

The Mind of Modernity: Canadian Bilateral Foreign Assistance to India, 1950-60

by

Jill Marie Sarah Campbell-Miller

A thesis
presented to the University of Waterloo
in fulfillment of the
thesis requirement for the degree of
Doctor of Philosophy
in
History

Waterloo, Ontario, Canada, 2014

© Jill Marie Sarah Campbell-Miller 2014

Author's Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

Abstract

This dissertation examines the history of Canada's early bilateral foreign assistance program to India between 1950 and 1960. With Canada's decision to join the Colombo Plan for Co-operative Economic Development in South and Southeast Asia in 1950, India became the largest beneficiary of Canadian aid for the next decade. This dissertation argues that the ideology of high modernism permeated conventional thinking among elites in the Canadian and Indian governments, convincing officials in both countries of the rightness of modernization and industrialization. Canada's support for the Commonwealth and particularly the United Kingdom, and the context of a new Cold War, provided its initial motivations to join the Plan. Although the first year of the program challenged officials, Canada settled into an aid relationship with India that tried to find, in the words of Colombo Plan administrator R.G. Nik Cavell, a "distinctively Canadian" approach that matched Canadian goods and expertise with the developmental needs of India. This approach contrasted with that of Escott Reid, high commissioner in India between 1952 and 1957, who advocated a developmental framework which focused on India's economic needs over Canadian domestic priorities. Although Reid never made the impact on the aid program that he desired during his time in the country, he succeeded in emphasizing its importance to officials in Ottawa. Significant changes followed the election of the Progressive Conservative government in 1957, including a greater commitment to multilateralism as exemplified by the decision to join the World Bank's Aid-India Consortium, and the reorganization of various disparate aid programs into the External Aid Office under the direct control of the Department of External Affairs. Diefenbaker did not succeed in his larger attempt to make the Colombo Plan a wheat surplus disposal program, and Cavell's vision for the "distinctively Canadian" program began to fade by the end of the decade.

Acknowledgements

This time at the University of Waterloo has been a truly exceptional time in my life and many people contributed to this dissertation, either directly or indirectly. Bruce Muirhead encouraged me to enter the doctoral program, and not only has his academic expertise made this project a reality, his constant support for my development as a professional in the field has made a substantial contribution to what I have learned during my time at Waterloo. He also patiently corrected so many capitalization errors he deserves some kind of medal. I sincerely thank him for all of his support. Ryan Touhey steered me toward this topic, helped prepare me for my time in India, and generally supported my all-around self-confidence during challenging times. Jeff Grischow helped me work through the theoretical basis for this project, and guided me through the challenging inter-disciplinary aspects of my work. James W. St. G. Walker has been a mentor in the truest sense of the word, and his unfailing kindness has supported me both professionally and personally throughout my time at Waterloo. I really won the lottery by having the privilege to attend Susan Neylan's Canadian field seminar, and I hope that I have been able to implement what she taught me about rigorous attention to detail in the writing of history.

Nothing would have been possible without the unbelievable talents of Donna Hayes, who has had my best interest, and the best interest of all history graduate students, at heart from day one. I truly, truly thank her for all her support and hard work. Geoff Hayes helped me through some unique and challenging times and I very much thank him for that. Dan Gorman, Gary Bruce, and Andrew Hunt have all contributed to making my time at Waterloo a comfortable and collegial experience, and helped with the various administrative challenges that the degree can occasionally present. Jane Forgay at the Dana Porter Library has been an unbelievable resource and deserves many thanks for her hard work on behalf of myself and all graduate history

students. Nancy Birss also helped me through some tough spots, and I thank her. Greg Donaghy has used his vast knowledge and expertise with Canadian foreign policy to help me with my research purely out of his own altruistic nature. David Malone made crucial introductions for me in India despite his heavy responsibilities and workload.

The international aspect of my research would have been impossible without the funding provided by the Shastri-Indo Canadian Institute, and Prachi Kaul, the Institute's representative in India, deserves particular thanks. In India, Satish Jain and Jawaharlal Nehru University, Rajeev Ranjan Chaturvedy, and Toopran Sampath Kumar at the Canadian high commission helped guide my research in India. Sunetra Lala's friendship and insider's knowledge of New Delhi made my time there much more fun and much less stressful than it otherwise might have been. Doris Jakobsh's decision to let me temporarily join her class in India not only helped me to vastly expand my knowledge of that country, it was a true act of generosity.

Cathryn Walter in the reference room, and Gilles Bertrand and Marc Robillard at the Access to Information Division at Library and Archives Canada worked hard to help me through my many, many requests and visits to that institution. Lana Miller and Jamie Miller made me feel at home in Ottawa and given me free room and board so many times I have lost count, and deserve a great vote of thanks. Chinnaiah Jangam at Carleton has kindly served as a resource, as has Alan Barry in Ottawa.

Mark Sweeney was my office mate and confidant for five years and acted as a sounding board for my ideas, and a true friend. Jonathan Crossen was my other half during my time at Waterloo and I learned so much from him about how to build community in unconventional ways. Ryan Kirkby made me feel at home in the PhD program through his friendship and great intellect.

David Miller's constancy and emotional, practical, and personal support has made this journey possible, and it I simply could not have done it without him.

Finally, last but certainly not least, this project required extensive and international archival research which would not have been possible without the financial support of the Social Sciences and Humanities Research Council, the Ontario Graduate Scholarship, and the University of Waterloo.

Dedication

In memory of my father, who passed on to me his love for learning and curiosity about the world.

Table of Contents

Abstract.....	iii
Acknowledgements	iv
Dedication	vii
Table of Contents.....	viii
List of Abbreviations	xi
Introduction: Yaks, Modernity, and Development.....	1
High Modernism	9
The Assumptions of Modernity	19
The Literature	23
The Outline	29
A Note about Sources.....	30
Chapter 1: Development, Modernization, and the Creation of “Donors” and “Recipients”	32
India Becomes a Recipient	35
Canada Becomes a Donor	48
Conclusion	53
Chapter 2: The Colombo Plan	55
A Changing Commonwealth.....	57
The Conference	67
A Cautious Acceptance.....	71
The Korean War and Communism in Asia	74
A View from India	78
Conclusion	79
Chapter 3: The First Year	82
The Set-Up.....	83
The Bombay State Transport Company.....	85
Politics.....	90
Communication, or a Lack Thereof	92
Different Priorities	95
Evaluation.....	101

Conclusion	109
Chapter 4: The Reid Years, Part 1 - Escott Reid Encounters India	113
Escott Reid becomes a diplomat	116
The Influence of Chester Bowles	119
Reid the High Commissioner	123
Reluctant Beneficiaries: India’s Approach toward Aid	126
Escott Reid’s Recommendations.....	136
Conclusion	140
Chapter 5: The Reid Years, Part 2 - Escott Reid Battles Ottawa	141
Counterpart Funds: A View from Ottawa	142
The Model Dairy Colony	150
A Line of Credit for India	152
Cavell vs. Reid	160
Conclusion	173
Chapter 6: Atoms for Profit and Dams for Kilowatts	179
The Mayurakshi Project.....	180
The Canada-India Reactor.....	191
Conclusion	203
Chapter 7: “An Enormous Surplus of Wheat” – Diefenbaker and a New Era of Bilateralism and Multilateralism	207
Diefenbaker Becomes Prime Minister.....	209
The Indian Financial Crisis of 1957	214
The Montreal Conference	230
The Aid-India Consortium.....	235
Conclusion	241
Chapter 8: The Department of External Affairs Takes Charge	244
An Uneasy Relationship	245
The Canadian Attitude toward India.....	256
Canadian Culpability: Aid at Work.....	259
The Need for Change	265
The Re-organization	276
Conclusion	281

Conclusion: What Was Old is New Again	284
What Has Changed?	294
The Great Aid Debate.....	299
A Conclusion.....	308
Bibliography	313
Appendix A: Projects and Programs of Canadian Bilateral Assistance to India 1950-1960	344

List of Abbreviations

AECL	Atomic Energy Canada Limited
CC	Consultative Committee (Colombo Plan)
CCC	Canadian Commercial Corporation
CIR	Canada-India Reactor
CSO	Civil Society Organization
DAE	Department of Atomic Energy (India)
DAC	Development Assistance Committee
DEA	Department of External Affairs (Canada)
DF	Department of Finance (Canada)
DFATD	Department of Foreign Affairs, Trade and Development
DTC	Department of Trade and Commerce (Canada)
EAO	External Aid Office (Canada)
ETAB	Economic and Technical Assistance Branch
FAO	Food and Agricultural Organization
GOI	Government of India
ERP	European Recovery Program (The Marshall Plan)
HDI	Human Development Index
IAEA	International Atomic Energy Agency
ICEAP	Interdepartmental Committee on External Aid Policy
ICS	Indian Civil Service
ICSC	International Control and Supervisory Commissions
ICSC	International Commission for Supervision and Control (Vietnam, Laos, Cambodia, India, Poland, Canada)

IETCD	International Economic and Technical Cooperation Division
IDS	International Development Studies
IMF	International Monetary Fund
INC	Indian National Congress
LAC	Library and Archives Canada
MEA	Ministry of External Affairs (India)
NAI	National Archives of India
NGO	Non-Governmental Organization
NPC	National Planning Commission (Government of India)
NPT	Non-Proliferation Treaty
ODA	Official Development Assistance
SSEA	Secretary of state for external affairs (Canada)
TCA	Technical Cooperation Administration
TVA	Tennessee Valley Authority
USSEA	Under-secretary of state for external affairs (Canada)
UNICEF	United Nations Children's Fund
WFB	World Food Bank
WFP	World Food Programme
WHO	World Health Organization

Introduction: Yaks, Modernity, and Development

In 1954, Louis St-Laurent, the prime minister of Canada, travelled to India. Prior to his departure, Jean Lesage, minister for the Department of Northern Affairs and National Resources, asked St-Laurent whether or not he might raise a rather novel idea with the Indian prime minister, suggesting that a group of yaks be brought from India to Canada under the Colombo Plan. The Colombo Plan for Co-operative Economic Development in South and Southeast Asia, a Commonwealth economic assistance program, had been operating for three years by 1954, and it was still in its formative and experimental years.¹ Perhaps this is why no one immediately dismissed the proposal to bring yaks to northern Quebec. This had been the case with a similarly strange suggestion by the Indian acting high commissioner to send monkeys to Canada for research purposes in 1951.² For a few months, officials seriously discussed the suggestion, made “with a view to improving and diversifying the economy of Canadian Eskimos.” *The Hindustan Times* even picked up the story.³

Nobody explicitly defined what help yaks could bring to the Inuit of northern Quebec, although there was a vague idea that they could be used for food, clothing, and transportation as

¹ The author will use the terms “aid” or “foreign aid,” “economic assistance,” and “foreign assistance,” or “official development assistance “ODA” interchangeably. ODA has been defined by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development in this way: “those flows to countries on Part I of the DAC List of Aid Recipient (developing countries) and to multilateral institutions for flows to Part I aid recipients which are (i) provided by official agencies, including state and local governments, or by their executing agencies; and (ii) each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25% (calculated at a discount rate of 10%).” OECD, “Official development assistance – definition and coverage,” <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>, accessed 15 April 2014. This term did not come into official use until 1969, which postdates the era of this dissertation. Nonetheless, it is a useful definition which does accurately describes Canadian Colombo Plan aid throughout the 1950s.

