathan B. Bingham, *Shirt-Sleeve Diplomacy: Point 4 in Action* (New York, 1954), pp.12, 196.

⁷⁵ Richard W. Byrd (Counsellor of US Embassy, Canberra) to the Department of State, 3 March 1952, Box 2918, Decimal File, 1950-54, RG 59, NACP.

⁷⁶ Richard Casey, Report to the Australian Parliament, 9 April 1954, NAA: A1838, 740/4/5 PART 1.

⁷⁷ Economic and Technical Assistance Section, “The Colombo Plan – Present Status of the Australian Effort”, 8 January 1952, NAA: A1838, 2020/1/12 PART 1.

⁷⁸ Creighton Burns, “Progress Report on the Colombo Plan”, *Australia's Neighbours*, January 1954. This article is found in NAA: A1838, 2020/1/12 PART 1.

hoped".⁷⁹ American officials, writing in the same year as Burns, reflected on the way that aid was needed to "give to the peoples in these areas a sense of present progress and future hope, which is currently lacking".⁸⁰ The difficulties of implementing developmental assistance to Southeast Asia undermined Spender's vision of a "New Hope for Asia".

Both programs would undergo significant changes as they matured and evolved to meet the needs of broader geopolitical concerns. The Colombo Plan remained a key tool through which Australia provided assistance to underdeveloped countries in Southeast Asia for several decades. Meanwhile, the Point Four program underwent a series of administrative changes, as the Mutual Security Program, which placed greater emphasis on military assistance to areas under apparent communist threat, gradually consumed the Technical Cooperation Administration.⁸¹ Despite this, the American commitment to the provision of technical assistance was not lost, as the exchange of students and experts continued through the Colombo Plan. In many ways, this reflects the shifts taking place in academia, as the Cold War context began to shape the work being done by scholars in the field of economic development. Economists who were also ardent Cold Warriors, such as Walt Rostow, began to emerge as key figures in the academic field of development.⁸² Even Eugene Staley's work began to be shaped by the Cold War, as exemplified by his 1954 book, *The Future of Underdeveloped Countries*.⁸³

The rise of development was facilitated by the growing involvement of economists in the policymaking structures of both Australia and the United States. In Australia, this resulted in the establishment of a powerful group of academic bureaucrats, who exerted considerable power over Australian economic policy for the next three decades. While the American situation was slightly different, both countries were driven by their own vision of development, their own economic histories left a profound impression. This institutional process interacted with the growing understanding of the process of economic development, giving rise to programs such as the Colombo Plan and Point Four.

As such, the origins of Western attempts to promote economic development in Southeast Asia reveal the influence of theories of development on foreign policy. In addition to seeing the Colombo Plan as part of a means of combating communism or a response to the uncertainties associated with decolonisation, it emerges as an early Australian product of the growing political significance of development. The complex interaction between theories of development, the views of academics and policy-makers, the Cold War and the post-colonial context drove the thinking behind the Colombo Plan and the Point Four program. They reveal the way that Australian scholars and policy-makers negotiated the competing influences of the British Commonwealth and the United States. This series of complex relationships would continue to affect foreign policy in Australia for several decades, with significant consequences for places of interest, such as Southeast Asia.

⁷⁹ Economic and Technical Assistance Section, "The Colombo Plan – Present Status of the Australian Effort", 8 January 1952, NAA: A1838, 2020/1/12 PART 1.

⁸⁰ Statement of Policy by the NSC on Current US Policy in the Far East, attached to James S. Lay Jr. note to NSC, 22 December 1954, *FR-US, 1952-54*, Vol. 12, p.1067.

⁸¹ Bradley R. Simpson, *Economists with Guns: Authoritarian Development and U.S.-Indonesian Relations, 1960-1968* (Stanford, CA, 2008).

⁸² Max Franklin Millikan and W.W. Rostow, *A Proposal: Key to an Effective Foreign Policy* (New York, 1957).

⁸³ Eugene Staley, *The Future of Underdeveloped Countries: Political Implications of Economic Development*, Rev. ed. (New York, 1961).