² LAC, RG 25, Volume 6618, File 11038-B-40, pt. 1.1, A.J. Pick, “Memorandum for Mr. Plumptre – Wheat for India,” 25 January 1951, 1-2.

³ LAC, RG 25, Volume 8407, File 11038-4-2-40, pt. 1, Clipping - “Tibetan Yaks for Canada,” *The Hindustan Times*, 27 July 1954, 1.

in Tibet.⁴ The main appeal of the idea in the Department of External Affairs (DEA) and in Indian ministry of finance was that it would be, as the *Hindustan Times* article framed it, “a pleasant reversal of the Colombo Plan.”⁵ The Colombo Plan had been envisioned as a partnership between nations of the Commonwealth, but in the case of Canada and India, it was primarily a one-way relationship: Canada gave, and India accepted. What benefits accrued to which country is a considerably more complex story. While the yaks would be only a token gift, they would also be symbol of reciprocity and partnership. However, despite initial optimism about the idea, the DEA questioned its suitability as a Colombo Plan project, as it did not aid the South and Southeast Asian region.⁶ The deputy minister of Northern Affairs and Resources admitted that there were “a number of technical problems in connection with the establishment of yak herds,” and promised to bring the matter back to the DEA when further talks had been conducted with the Animal Husbandry Commissioner of India and the Canadian Department of Agriculture.⁷ Had the Himalayan yaks been aware of the scheme, they would have been quite relieved to know that they had avoided a long voyage to Canada, as the idea did not again reappear in the Colombo Plan files.

In an odd way, the yak plan is a good snapshot of the Canadian aid relationship with India during the 1950s, although the short-lived idea came from outside of the three relevant Colombo Plan departments, the DEA, the Department of Trade and Commerce (DTC) and the Department of Finance (DF).⁸ Officials had no clear idea about what the yaks could contribute, how their presence could impact the targeted population – in this case, the Inuit of Northern

⁴ LAC, RG 25, Volume 8407, File 11038-4-2-40, pt. 1, Keith Goldschlag to Prem Narain, 23 April 1954, 1.

⁵ LAC, RG 25, Office of the High Commissioner to the Under-Secretary of State for External Affairs, 27 April 1954, Volume 8407, File 11038-4-2-40, 1-2; Ibid, Clipping - “Tibetan Yaks for Canada,” *The Hindustan Times*, 27 July 1954, 1.

⁶ Ibid, 14-15.

⁷ Ibid, 12.

⁸ Any reference to the “interested” or “relevant” departments should be understood as referring to the DEA, the DTC, and the DF.

Quebec – or what constituted beneficial economic development for those peoples. The officials focused on diplomatic concerns, and questions of the technical suitability of the Colombo Plan as a vehicle for the yak gift. More basic questions such as “why?” received a cursory examination. Those involved made widely-shared assumptions about the benefits of the scheme, bizarre as it may seem to a modern reader, and these assumptions appeared obvious in this particular historical context. If this strange idea did not provoke a deeper inquiry into the purposes of aid for economic development, then it may come as no surprise to learn that officials thought very little about the objectives of more ordinary schemes, such as aid to improve transportation, food supplies, or the provision of equipment for power generation.

This dissertation will examine the history of Canadian bilateral aid to India between 1950 and 1960. It will look at what development projects and types of aid Canada gave to India in those years. While it is far beyond the scope of this project to analyze every project in detail, it will give the reader insight into how Canadian and Indian officials devised and agreed upon aid projects, what problems they encountered, and each party’s definition of success and failure.

It will also be a history of their developing relationship and how the two countries worked together to achieve broadly shared goals, although at times disagreements did arise when donor and recipient objectives did not match. While the aid relationship did not necessarily reflect exactly what was happening in the overall Canada-India diplomatic relationship, it did represent the largest continuous point of contact between those two countries; it was a tangible effect of their foreign relations. There were other important opportunities to build the Canadian-Indian diplomatic relationship in this decade, including, for example, their shared work at the UN in bringing an end to conflict in Korea. They also participated in a much more fractious interaction at the International Control Commission, established as a result of the tenuous peace

in Indochina following the end of the First Indochina War in 1954. Through all of this, the Colombo Plan was a constant.⁹ Despite the continuous nature of this contact, the Colombo Plan received little thoughtful attention. Indeed, Escott Reid, the Canadian high commissioner in India between 1952 and 1957, was practically alone in considering the overall international implications of the aid relationship between the two countries during his time as high commissioner. While India was not diplomatically unimportant to Canada, it ranked far below the major preoccupations of the United States, the United Kingdom, or occasionally other states in Western Europe.

Although Ottawa, through the Colombo Plan, gave aid to a number of Commonwealth and later non-Commonwealth countries, India has been chosen as the subject of study for this dissertation because of its key importance to the development of the Canadian aid program in the 1950s. In many ways, the story of the Canada-India aid relationship is the story of the early Canadian aid program. Between 1950 and 1960, India received about one-half of the entire Colombo Plan budget.¹⁰ India also presented Canada with diplomatic challenges given its adherence to the non-aligned movement in the Cold War; it “belonged” to neither West nor East.

Further, India’s immediate post-independence history under the leadership of Prime Minister Jawaharlal Nehru is a fascinating one for historians of development. Nehru’s self-conscious attitude toward development, and his ambitious plans to rapidly modernize his country through state-controlled industrialization, represents the proto-typical example of the vision of

⁹ For a full account of the Canada-India diplomatic relationship throughout these years, see Ryan Touhey, “Dealing with the Peacock: India in Canadian Foreign Policy, 1941-1976,” Unpublished PhD Dissertation, University of Waterloo, 2006, 93-297. The ICC was comprised of one communist member, Poland, one from the so-called free world, Canada, and one neutral country, India. It was to oversee the implementation of the Geneva Accords that had ended the Franco-Indochinese war in 1954. Often, India and Canada did not see eye to eye. For an account of this, see Douglas Ross, *In the Interests of Peace: Canada and Vietnam, 1954-1973*, (Toronto: UTP, 1984).

¹⁰ Department of External Affairs, Government of Canada, *Canada and the Colombo Plan*, (1962), 31.

development held by elites in what was then styled the “Third World.”¹¹ All of these factors make it an important object of study for anyone interested in the early history of the Canadian aid program. It must be noted that while India is important to Canada’s aid program, the reverse is not true. Canada and India had a positive, if somewhat superficial, diplomatic relationship during the 1950s, of which aid was one important factor, but the amount of aid that Canada gave to India was too small to be very relevant to India’s development plans.¹²

This dissertation is also a Cold War history, although a paradoxical one.¹³ Much was made of the supposed impact of the Colombo Plan in stemming the rising tide of communism in South and Southeast Asia, and there can be little doubt that this was an important motivating factor behind Canada’s decision to join the Plan and its very existence. Yet it is a mistake to see the Colombo Plan only in these terms. A few in Canada did fervently believe that Canadian aid in India was, or had the potential to be, an important factor in leading the government and population of that country away from communism. However, the Government of India (GOI),

¹¹ The term “Third World” came into usage in the early 1950s, first in French and then in English, but gained traction after the Bandung conference in 1955. Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2007), 2.

¹² Ryan Touhey argues that although Canada and India had a “cooperative” relationship during the 1950s, it did not have a “special” relationship, as Escott Reid later claimed. Touhey, *Dealing with the Peacock*, iii; 199-296.

¹³ For an overview on the growth of the Cold War as a historical sub-field, see Odd Arne Westad, “The Cold War and the International History of the Twentieth Century,” in Melvyn P. Leffler and Odd Arne Westad, eds., *The Cambridge History of the Cold War, Volume 1* (Cambridge: Cambridge University Press, 2012), 1-19. Naturally, the field grew extensively following the collapse of the Soviet Union and the subsequent availability of archival documents in former Soviet republics, and the increasing availability of formerly classified documents in the United States. The growth of university programs such as the Centre for Cold War Studies and International History at UC Santa Barbara and the publication *Journal of Cold War Studies*, first published in 1999, reflect this growing field. The publication of the three-volume *Cambridge History of the Cold War* shows the extensive interest in the history of the Cold War, as well as the “international and multidisciplinary approach” that post-1991 historiography has taken, which has focused as much on “the role of ideas, ideologies, and culture” as on standard political and diplomatic approaches. Odd Arne Westad, “The Cold War,” in *The Cambridge History of the Cold War, Volume 1*, 6. The role of the “Third World” as a proxy-site of conflict in the Cold War has been a topic of increasing interest in Cold War studies. See, for example, Michael E. Latham, *The Eisenhower Administration, the Third World, and the Globalization of the Cold War* (Lanham: Rowman and Littlefield, 2006); Odd Arne Westad, *The Global Cold War*; Artemy Kalinovsky and Sergey Radchenko, eds., *The End of the Cold War and the Third World: New Perspectives on Regional Conflict*, (New York: Routledge, 2011); Ragna Boden, “Cold War Economics: Soviet Aid to Indonesia,” *Journal of Cold War Studies* 10, no. 3 (Summer 2008): 110-128; as well as a number of the chapters in the *Cambridge History of the Cold War*, including Mark Philip Bradley, “Decolonization, the Global South, and the Cold War, 1919-1962,” in Leffler and Westad, *The Cambridge History of the Cold War, Volume 1*, 464-485.

under Nehru's leadership, heartily disliked any indication that aid was given for political purposes, and Canada carefully avoided giving any appearance that political reasons motivated its aid. Although both knew that this was a diplomatic pleasantry, it had real impact. The GOI did prefer accepting aid from Canada than from more overtly political sources, as in the case of the United States, because of this crafted appearance. However, necessity generally overwhelmed preference, and the GOI accepted large amounts of US aid during this time as well, either directly through bilateral means or indirectly through multilateral institutions like the World Bank.¹⁴

Another important factor to consider is the hard numbers. In 1950, the Colombo Plan covered an area which included approximately 531 million people.¹⁵ Of this, India had a population of 350 million.¹⁶ To this entire area Canada contributed only C\$25 million that year.¹⁷ While this figure doubled to C\$50 million annually by the end of the decade, the

¹⁴ American bilateral aid to India began with a US\$4.5 million sum for the Indo-American Technical Agreement signed in December 1950. Beginning in 1952, the US began to give annual aid allotments to India of approximately US\$65.5 million per year until 1957. By 1960, that figure had grown to US\$194.6 million annually as a result of the Indian financial crisis which will be covered in chapter 7. Dennis Merrill, *Bread and the Ballot: The United States and India's Economic Development, 1947-1963* (Chapel Hill: The University of North Carolina Press, 1990), 3. In comparison, Canada had allocated C\$223.4 million during the decade of the 1950s. For a summary of the Canadian program, see Appendix A in this document, "Projects and Programs of Canadian Bilateral Assistance to India 1950-1960."

¹⁵ This figure is not completely accurate, as it includes the entire population of Indonesia in 1950. However, in 1951, only North Borneo was a part of the Plan as an associate member with the United Kingdom. As a result, this figure is too high. Also, this includes the entire population of Malaysia in 1950, while in the Colombo Plan Sarawak and the Federation of Malaya were counted as separate entities. However, in order to make the comparison between 1950 and 1960, this discrepancy is unavoidable because the UN data does not disaggregate the various incarnations of colonial rule. This figure does not include the populations of the dominant donor countries as they were not the major recipients of aid, as the figure quoted in the original Colombo Plan document (570 million) seems to do (although if one were to include the donor countries into this total it would be 607 million – the discrepancy between the Colombo Plan document's figure and this figure is likely due to the inclusion of the entire Indonesian population.) United Nations, *World Population Prospects: The 2012 Revision, Volume I: Comprehensive Tables*, (2012), <http://www.un.org/en/development/desa/population/theme/trends/index.shtml> (accessed 2 April 2014), 109-116. National Archives of India [hereafter NAI], Western India States Agency, D. Files, Progs. Nos. 19-42, 1950, Text of the Statement by the Hon'ble Finance Minister on the Colombo Plan Presented to Parliament on 28th November, 1950 at 4.00 P.M. and attachment, "The Colombo Plan for Co-operative Economic Development in South and Southeast Asia," 2.

¹⁶ *Ibid*, 14.

¹⁷ All figures in Canadian dollars unless otherwise indicated. All figures will be provided in the nominal values.

population of the Colombo Plan area also rose to 728.3 million.¹⁸ India received between 45 and 60 percent of the annual Colombo Plan aid allotment in the 1950s. As this dissertation will show, the GOI did value this aid for various reasons, one of the most important being the country's ongoing difficulty in matching its heavy industrialization program with its limited foreign exchange holdings. It appreciated any relief that an external source could provide, especially when given in a manner perceived to be politically neutral. It is difficult to believe that any well-informed Canadian official who thought seriously upon the issue truly believed that this dramatically mismatched ODA could in any significant way address the problems that tended to be the subject of domestic speeches about the Plan. These usually focused on the masses of impoverished peoples in Asia and their vulnerability to communism. Certainly, the Colombo Plan made great speech material for Canadian politicians. However, officials within the Canadian and Indian governments had no illusions about what aid could achieve. That is why considerations of communism, usually thought about in terms of comparisons between Canadian and Soviet aid, rarely appeared in administrative-level discourse. The Cold War was at once both extremely important and almost irrelevant to the Canada-India aid relationship.

The Cold War had a paradoxical effect on the nature of the Canadian ODA program. The post-war context, on the other hand, had a much more straightforward impact. As chapter 1 will show, Canada's previous experience with aid had been tied to war and post-war aid and reconstruction, especially through the vehicle of the United Nations Relief and Rehabilitation Administration. Canada first gave food aid to the Government of India during the Second World War as part of the war effort. When Canada decided to join the Colombo Plan, this prior

¹⁸ The GNP of Canada in 1951, the first year that Canada contributed the C\$25 million figure, was C\$21.6 billion at market prices. This puts the C\$25 million figure at 0.12 percent of GNP. By 1960, the GNP had risen to C\$38.3 billion, which edged the Colombo Plan to GNP ratio up to 0.13 percent. Statistics Canada, *Historical Statistics of Canada, Section F: Gross national product, the capital stock, and productivity*, 29 July 1999, Statistics Canada, <http://www.statcan.gc.ca/pub/11-516-x/pdf/5500096-eng.pdf> (accessed April 4, 2014).

experience with aid determined how officials at the time thought about the nature of the program. The rhetoric may have been grandly political, but at the administrative level it was viewed as a temporary and technical initiative geared toward export promotion, and therefore housed within the Department of Trade and Commerce. As chapter 2 will demonstrate, the post-war context also influenced Canada's decision to join the program, since the pressure from the United Kingdom, based on their own financial hangovers from the war and India's unique place within these problems, swayed Canadian opinion. As a result, the program spent nearly ten years using outdated and inappropriate machinery. By the time the External Aid Office took over the aid administration and brought it into the Department of External Affairs in 1960, the Colombo Plan administration was thought to be a backwater for federal employees, known for incompetence and financial mismanagement. As a result, aid was not fully integrated into Canadian foreign policy during the early years of the program. When political scientist Keith Spicer wrote in his seminal book on Canadian aid, which included significant analysis of the Colombo Plan, that the "central and decisive fault of Canada's early programme" was the "refusal of Canadian governments until 1960 to adopt an explicit long-term view of aid and its administration," he failed to take this post-war context into consideration.¹⁹ Initially, since the Plan was on a six-year timeline, there was no incentive to think long-term. Soon after the program began, officials started to recognize that the Colombo Plan represented something quite different from the aid programs of the past. However, given that aid was not a policy priority for the governments of the 1950s, there was not much pressure placed on the program to resolve the administrative inconsistencies that held it back.

¹⁹ Keith Spicer, *A Samaritan State?: External Aid in Canada's Foreign Policy*, (Toronto: University of Toronto Press, 1966), 103.

These topics – foreign aid, foreign relations, the Cold War, the administration of the program – are all important subjects which will be discussed below. However, at its heart, this is a study not just of what happened externally, but of what was also happening internally. It will interrogate the intellectual context in which aid officials in both Canada and India worked, that is, in the context of high modernism.

High Modernism

What is high modernism? Political scientist and anthropologist James C. Scott writes that it is an ideology. According to Scott, modernism was the general belief in scientific and technical progress that accompanied industrialization in Western Europe and North America from 1830 until World War I. *High* modernism is an “amped-up” version of that faith that took over throughout the middle of the twentieth century:

It is best conceived as a strong, one might even say muscle-bound, version of the self-confidence about scientific and technical progress, the expansion of production, the growing satisfaction of human needs, the mastery of nature (including human nature), and, above all, the rational design of social order commensurate with the scientific understanding of natural laws. It originated, of course, in the West, as a by-product of unprecedented progress in science and industry.²⁰

Scott emphasizes that high modernism was not a scientific practice, but “as the term ‘ideology’ implies, a faith,” that borrowed from the legitimacy earned by science and technology during that period.²¹ Scott uses the term to understand some of the great failures of developmental projects in the twentieth century, including the disastrous villagization movement in Tanzania, urban planning projects gone awry as in the case of Brasília, and the obvious catastrophes associated with Soviet collectivization. His major critique of high modernism is of its imperialistic or hegemonic nature, and its tendency to devalue and dismiss local knowledge.

²⁰ James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition have Failed* (New Haven: Yale University Press, 1998), 4.

²¹ *Ibid.*

This imperialism is also, according to Scott, high modernism's fatal flaw, as without a necessary local knowledge base, what he terms *mētis*, major projects failed to achieve their goals, oftentimes with tragic results.

It is the hegemonic, or pervasive, nature of the ideology that Scott identifies which is useful for this study, rather than the dramatic consequences on which he tends to focus his work. It is also his identification of high modernism as a "faith" that makes it a helpful definition. Medieval European philosophers and naturalists could not postulate theories about humans and nature outside of a Christian worldview. Similarly, government officials working in Ottawa and New Delhi in the 1950s had been steeped in a high modernist worldview to such an extent that alternative concepts of the desired futures of their economies and societies did not, for them, exist. India's adherence to what is now commonly viewed as an unrealistic strategy for rapid mass industrialization through state planning, and Canada's support of those plans through its aid, was an expression of this worldview. Canadian officials may have questioned how effectively the GOI used the aid for this purpose, but the purpose itself, and the belief that aid if properly used could help achieve that purpose, was never questioned.

Thirty years ago, Marxist philosopher Marshall Berman also highlighted this pervasiveness as a hallmark of the experience of living in modernity: "[t]o be modern is to be part of a universe in which, as Marx said, 'all that is solid melts into air.'"²² Berman uses Johann Wolfgang von Goethe's *Faust* as a tool with which to explore not only the modern experience but also as an early expression of the relationship between the desire for development and modernity itself. According to Berman, in Goethe's imagining of the classic tale, the bargain Faust strikes with Mephistopheles is not just for the physical trappings of power, but for a radical

²² Marshall Berman, *All that is Solid Melts into Air: The Experience of Modernity* (New York: Viking Penguin, 1988), 15.

transformation of “the whole physical and social and moral world he lives in,” a radical transformation that is necessary for the modern experience.²³ In Berman’s assessment, for Goethe, self-development and economic development must come together as one “before either of these archetypally modern promises can be fulfilled.”²⁴ In following the Faustian tradition, the radical transformation that Faust desires comes with a great cost, constructive and destructive at the same time. In applying this model to what he terms the “Third World,” Berman argues that the “Faustian split” takes the form of large, modern development projects, which both create the potential for new economic growth, but inevitably destroys what was there before.²⁵

Whether or not one finds Berman’s Marxist analysis of Goethe’s work valid, his assertions about the “air” of modernity that spread in the twentieth century, and the creative and destructive potential of development and modernism, are applicable in the light of the experience of post-war international development and aid. An Indian analogy can be found in the Hindu conception of the *trimūrti* located in the scriptural texts of the Purāṇas, where a constant tension exists between Brahmā, the creator, and Śiva, the destroyer.²⁶ Policy-makers and administrators, working on behalf of economic development in the 1950s did seek a radical transformation in India, but their appreciation and pursuit of the creative promise of industrialization led them to neglect and ignore its equally destructive potential. There is no more revealing an example than Canada’s participation in funding the Mayurakshi dam project, which displaced thousands of indigenous Santhal peoples to make way for a dam to control flooding, create irrigation for

²³ Ibid, 40.

²⁴ Ibid.

²⁵ Berman also argues that in the West many positives have resulted from the changes modernity has wrought, whereas in the “Third World” development projects have been notoriously unsuccessful at bringing positive changes. Ibid, 74. Michael Cohen and Robert Shenton use Berman’s analysis of *Faust* in their own consideration of Joseph Schumpeter’s contribution to what they term the doctrine of development, or developmentalism. See M.P. Cohen and R.W. Shenton, *Doctrines of Development* (New York: Routledge, 1996), 374-476.

²⁶ G.M. Bailey, “Trifunctional Elements in the Mythology of the Hindu Trimūrti,” *Numen* 26, no. 2 (December 1979): 152-163.

modern agriculture, and generate electricity. The project generated no comment in Ottawa regarding this displacement. Perhaps the ideology of high modernism was not so much an air as it was a fog, obscuring the impact of development projects on the lives of those affected, and reducing the concept of impact into the plain figures of how much money, how many commodities, and how many skills Canada shipped overseas.

Economist Michael Cowen and historian Robert Shenton's impressive volume *Doctrines of Development* is a rigorous and wide-ranging interrogation of the intellectual background of the idea of development. They trace back the growth of these doctrines to the formation of the idea of trusteeship in nineteenth-century Europe, which they argue formed as reaction to the dissatisfaction with the social disorder caused by capitalist industrialization. Cowen and Shenton point to important nineteenth-century philosophical influences, such as the Saint-Simonians, John Stuart Mill, and John Henry Newman as crucial in forming the intellectual basis for the doctrines of development. In their view, the spread of the trusteeship, primarily through the colonial development enterprise, is still an active part of development today, even by those who consider to be practicing "alternative" modes of development.²⁷ Post-development theorist Gilbert Rist also describes development as a "part of our modern religion," emphasizing its metamorphoses from a western "myth" to a "global faith."²⁸ Rist traces the origins of the myth back ever further to Aristotle and Augustine.²⁹

²⁷ Cowen and Shenton, *Doctrines of Development*. See also, Michael Cowen and Robert Shenton, "The Origin and Course of Fabian Colonialism in Africa," *Journal of Historical Sociology* 4, no. 2 (June 1991): 143-169; Michael Cowen and Robert Shenton, "The Invention of Development," in Jonathan Crush, ed., *Power of Development* (New York: Routledge, 1995, 27-43).

²⁸ Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London: Zed Books, 2006, first published 2002), 21.

²⁹ *Ibid*, 28-43. It is important to note that Rist's brief survey of the historical philosophical origins of the "myth" of development in no way represents a rigorous historical analysis. Like Cowen and Shenton, Rist operates on a philosophical plane in articulating these ideas, rather than a historical plane.

It is all too easy to allow hindsight to guide one's perception of the past. Contemporary researchers justly focus on two main streams of research in surveys of modern development practice: "development economics and socio-political development theories."³⁰ They point to development economists of the 1940s, 1950s, and 1960s – figures such as Paul Rosenstein-Rodan, W.W. Rostow and Gunnar Myrdal – who remain important figures in the history of modern development practice.³¹ Sociologist Daniel Lerner's 1958 *The Passing of Traditional Society: Modernizing the Middle East* is sometimes referred to as the "Bible of modernization theory" and was highly influential in American development policy-making.³² However, as political scientist John Martinussen points out, the connection between growth and development "was not generally accepted within mainstream development economics in the 1950s They rather conceived of economic growth as the supreme goal in itself; it was economic growth that the poor countries needed."³³ Thinking about "development" itself in terms of its human impact, much less the sociological implications of modernization as defined by Lerner or Myrdal, was years away in 1950 when the Colombo Plan began.³⁴

³⁰ This is how John Martinussen usefully divides his survey of development thinking. John Martinussen, *Society, State and Market: A Guide to Competing Theories of Development* (London: Zed Books, 1997), 18.

³¹ For example, the World Bank publication *Pioneers in Development* includes ten "pioneers," all development economists, such as Peter Thomas Bauer, Albert O. Hirschman, Arthur Lewis, Myrdal, Rosenstein-Rodan, and Rostow. Joseph Schumpeter and his work *The Theory of Economic Development* was an important starting point for inspiration for many of these economists. See Martinussen, *Society, State and Market*, 23-24; Gerald M. Meier and Dudley Seers, *Pioneers in Development* (Oxford: Oxford University Press, 1984); Jan Nederveen Pieterse, *Development Theory: Deconstructions/Reconstructions, Second Edition* (Washington, D.C.: Sage Publications, 2010), 23.

³² See Hemant Shah, *The Production of Modernization: Daniel Lerner, Mass Media, and the Passing of Traditional Society* (Philadelphia: Temple University Press, 2011).

³³ Martinussen, *Society, State and Market*, 36.

³⁴ The concept of "human" development is associated with scholars such as Mahbub ul Haq, who founded the UNDP's *Human Development Reports* in the 1970s and created an approach to development that measures factors such as health, education, and environmental factors alongside economic growth in determining the developmental state of a given nation. See Mahbub ul Haq, *Reflections on Human Development* (Oxford: Oxford University Press, 1999). Other scholars associated with this approach are Richard Jolly, Hans Singer, Amartya Sen and Paul Streeten. David Simon, ed. *Fifty Key Thinkers on Development* (New York: Routledge, 2005).

For this dissertation, then, it is important to make the distinction between *modernization theory*, as represented by figures such as Rostow or Lerner, and *high modernism* as an ideology or faith as defined by Scott, Berman, Cowen and Shenton, and Rist. While modernization, usually expressed as industrialization, was an implicit and expressed part of the modernism that underlay the practice of aid-giving and receiving in the 1950s, its origins can only partially be found in the contemporary development theorists of the day. Taking the time to carefully examine the beginning of the modern practice of development forces one not to move too briskly between the realm of ideas and the practice of development and aid as it was. The years between 1950 and 1960 were very fertile for the newly emerging field of development theory. However, these ideas took time to permeate into policy-making. As a result, this dissertation will spend some time discussing what aid and development meant in both countries prior to 1950, as well as how modernization theory grew up alongside the practice of development.

However, it is important to note that while this can be read as an exploration of high modernism it is in no way a criticism of the historical actors themselves, the officials and bureaucrats who set about working on the task of administering aid and creating development both in Canada and India. The very point is that the air of modernity had so permeated the accepted norms of social and economic life that the officials acted in predictable accordance with the positive values of their time. Canadian historians have noted the extent to which the culture of the Cold War, and its notorious inhospitality toward radical or counter-cultural thinking, penetrated the Canadian government during the 1950s.³⁵ However, to have thought outside of the constructs defined by developmental thinking in 1950s Ottawa would have gone beyond

³⁵ See Reg Whitaker and Gary Marcuse, *Cold War Canada: The Making of a National Insecurity State, 1945-1957* (Toronto: University of Toronto Press, 1994); Gary Kinsman, "'Character Weaknesses' and 'Fruit Machines': Towards and Analysis of the Anti-Homosexual Security Campaign in the Canadian Civil Service," *Labour/Le Travail* 35 (Spring 1995): 133-161. For insight into the cultural context of the Cold War in Canada, see Richard Cavell, ed., *Love, Hate, and Fear in Canada's Cold War* (Toronto: University of Toronto Press, 2004).

radicalism as it was even perceived in this era, since Marxists and socialists too, thought about “development” and “underdevelopment” in the same way that mainstream economists of their era did.³⁶

During the 1950s and 1960s, aid had an air of motherhood around it, and the only opponents it tended to find were those that felt the money should be spent domestically rather than internationally. However, in the 1970s, that changed. Beginning with the publication of Teresa Hayter’s 1971 book, *Aid as Imperialism*, leftist critics argued that aid, through the perpetuation of the capitalist system, enacted a new form of neo-colonialism used to control the countries of the developing world.³⁷ This critique grew alongside a critique of development more generally, usually informed by radical, Marxist perspectives.³⁸ Focusing on US aid, critics exposed what they deemed the cynical uses of aid: to fulfill national security goals; to open markets to exports; and, to partake in the extravagant lifestyle that prestigious positions in

³⁶ Although in 1957 Marxist economist Paul A. Baran published a monograph that attributed the success of more industrialized countries to the consequent “underdevelopment” of less industrialized countries, and to relate that concept to imperialism, an idea that later gained prominence among Marxist economists in the 1970s. Paul A. Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957).

³⁷ Teresa Hayter, *Aid as Imperialism* (Baltimore: Penguin, 1971). Ironically, Hayter’s work was originally written for the British Overseas Development Institute (ODI), a think-tank that focuses on international development and humanitarian issues, and financed largely by the World Bank. Her assessment took such a radical turn that the ODI refused to publish it.

³⁸ In the late 1960s and 1970s, several schools of thought that used the tools of Marxist analysis to postulate theories about the “underdeveloped” state of “the Third World” arose. Although there were many differences in their methods, in general, these theorists attributed the conditions of underdevelopment to the outcome of international capitalism and its predecessor, mercantilism, by maintaining a political and class-based system of domination that advantaged western European economies at the expense of the rest of the world. They were known as dependency or world-systems theorists. For example, Andre Gunder Frank, “The Development of Underdevelopment,” *Monthly Review* 18, no. 4 (September 1966): 17-31; Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America*, Translated by Marjor Mattingly Urquidi (Berkeley: University of California Press, 1979, first published 1971); Immanuel Wallerstein, *The Modern World System, Volume 1*, (New York: Academic Press, 1974); Samir Amin, *An Essay on the Social Formations of Peripheral Capitalism*, Translated by Brian Pearce (New York: Monthly Review Press, 1976); Samir Amin, *Imperialism and Unequal Development* (New York: Monthly Review Press, 1977); Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America*, Translated by Marjor Mattingly Urquidi (Berkeley: University of California Press, 1979, first published 1971).

multilateral agencies sometimes provided.³⁹ It can be safely asserted that *no* Canadian aid official led an extravagant lifestyle as a result of their work for the Colombo Plan. That said, Canadian policy with respect to ODA was often “cynical”, although it was not thought to be so at the time. Ottawa officials had no hesitation in using aid as a tool to promote Canadian exports, to realize larger geo-political and diplomatic goals, or to relieve wheat surpluses in Canada, among other policy initiatives. These were all considered absolutely legitimate and positive outcomes of aid. Politicians tended to emphasize the suffering masses in their speeches, but they also emphasized the large amount of money spent within Canada on the aid program. They considered this to be politically necessary in order to “sell” development to their citizens as well as to their opponents who believed that “charity” began at home.

However, neither Canadian nor Indian officials thought of aid as charity. This honesty about the self-serving goals of the Colombo Plan leads to another theme which will be developed in this dissertation. In the 1950s, the Canada-India aid relationship was much more reciprocal and negotiated than the “aid as imperialism” critique allows. Indian officials had no illusions about the purposes of Canadian aid. Naturally, Canada could never have had the kind of geo-political influence that made India so skeptical of American, and, to a lesser degree, Soviet aid. The GOI did appreciate the politeness with which Canada hid what minor geo-political ambitions the aid program intended. However, Canadian officials wore their economic ambitions on their sleeve. As a result, Indian officials felt their job was to extract what benefit they could out of the Canadian program. They did not unthinkingly accept what was offered by

³⁹ See, for example, Steve Weissman et al., *The Trojan Horse: A Radical Look at Foreign Aid* (Palo Alto: Ramparts Press, 1975); Teresa Hayter and Catherine Watson, *Aid: Rhetoric and Reality* (London: Pluto Press, 1985); Graham Hancock, *Lords of Poverty: The Free-Wheeling Lifestyles, Power, Prestige, and Corruption of the Multi-Billion Dollar Aid Business* (London: MacMillan London, 1989). For the Canadian corollary of these critiques based on the dependency thesis, see Robert Carty, Virginia Smith & LAWG, *Perpetuating Poverty: The Political Economy of Canadian Foreign Aid* (Toronto: Between the Lines Press, 1981); Robert Carty, “Giving for Gain: Foreign Aid and CIDA, in Richard Swift and Robert Clarke, eds., *Ties that Bind: Canada and the Third World* (Toronto: Between the Lines Press, 1982), 149-211.

their supposed benefactors. The GOI negotiated and lobbied for what it needed, understanding that Canada benefitted from the program as much, if not more, than India did. While this tended to irritate some Canadians, over the years important officials within the DEA and the DF developed a respect for the Indian approach, and advocated for India when they felt that Canadian politics negatively affected the aid program, particularly during the Diefenbaker administration.

The influence of western culture was at work in the aid relationship, but it was not as simple as those who argue that aid is a form of neo-colonialism have traditionally emphasized. This impact was reflected in the acceptance within the Nehru government in India of a widespread industrial modernization project.⁴⁰ The independence movement, and Nehru himself, had been deeply influenced by reactionary Gandhian approaches that advocated a return to traditional, self-sufficient economies. Nehru turned away from those approaches, and although he adopted Gandhi's concept of self-sufficiency, he thought of it on a national scale rather than at the village level. Influenced by the planning movement in Great Britain in the 1920s and 1930s, as well as the success of Soviet models due to the rapid industrialization of that region, if not by its authoritarian approaches, Nehru and like-minded colleagues within Congress advocated a socialist-style economy within a democratic context that prioritized industrial growth. For international economists beginning to work in the burgeoning field of development economics, India represented a kind of experimental terrain where ideas and theories could be tested. Nehru gave P.C. Mahalanobis, an Indian statistician, the freedom to develop the core of the Second Five Year Plan, an ambitious but problematic program of rapid industrialization to span the years between 1956 and 1960.

⁴⁰ For a discussion on the idea of a "development regime" within India that traces it back to the British colonial era, see David Ludden, "India's Development Regime," in Nicholas B. Dirks, ed. *Colonialism and Culture* (Ann Arbor: University of Michigan Press, 1992), 247-287.

However, to criticize Nehru and the Indian National Congress (INC) for accepting these approaches so enthusiastically is once again wrong-headed. They, too, operated within the “air” of high modernism, and while Gandhi’s spiritual entreaties appealed to many, for Nehru and the bulk of Indian politicians and businesspeople, this was not a realistic path. Their reality focused, understandably, on who was poor, who was not poor, and how economic growth had been achieved in Europe, North America, and in other richer countries.⁴¹ They chose the obvious, and perhaps only, path that seemed to be available to them. To see them as collaborationists in a neo-imperialist scheme is to disregard the historical context in which they lived.

Not only did Nehru carefully cultivate his vision of a non-aligned state, but to assume that the adoption of western models of economic growth is necessarily co-option is misguided. As will be explored in chapter one, India’s colonial history played a crucial role in creating what “development” meant to Indian elites at independence in 1947. It was a collaborative process, emerging out of the interplay between Indian elites, such as political activists in Congress and industrialists, the colonial government, and ideas about the role of the state in government that had become popular in Great Britain. Despite the importance of British imperialism to this history, to attempt to separate out what is authentically “Indian” from the colonial is counterproductive. Indian industrialists and Indian political elites took from imperial models of government and economics what appealed to their intellects, and what helped them gain wealth, power, and status, either personally or for the country at large.

Within this framework of analysis, it is more accurate to see Nehru’s ambitions as an attempt to appropriate Western models for the Indian context in order to achieve absolute

⁴¹ It is important to note that even the idea of poverty itself has come under contestation among some theorists, as post-modern theorists have urged a rethinking of the concept based on the notion that it is itself a cultural construct. See Majid Rahnema, “Poverty,” in Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge as Power* (London, Zed Books, 2007, first published in 1992), 158-176.

political independence. That Nehru was forced into accepting large amounts of U.S. aid as a result of the failure of the Second Five-Year Plan to achieve its goals could be read as an expression of neo-colonialism. Nehru did feel defeated as a result of this capitulation. However, the driving force in all of this was not imperial ambition; it was a faith, driven by the historical context of the ascension of high modernist values, that industrialization could achieve a certain version of success shared by elites worldwide, India included.

The Assumptions of Modernity

How did the assumptions of modernity play out in the aid relationship? The first, and most significant way was in the type of project chosen for funding. Food aid in the form of shipments of Canadian wheat to India comprised the largest single real grant of aid from Canada to India. However, food aid did not qualify as “economic development” as officials understood it in the early 1950s, and the legislation that brought the Colombo Plan into being in Canada specifically required that moneys voted for the Colombo Plan be for “economic development” purposes. Canadian and Indian officials working in the 1950s only considered funding for technical and capital assistance, defined rather narrowly, to be true economic development aid. Technical assistance had multiple meanings; it could include the transfer of skills through training by Canadian “experts,” the employment of Canadian professionals on projects in India, or educational training of Indians in Canada. Capital assistance projects primarily took the form of the shipment of Canadian equipment to India, such as trucks or locomotive boilers. Sometimes, Canadian aid combined the two, especially during the atomic reactor project and the hydro-electric dam projects, which used Canadian professionals and Canadian equipment in the construction process. In order to “turn” Canadian wheat into economic development, they used the concept of counterpart funds in which the rupee sales collected by the Indian government

would be used for technical or capital assistance projects within India. This was a highly problematic technical exercise, as will be discussed below. Non-food commodities, or the provision of industrial metals like aluminum and copper occupied a bit of a grey area, and officials justified this non-project aid because it contributed to the smoother functioning of industrial factories in India.

The vast majority of Canadian-funded technical or capital assistance, either funded directly or through counterpart funds, went toward projects that had been defined, initiated, and administered by the Indian government. Indian and Canadian officials looked for a “magic formula” which matched Canadian goods and skills to Indian development projects. Canada rarely initiated a project in India, with the one significant exception being the Canada-India reactor project which Canada proposed to India in 1955. As a result, most projects funded by the Canadian government in some way contributed toward India’s own concept of development through industrialization, a concept shared by those working in the Canadian government. Therefore, the vast majority of Canadian aid went toward the building of transportation networks, the provision of electricity to non-electrified areas, the modernization of agriculture through irrigation and the provision of fertilizers, and the advancement of nuclear science through the atomic reactor project. What this reflected was a shared belief that modernization, industrialization, and the advancement of science were the only methods through which the GOI could address its poverty.

Canadian officials also paid little attention to the mechanics through which aid translated into poverty reduction, partly because the projects that the Canadian government funded were Indian projects. Ottawa did not have a role in the planning and preparation of the projects, and so did not feel responsible for the operation of those programs. While officials did commission

Canadian experts to tell them about the technical feasibility and “soundness” of, for example, hydro-electric dams, and sometimes made quite subjective judgements about what types of projects they felt to be “appropriate,” they gave little consideration to exactly how Canadian aid dollars made people less poor. This is because the relationship between modernization and wealth was so self-evident to officials of the time that they did not feel it merited discussion. In North America, for example, irrigation, mechanization, and fertilizers had revolutionized farming productivity, and so it was obvious that it would also do so in India, which would inevitably lead to better fed, wealthier, and healthier people. The technical feasibility of a hydro-electric dam, then, was the only barrier to a whole series of positive changes, making this obvious point, (at least to 1950s officials and politicians), the only worthwhile focus of examination. Occasionally Canadian officials also worried about the competence of Indian management and skills; however, if a given project led to a successful technical execution of that project, they considered it a success.

As a result, officials did not collect data about the outcomes of their aid-funded projects. Once the dam had been built, or the locomotives delivered, they gave no thought to whether or not the assumed impacts had been achieved. Of course, this would have been difficult, since they never articulated the assumed impacts in the first place. While some projects, such as the provision of locomotives, did require ongoing communication with the GOI since they occasionally needed spare parts, Canadian and Indian officials deemed it to be the GOI’s responsibility to monitor whether or not an aid-funded project had achieved its purpose. Usually after the money had been spent, Canadian involvement ended.

As well, Canadian officials did not consider the make-up of targeted populations. As a result, they did not differentiate between men and women, or mainstream and minority

populations. Officials gave virtually no thought to those who might be affected by aid-funded projects. Once again, this was deemed to be a responsibility of the GOI. That the impacts might be felt disproportionately, or benefits might accrue unequally depending on whom it reached, did not occur to Canadian officials. The thinking of the time viewed all modernization and industrialization as progress. The populations most at risk for communism were those not affected by the reach of modernization and therefore poor by the definition imposed by high modernist ideology. If a project did not achieve its goals, or even if that project inflicted harm on an impacted population, this did not necessarily mean it was a failure. For the GOI, “failure” was the continuation of the status quo, with large segments of their population living in “backward” societies and conditions. For Canada, “failure” was the loss of India to communism given Ottawa’s belief that “backward” and impoverished people were easy prey for communist influence.

This failure to “see” those whom aid was supposed to help supports critiques made in the past few decades about the inherently gendered, classist and racialized nature of the ideology of modernism and its expression in development. As feminist philosopher Sandra Harding has observed, “institutions of Western modernity and their scientific and political philosophies, designed by and for men in elite classes, persistently create meanings and practices of modernity which create fearful specters of ‘the feminine’ and the ‘primitive.’”⁴² The active retreat from these “specters” has, in Harding’s view, fed the impulse to spread western forms of modernization through development.⁴³ Feminist post-colonial scholars have found parallels between the theoretical framework first popularized by Edward Said in his discussion of imperial

⁴² Sandra Harding, *Sciences From Below: Feminisms, Postcolonialities, and Modernities* (Durham: Duke University Press, 2008), 2.

⁴³ *Ibid*, 10-11; A substantial literature has grown up in the past twenty-five years on the missing female voice in conventional development, beginning with the Esther Boserup’s path breaking *Women’s Role in Economic Development* (London: Earthscan, 1989, first edition published in 1970).

constructions of “the other” as foundational to the western imagination in his famous book *Orientalism*, and the modern practice of development.⁴⁴ As Chandra Talpade Mohanty argues, “only from the vantage point of the west is it possible to define the Third World as underdeveloped and economically dependent. Without the over-determined discourse that creates the Third World there would be no (singular and privileged) First World.”⁴⁵ While Mohanty chastises western feminists in the 1970s and 1980s for writing about “Third World women” as a singular, undifferentiated unit, in the period described in this dissertation high modernism so shaped the dominant worldview that women are simply absent in the discourse and power structures involved in the Canada-India aid relationship.⁴⁶

The Literature

Canadian aid has not received much attention from historians, partly because it is a relatively new phenomenon, and partly because it has represented only a small part of the larger post-war Canadian foreign policy story. The latter has been very well documented by many outstanding historians, but rarely has the subject of aid provoked much interest among these authors. Where Canadian aid has received attention in the historical literature, it is usually mentioned in passing, cited as just one example among many of the outward turn of Canadian foreign policy in the post-war years.⁴⁷ This paper will not disrupt this assessment of the

⁴⁴ Edward Said, *Orientalism* (New York: Vintage Books, 1994).

⁴⁵ Chandra Talpade Mohanty, *Feminism Without Borders: Decolonizing Theory, Practicing Solidarity* (Durham: Duke University Press, 2003), 42. However, post-colonial and post-modern feminist critics have challenged capitalism and development itself as an agent of oppression against the feminine “other”. For example, see Jane L. Parpart, “Who is the ‘Other’?: A Postmodern Feminist Critique of Women and Development Theory and Practice,” *Development and Change* 24 (1993): 439-464; Marianne H. Marchand and Jane L. Parpart, eds., *Feminism/Postmodernism/Development* (New York: Routledge: 2003, first published in 1994).

⁴⁶ The only exception to this is the presence of B.M. Meagher in the Department of External Affairs in the early 1950s. She went on to become the first woman to hold the title of “Ambassador” when she became ambassador to Israel in 1958. *Historica Canada*, “Blanche Margaret Meagher,” *Historica Canada*, <http://thecanadianencyclopedia.com/en/article/blanche-margaret-meagher/> (accessed 24 April 2014).

⁴⁷ See, for example Robert Bothwell, Ian Drummond and John English, *Canada Since 1945, Revised Edition* (Toronto: University of Toronto Press, 1989), 189; Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984* (Vancouver: UBC Press, 2007), 79-80, 112, 299; Donald Creighton, *The Forked Road, 1939-1957*

importance of Canadian aid to overall foreign policy objectives. Aid simply did not have the same pressing importance attached to it as did other foreign policy areas and issues during the prickly Cold War years. As a result, it has remained largely unexplored terrain, albeit with some important exceptions, which will become clear below. This dissertation intends to help to address that lacuna given the increasing interest among historians in the history of aid and development, and its specific importance to the Canadian-Indian foreign affairs during this period.⁴⁸

Some have focused more specifically on the history of Canadian foreign aid, although not many. Nigerian historian Ademola Adeleke's unpublished University of Toronto dissertation, "Ties without Strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980," and his subsequent articles on the subject are still the most comprehensive study of the Plan itself by an historian.⁴⁹ Historian Ryan Touhey focuses on the Plan as an important component of his study of the larger history of Canadian-India relations in his unpublished dissertation, "Dealing with the Peacock: India in Canadian Foreign Policy, 1841-1976."⁵⁰ Bruce Muirhead and Ronald Harpelle's book *IDRC: 40 Years of Ideas, Innovation, and Impact* tells the important story of one

(Toronto: McClelland and Stewart, 1976), 193-194; John Hilliker and Donald Barry, *Canada's Department of External Affairs, Volume II: Coming of Age, 1946-1968* (Montreal-Kingston: McGill-Queen's University Press, 1995) 82-85; Norman Hillmer and J.L. Granatstein, *Empire to Umpire* (Toronto: Irwin Publishing, 1994), 212-213; *Canadian Foreign Policy: 1945-2000: Major Documents and Speeches* edited by Arthur E. Blanchette includes a speech by Lester B. Pearson on the Colombo Plan, "Canada and the Colombo Plan: Statement by SSEA L.B. Pearson, House of Commons, February 21, 1951. (Extracts)," in *Canadian Foreign Policy*, (Toronto: Dundurn, 2000), 169-171.

⁴⁸ Canadian foreign policy analysts often use aid as a proxy for our presence on the world stage and how much Canada is contributing to positive international relations. For example, see Jennifer Welsh, *At Home in the World: Canada's Vision for the 21st Century* (Toronto: Harper Perennial, 2004); Andrew Cohen, *While Canada Slept: How We Lost our Place in the World*, (Toronto: McClelland and Stewart Ltd., 2003).

⁴⁹ See Ademola Adeleke, "Ties Without Strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980," Unpublished Dissertation, University of Toronto, 1996; Ademola Adeleke, "Playing Fairy Godmother to the Commonwealth: The United States and the Colombo Plan," *Commonwealth and Comparative Politics* 42, no. 3 (2004): 393-411; Ademola Adeleke, "'Cocksparrow Diplomacy': Percy Spender, The Colombo Plan and Commonwealth Relations," *Australian Journal of Politics and History* 54, no. 2 (2008): 173-184.

⁵⁰Touhey, "Dealing with the Peacock." Some exciting new work on the related topic of the history of Canadian non-governmental organizations is now being done, including the publication of Ruth Compton-Brouwer new monograph, *Canada's Global Villagers: CUSO in Development, 1961-86* (Vancouver: UBC Press, 2013); Also, see Dominique Marshall and Julia Sterparn, "Oxfam Aid to Canada's First Nations, 1962-1975: Eating Lynx, Starving for Jobs, and Flying a Talking Bird," *Journal of the Canadian Historical Association* 22, no. 2 (2012): 298-343.

of Canada's original contributions to the field of development practice through the history of the International Development Research Centre. While it discusses a later period of research, it is to date the only published monograph written by professional historians solely dedicated to the topic of Canadian international development practice.⁵¹

Much more has been written about Canadian aid outside of the field of history. Political scientist David Morrison also wrote an authoritative monograph which details the history of the Canadian International Development Agency (CIDA), the then-newly established agency that inherited the Canadian aid program in 1968. Although the book's primary focus is on the post-1968 history of the program, his second chapter, "The Early Years, 1950-1966" does provide a brief, although detailed, survey of the first years of the program.⁵² It established an important precedent for this dissertation. In the 1960s, Keith Spicer wrote a dissertation in the Department of Political Science at the University of Toronto, and went on to publish one of the most important, and certainly the first, monograph on the subject, *A Samaritan State? External Aid in Canada's Foreign Policy*.⁵³ Douglas LePan, a former Canadian diplomat who worked in the Department of External Affairs, published one of the most important primary sources on the founding of the Plan in his memoir *Bright Glass of Memory: A Set of Four Memoirs* in 1979.⁵⁴ Patricia Jean Appavoo wrote a 1989 PhD dissertation comparing Swedish and Canadian "small state" donor policies between 1960 and 1976, and does briefly look at the pre-1960 period as

⁵¹ Bruce Muirhead and Ronald N. Harpelle, *IDRC: 40 Years of Ideas, Innovation, and Impact* (Waterloo: Wilfrid Laurier University Press, 2010).

⁵² David Morrison, *Aid and Ebb Tide: A History of CIDA and Canadian Development Assistance* (Waterloo: Wilfrid Laurier University Press, 1998), 27-56.

⁵³ James Keith Spicer, "External Aid in Canadian Foreign Policy: A Political and Administrative Study of Canada's Assistance Under the Colombo Plan," Unpublished Dissertation, University of Toronto, 1962; Spicer, *A Samaritan State?*; See also Keith Spicer, "The Administration of Canadian Colombo Plan Aid," *International Journal* 16, no. 2 (Spring 1961): 169-182; Keith Spicer, "Clubmanship Upstaged: Canada's Twenty Years in the Colombo Plan," *International Journal* 25, no. 1 (Winter 1969/1970): 23-33.

⁵⁴ Douglas LePan, *Bright Glass of Memory: A Set of Four Memoirs* (Toronto: McGraw-Hill Ryerson, 1979).

well.⁵⁵ Since the emergence of Canadian international development studies programs in the 1980s, a number of scholars, primarily representing the field of political science, have written about Canadian aid. These works, however, tend to be focused on current and possible future aid policy, rather than examining the history of the aid program.⁵⁶

While all very useful and important works, this dissertation will depart from their example in two significant ways. Firstly, scholarship on the Canadian aid program, or the Colombo Plan more generally, has tended to focus primarily on the motivations behind aid expenditure or on the overall foreign policy context and how it fit into our relationship with important diplomatic partners. While those subjects will be examined as well, particularly in the second chapter that looks at Canada's initiation into the Plan, its primary focus will be on detailing the decision-making process around aid projects and describing the results of those decisions. It will not be an "on the ground" perspective, as most of the work that Canadian aid funded was carried out by the Indian government, as well as by a variety of Indian and Canadian

⁵⁵ Patricia Jean Appavoo, "The Small State as Donor: Canadian and Swedish Development Assistance Policies, 1960-1976," Unpublished Dissertation, University of Toronto, 1989.

⁵⁶ For example, Brian M. Morrison wrote specifically, albeit briefly, about the uniqueness of the Canada-India aid relationship in his chapter "Canada and South Asia" in Peyton V. Lyon and Tareq Y. Ismael, *Canada and the Third World* (Toronto: MacMillan of Canada, 1976), 1-59; Peyton V. Lyon and Brian W. Tomlin, *Canada as an International Actor* (Toronto: MacMillan of Canada, 1979), 140-162; Cranford Pratt dominated this field in the 1980s and 1990s, urging the government to adopt a "humane internationalist" perspective in opposition to what he saw as more cynical and self-serving geopolitical and commercial motivations. See, for example, Cranford Pratt, ed. *Middle Power Internationalism: The North-South Dimension* (Montreal-Kingston: McGill-Queen's University Press, 1990); Cranford Pratt, "Canadian International Development Assistance: A Profile" and "Humane Internationalism and Canadian Development Assistance Policies," in Cranford Pratt, ed. *Canadian International Development Assistance Policies: An Appraisal, Second Edition* (Montreal & Kingston: McGill-Queen's University Press, 1996); 3-24, 334-370. The Canadian literature has tended to focus on the Canadian government's motivations for giving aid, public perceptions of aid, and the difficulties that CIDA encountered in fulfilling its mandate. See, for example, Kim Richard Nossal, "Mixed Motives Revisited: Canada's Interest in Development Assistance," *Canadian Journal of Political Science* 21, no. 1 (March 1988): 35-56; Arnold de Silva, "The Allocation of Canada's Bilateral Foreign Aid," *Canadian Journal of Development Studies* 23, no. 1 (2002): 47-67; Edward Opoku-Dapaah, "International Aid: A Study of Canadian Opinions," *Canadian Journal of Development Studies* 23, no. 4 (2002): 775-798; David R. Black and Rebecca Tiessen, "The Canadian International Development Agency: New Policies, Old Problems," *Canadian Journal of Development Studies* 28, no. 2 (2007): 191-212; Barry Carin and Gordon Smith, *Reinventing CIDA* (Calgary: Canadian Defence & Foreign Affairs Institute, 2010); for an excellent and recent volume on the issues and problems that have confronted aid for the past decade, see Stephen Brown, ed. *Struggling for Effectiveness: CIDA and Canadian Foreign Aid* (Montreal & Kingston: McGill-Queen's University Press, 2012); Stephen Brown, Molly den Heyer, and David R. Black, *Rethinking Canadian Aid* (Ottawa: University of Ottawa Press, forthcoming).

companies and professionals. This project has drawn primarily on governmental documentary evidence found in Library and Archives Canada as well as a variety of other archives, including the National Archives of India, and the Nehru Memorial Museum and Library. The vast majority of Canadian aid was spent on capital projects and commodities purchases, which fall in the realm of government procurement and oversight, and this will be the focus.⁵⁷

Further, this work will be part of a growing field of literature emerging primarily out of the United States, which presents the history of aid in the context of the larger field of international development studies (IDS). IDS has traditionally been the domain of social scientists, ranging from highly theoretical discourse analysis to very practical research into best practices. Many development theorists have been keenly interested in the past. Much of the initial work done by the early development economists was aimed at uncovering what made development happen in industrialized countries, and in seeking a formula to recreate that same process, only much more quickly, in the context of what they viewed as “underdeveloped” or “backward” countries.⁵⁸ Many of those who worked within the Marxist backlash to mainstream development theory also focused on examining the past, although they did so in order explain how the success of the industrialized world hinged on oppressive political and economic systems.

It is only recently that archival documentation in parts of the Global South and in the West have become open and available, allowing for more standard historical approaches to the practice of development. Amy L.S. Staples, David Ekbladh, and Nick Cullather are all historians

⁵⁷ See Appendix A.

⁵⁸ For example, P.N. Rosenstein-Rodan, “The International Development of Economically Backward Areas,” *International Affairs* 20, no. 2 (April 1944): 157-165; W. Arthur Lewis, in *The Theory of Economic Growth* (London: George Allen & Unwin Ltd., 1955); Albert O. Hirschman, *The Strategy of Economic Development* (New Haven: Yale University Press, 1958); W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto, Third Edition* (Cambridge: Cambridge University Press, 1999, first published 1960). For an overview of many of the most important development economists of this era see Meier and Dudley Seers, *Pioneers in Development*.

who have published monographs on US and international foreign aid programs in the past ten years.⁵⁹ Staples traces what she calls the birth of development, “when discrete groups of people with international stature, expertise, money, power, influence, and the best of intentions began working to better the lives of other human beings whom they had never met or known, for no reason other than the desire to improve the fate of the human race.”⁶⁰ She traces the history of the World Bank, the Food and Agricultural Organization, and the World Health Organization between 1945 and 1965. Although Staples acknowledges that the records of all of these organizations have been mixed, she has an optimistic view of their greatest achievement which is, in her assessment, the creation of an “obligation with respect to aiding people living in poverty and illness around the world.”⁶¹

Ekbladh takes the history of an “American style of development” back to 1914, discovering its origins in the work of both state and non-state actors in the reconstruction of the Philippines and in inter-war China, depression-era modernization projects via the Tennessee Valley Authority (TVA), through to the post-war technical assistance programs of the 1950s and large US-funded modernization projects. Ekbladh outlines the trajectory of the rise of modernization as a social and political norm in the United States, and that country’s attempts to mold the rest of the world in its own image through “development.”⁶² Nick Cullather’s history of the Green Revolution in Asia not only tracks the American-led efforts to end hunger in parts

⁵⁹ An earlier book by Dennis Merrill about the history of US foreign aid in India is significant in terms of the topic, but it follows a much more standard approach to political and diplomatic history. Merrill, *Bread and the Ballot*. Also, Jeff D. Grishchow’s analysis of colonial development in Northern Ghana provides an important example for a theoretically-informed history of development, although he looks at it within the colonial context. Jeff D. Grishchow, *Shaping Tradition: Civil Society, Community and Development in Colonial Northern Ghana, 1899-1957* (Leiden: Brill, 2006).

⁶⁰ Amy Staples, *The Birth of Development: How the World Bank, Food and Agriculture Organization, and World Health Organization Changed the World, 1945-1965* (Kent: Kent State University Press, 2006), 1.

⁶¹ *Ibid*, 180.

⁶² David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order* (Princeton: Princeton University Press, 2010).

of that continent, but also the necessary shifts in worldview required in the United States to allow for such a sustained effort, one “in which hunger and poverty were no longer seen as the universal human condition but as a danger to international stability.”⁶³

All of these books ambitiously track not only the mechanics of the various organizations and projects that they survey, but also expose the philosophical underpinnings of an American understanding of “development,” which they deem to be essential to understanding why and how the United States engaged in the practice in the first place. Modernization and all that the term implies – a faith in the indomitable march of progress, a keen belief in positivism, and the ascension of science and technology in American society – plays the dominant role in their analyses of how post-war development came to be. Their role is not to place a normative judgement on aid or the practice of development, although Staples takes a much less critical view of the enterprise than do Ekbladh or Cullather, but to examine why it exists at all. This dissertation shares a motivation with the works of these other authors not simply to relate the day-to-day history of the subject in question, although that will be covered, but it also seeks to illuminate the hidden assumptions upon which the Canadian aid program was based. That these were founded on the same modernization ethic as outlined by these American histories is not surprising, given the easy transference and dominance of American culture on the North American continent, and a shared European political and social heritage.

The Outline

The first chapter will examine the immediate pre-aid years in both Canada and India in order to uncover how Canada and India came to their roles as “donor” and “recipient” in 1950, and to discover what economic development and aid meant to these countries at that time.

⁶³ Nick Cullather, *The Hungry World: America's Cold War Battle Against Poverty in Asia* (Cambridge: Harvard University Press, 2010), 8.

Chapter 2 will investigate the origins of the Colombo Plan, and the reasons for Canada's decision to join, emphasizing the UK's role in influencing Canada's decision to join the Plan. Chapter 3 will examine the first year of the program in detail, and outline some of the challenges that the program faced which will be surprisingly familiar to those who study contemporary ODA. Chapters 4 and 5 will look at the important role played by High Commissioner Escott Reid, his vision for the Canadian aid program, and his failure to convince those in Ottawa of the rightness of that vision. Chapter 6 will detail the histories of two of the most important Canadian aid projects of the 1950s, the Canada-India nuclear reactor project and the Mayurakshi dam. It will contrast the Mayurakshi project with the reactor in order to show the uniqueness of the Canada-India reactor, highlighting that project's political importance. Chapter 7 will look at the impact the change from a Liberal to Progressive Conservative administration had on the Canadian aid program, particularly because of Diefenbaker's focus on using the Colombo Plan as a way to export Prairie wheat to fulfill his political ambitions. Chapter 8 will examine the formation of the External Aid Office, and what role the Diefenbaker administration played in the creation of the EAO.

A Note about Sources

This is a work of Canadian history, although one also informed by the history of India. To that end, this dissertation includes, where possible, primary sources in India from the National Archives of India, the Nehru Memorial Museum and Archive, and the Central Secretariat Library. However, as anyone who has worked in those archives and libraries can attest, there are a number of challenges associated with research in these institutions that limit the ability of the researcher to access relevant files. For example, although many sources that would have been useful had been catalogued in the National Archives of India, very few had been

transferred to the Archives itself. While this paper makes use of Indian primary and secondary sources as much as possible, much of the Indian “voice” is actually found in the letters and documents from Indian officials to Canadian officials housed at Library and Archives Canada.

By focusing on the donor in the donor-recipient relationship, the charge could be levelled that this dissertation is reproducing the very structures of dominance that many have criticized as an aspect of mainstream aid practice. However, there are two defenses to this criticism. The first is that without a proper record of, or inhibited access to, Indian primary sources, it would not have been intellectually honest to try to put the Canadian and Indian records on equal footing. The second is that India did not take a subservient position within the donor-recipient relationship, and as it has already been stated, negotiation and reciprocity are themes in this work. It is remarkable how clearly the Government of India’s point of view does come through in Canadian documentation, although this only reflected the thinking of a particular Indian elite. This, however, would be the case even if there had been better access to Indian documentation.

Chapter 1: Development, Modernization, and the Creation of “Donors” and “Recipients”

When Canadian and Indian officials met at the Colombo foreign ministers’ meeting in January of 1950, a conference that would lead to the creation of the Colombo Plan for Cooperative Economic Development in South and Southeast Asia, little in the way of an official diplomatic history existed between the two nations. Indeed India, only independent since 15 August 1947, had little history of independent statehood, at least since Great Britain made it an official part of its empire in 1857. India’s role as the jewel of the British Empire contrasted sharply with Canada’s former status as a collection of unprofitable and neglected settler colonies. As such, the two countries were linked only peripherally. Indeed, aside from certain examples of Canadian racism against Indian nationals, as seen in certain episodes such as the infamous *Komagata Maru* incident, contact between Canada and India had been practically non-existent.⁶⁴ Only in August 1932 was there any significant official contact, when the Government of India (GOI) signed the Ottawa Agreements after an imperial conference in Canada’s capital city, making it part of an official trading area with the benefits of imperial preferences.⁶⁵

The Second World War brought about some changes to the relationship between Canada and colonial India. In addition to a meagre trade relationship, Canada supplied to India, under its Mutual Aid program to the United Kingdom, Montreal-built locomotives, motor transport

⁶⁴ For a review of the *Komagata Maru* incident, see Hugh J.M. Johnston, *The Voyage of the Komagata Maru: The Sikh Challenge to Canada’s Colour Bar, Revised Edition* (Vancouver: UBC Press, 2014).

⁶⁵ The Ottawa Agreements, a series of bilateral trade agreements between Canada, the United Kingdom, and other Commonwealth Dominions and territories including South Africa, Australia, and New Zealand, are seen in Indian economic history as a time when the Government of India, although still a colonial entity, asserted a measure of fiscal autonomy against the British government. Clive Dewey, “The End of the Imperialism of Free Trade: The Eclipse of the Lancashire Lobby and the Concession of Fiscal Autonomy to India,” in Clive Dewey and A.G. Hopkins, eds., *The Imperial Impact: Studies in the Economic History of Africa and India*, (London: The Athlone Press, 1978), 37; K.N. Chauduri, “Foreign Trade and Balance of Payments, 1757-1947,” in Dharma Kumar and Meghnad Desai, *The Cambridge Economic History of India, Volume 2: c. 1751-1970*, (Cambridge: Cambridge University Press, 1983), 868-869.

supplies, and wheat following a severe famine in Bengal in 1943.⁶⁶ Moreover, the importance of India's place in the world, and the ever-greater possibility that it would gain its independence following the war, seemed to make India more visible in the minds of officials in the DEA throughout the 1940s. As early as 1941, Ottawa began to contemplate an official diplomatic relationship through the exchange of high commissioners but postponed implementation for several years, partly as a result of the embarrassing problem of the disenfranchisement of the Indian immigrant population in British Columbia.⁶⁷ Eventually, the exchange took place before independence in June of 1947.⁶⁸ India's independence also prompted Canada and the other governments of the Commonwealth into a shared bout of soul-searching over what shape the organization would take in the new era of post-war international relations. India's eventual decision to remain in the Commonwealth, and Canada's role in that discussion, is reviewed in the next chapter.

Prime Minister Jawaharlal Nehru made a brief but highly successful visit to Ottawa in October of 1949. The trip received extensive coverage in Canada's national media, and the high commissioner for India in Ottawa, S.K. Kirpalani, celebrated it as "a highlight of Canadian social and political life."⁶⁹ Yet while the relationship grew steadily throughout the 1940s, admittedly

⁶⁶ Library and Archives Canada [hereafter LAC], C.D. Howe papers, MG 27 B 20, "Canadian Mutual Aid Board Minutes," 14 January 1944, Volume 1, 2; LAC, C.D. Howe papers, MG 27 B 20, "Canadian Mutual Aid Board Minutes," 22 October 1943, Volume 1, 2; LAC, RG 25, "Agreement Between Canada and India on the Principles Applying to the Provision by Canada to India Under the War Appropriation (United Nation Mutual Aid) Acts of Canada, 1943 and 1944," Volume 3186, File 4929-J-40, part 2, 1-5; Robert B. Bryce, *Canada and the Cost of World War II: The International Operations of Canada's Department of Finance, 1939-1947*, (Montreal-Kingston: McGill-Queen's University Press, 2005), 170-172. According to Barrie M. Morrison Canada contributed C\$174 million for locomotives, wheat and flour to India during the Second World War. Barrie M. Morrison, "Canada and South Asia," in Peyton Lyon and Tareq Y. Ismael, *Canada and the Third World*, (Toronto: Macmillan of Canada, 1976), 15.

⁶⁷ For a detailed discussion of the steps that led to the exchange of high commissioners between Canada and India, see Ryan Touhey, "Dealing with the Peacock," 13-35.

⁶⁸ *Ibid*, 35.

⁶⁹ NAI, Ministry of External Affairs [hereafter MEA], S.K. Kirplani, R&I Branch, Annual and Bi-Annual Reports from Canada, "Office of the High Commissioner for India in Canada General Report – 1949," 3. Ryan Touhey notes that the visit received coverage in the national press throughout Canada. Touhey, *Dealing with the Peacock*,

from a very low point, and a new friendliness began to develop between the two former British colonies after 1947, it could hardly be said that any real closeness existed between the two nations. In January 1950 Kirpalani reported to his government that “Canadians are ‘beginning’ to evince a new interest in and a new warmth of relationship with India;” but he also noted that “It is amazing how little knowledge of India there is in this country even amongst the intelligent and educated people.” However, there was, he thought, a great desire to learn more.⁷⁰

Despite these hopeful trends in the 1940s, there is little in the pre-1950 Canada-India relationship to suggest the economic and diplomatic partnership that developed between the two nations a few short years later through ODA. The Commonwealth played a significant role in bringing these two countries together in an aid relationship, and this will be reviewed in the next chapter. For those interested in the history of the idea of “development,” however, it is useful to explore each country’s background more deeply in order to understand why Canada and India became aid partners. Two questions of the countries’ individual histories may be asked: how was economic development understood by policy-makers prior to 1950; and what was the purpose of foreign aid prior to 1950? This chapter will review, very briefly, how both India and Canada separately came to their roles as recipient and donor in the field of international development aid in the 1950s.

The ideal of economic development that Nehru’s government strove to obtain was the product of at least fifty years of Indian colonial history. The Congress Party’s struggle for

89. Nehru expressed surprise at the warm welcome he received from the people of the United States and Canada, describing it as “overwhelming.” Jawaharlal Nehru, “To Vallabhbhai Patel,” 24 October 1949 in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, vol. 13, (New Delhi: Oxford University Press, 1992), 398. As Touhey notes, Nehru’s diplomatic success in Canada seemed more poignant when contrasted with the failure of the trip in Washington, which was marked by acrimonious diplomatic discussions on a number of issues. Touhey, *Dealing with the Peacock*, 85-88.

⁷⁰ NAI, MEA, S.K. Kirplani, R&I Branch, Annual and Bi-Annual Reports from Canada, “Government of India, MEA, letter no. D. 7058-G/4E dated the 14th September 1949. Subject: “Political” report on Canada for the Calendar Year 1949,” 24 January 1950, 12.

independence had hinged on the belief that political and economic independence were crucially intertwined, and that no forward movement toward economic development could take place without political freedom. How Nehru and his supporters within the party defined “economic development” resulted from a complex interplay between nationalists, industrialists, the imperial and colonial governments, as well as ideas coming from abroad. The new government gave itself a strong role in managing India’s economy, but despite a belief in “self-help,” the stresses imposed by the drive to achieve an industrialized country made it predisposed toward accepting aid.

In contrast, despite the trauma of the Great Depression, by the Second World War Canada was becoming a modern, and quickly industrializing, country. It was able to exploit the economic opportunities that the war had provided, situated as it was outside of the combat areas. It had also benefitted from a strong natural resource sector, agricultural expansion, and an ever-larger manufacturing capability. The hardships that war did produce in Canada paled beside the utter cataclysm suffered by the populations and governments living in the war zones. In addition, the government had a strong economic interest in rebuilding European prosperity to provide a market for post-war Canadian goods. Canada came to its role as an international donor propelled by these dual forces, and while this role initially focused on Europe, the ethics, ideas and practices surrounding war and post-war aid did feed into what became a Canadian international development program.

India Becomes a Recipient

The notion that British mercantilist practices in the colonial era had had a negative impact on India’s domestic economy, prevented the growth of native industry, and worsened poverty proved compelling for India’s political nationalists in the early twentieth century. Known as the

“drain” theory, it originated in the late nineteenth century when economic nationalists such as R.C. Dutt and Dadabhai Naoriji argued that Britain’s economic practices in India made it rich at the expense of India’s economic well-being.⁷¹ It was a version of history that certainly appealed to young nationalist Jawaharlal Nehru, when, during a trip to Europe due to his wife’s illness, he wrote to the editor of *Journal de Geneve* and articulated the theory to a European audience: “To understand how this terrible impoverishment has taken place it is necessary to know, apart from the admittedly predatory period of British rule, something of the land policy and of the trade and economic policy, and of how Indian industries were crushed out of existence for the benefit of British manufacturers.”⁷² In addition to drawing attention to the problems caused by British industry, Nehru scolded the British government for the lack of attention paid to “nation-building departments such as education, sanitation, medical relief, etc.”⁷³ Indian nationalists would continue to exploit this argument throughout the independence movement, with Britain’s role in the Indian economy forming a key part of the argument for complete *swadeshi*, or self-sufficiency/self-reliance, among nationalists of all stripes. The concept of *swadeshi* inspired the boycott movements against British manufactured goods that so famously characterized Gandhi’s independence struggle.

In the first part of the twentieth century, Indian nationalists looked forward to the day when India would be in complete control of its own destiny. Although reductive, it would be fair to say that two general lines of thought about that future emerged within the Indian National

⁷¹ Bipan Chandra, *The Rise and Growth of Economic Nationalism in India: Economic Policies of Indian National Leadership, 1880-1905*, (New Delhi: People’s Publishing House, 1969). Cowen and Shenton locate the drain-theory, which they propose is what “all modern theories of underdevelopment in some measure are descended,” as coming from nineteenth-century philosopher John Stuart Mill’s analysis of colonial India’s economy. Cowen and Shenton, *Doctrines of Development*, 42-56.

⁷² Jawaharlal Nehru, “To the Editor, Journal De Genève,” in *Selected Works of Jawaharlal Nehru, Volume Two: A Project of the Jawaharlal Nehru Memorial Fund*, ed. S. Gopal (New Delhi: Orient Longman Ltd., 1972), 238.

⁷³ *Ibid.*

Congress (INC).⁷⁴ One came out of the philosophy of Congress' spiritual leader, Mohandas Gandhi, also known as the Mahatma, a title of respect meaning "great soul." It is well known that his critiques of British economic policy in India formed a basis for the success of his non-violent movement.⁷⁵ Two of the Mahatma's most (in)famous *satyagraha* movements centred around the economic injustices of British control in the form of the boycott of British cloth and the Salt March against the taxation of, and the colonial control over, this common ingredient.⁷⁶ He held a deeply conservative, yet egalitarian viewpoint.

His focus centred on the village, which he imagined could be economically self-sufficient by relying on traditional cottage industries. *Swadeshi* was fundamental to Gandhi's non-violent strategy against British control because he believed this concept would allow Indians to extricate themselves from the economic and political bondage of British rule. Gandhi's message influenced modernists like Nehru. He cast off his Western lounge suit and began to wear *khadi*, or hand-made fabrics, and the "Gandhi cap" as a symbol of his allegiance to Gandhian philosophy and opposition to British rule. The solution, for Nehru as for Gandhi, was complete *swaraj* or self-rule. In a speech in Zaidpur in 1946, Nehru said: "To win freedom and to abolish poverty are the main issues before the country. Unless Swaraj is achieved, there can be no solution of other problems."⁷⁷ In this view, it was a necessary precondition to economic success.

⁷⁴ Founded in 1885, the INC was the foremost nationalist political organization within colonial India, although the perception of its primarily Hindu character alienated a large part of the Muslim population of the region, leading to the creation of the Muslim League in 1907. John Keay, *India: A History*, (London: Harper Perennial, 2000), 458-9, 468-9.

⁷⁵ For a convenient survey of Gandhi's philosophy, including his views on the economic exploitation of India, see Judith Brown, ed., *Mahatma Gandhi: The Essential Writings*, Cambridge: Cambridge University Press, 2011.

⁷⁶ *Satyagraha*, or "truth force" was a concept devised by Gandhi that inspired his passive-resistance campaigns.

⁷⁷ Jawaharlal Nehru, "Interference in Elections," Vol. 14 of *ibid.*, 239.

However, their viewpoints on how to achieve this drastically differed. Gandhi valorized poverty and viewed village subsistence life as a remedy to an alienating industrialization.⁷⁸ While Nehru adopted ideas of economic self-sufficiency from Gandhian thought, his perspective on the goals of economic progress could not have been more different. Nehru's biographer, Sarvepalli Gopal, emphasizes that Nehru was not particularly caught up in intellectual or political pursuits during his young student days in England, first at Harrow, then at Cambridge.⁷⁹ However, something about Fabian socialism clearly caught his interest, as he wrote and asked his father permission to attend the London School of Economics in 1910.⁸⁰ When Nehru returned to India in 1912 he became caught up in nationalist politics and began a long career of occasional imprisonment for his nationalist activities. In the 1920s, he returned to Europe in order to address his wife's ill health, and began to crystallize his thinking about the relationship between socialism and anti-imperialism, participating in an International Congress against Colonial Oppression and Imperialism in the winter of 1927, and coming into contact with European socialists and communists.⁸¹ Nehru and his father, Motilal, visited Moscow for four days in the summer of 1927, and were impressed with what they saw.⁸² Nehru's return to active politics in India in the late 1920s included a commitment to bring socialism to post-independence India: "India's immediate goal can ... only be considered in terms of the ending of exploitation of her people. Politically, it must mean independence and the severance of the British connection,

⁷⁸ Mahatma Gandhi, "Discussion with Maurice Frydman," in vol. 68 of *The Collected Works of Mahatma Gandhi* (New Delhi: The Publications Division, Ministry of Information and Broadcasting, Government of India, 1977), 266.

⁷⁹ Sarvepalli Gopal, *Jawaharlal Nehru: A Biography, Volume One, 1889-1947*, (Cambridge: Harvard University Press, 1976), 19-26. Judith Brown, *Nehru: A Political Life* (New Haven: Yale University Press), 239. For a description of the relationship between Fabian thought and colonial development policies, see Michael Cowen and Robert Shenton, "The Origin and Course of Fabian Colonialism in Africa," *Journal of Historical Sociology* 4, no. 2 (June 1991), 143-169.

⁸⁰ Gopal, *Nehru: A Biography, Volume 1*, 26.

⁸¹ *Ibid.*, 99-101.

⁸² Jawaharlal Nehru, *Toward Freedom: The Autobiography of Jawaharlal Nehru*, (New York: The John Day Company, 1941), 126-127.

which means imperialist dominion; economically and socially it must mean the end of all special class privileges and vested interests.”⁸³ He wanted egalitarianism to be achieved through shared wealth, not shared poverty.

Nor did the Gandhian viewpoint win the day within Congress. Many supported the idea of a modern, industrialized India, if not necessarily a socialist one. The INC’s 1931 Karachi Resolution reflected this concern with India’s industrial future. The document included such phrases as “A living wage for industrial workers,” “Right of labour to form unions,” and, “Control by the state of key industries and ownership of mineral resources.”⁸⁴ In the official memory of Congress, the document came to represent a commitment to a policy of industrialization for a future independent India and in particular, a state-controlled approach to that policy. On the basis of state planning for a modern economy, Congress, under the Presidency of Subhas Chandra Bose, set up a National Planning Committee (NPC) in 1938 with Nehru as chair and whose membership included industrialists, professors, scientists, trade unionists, and representatives of the Village Industries Association.⁸⁵

The dominant thinking that informed economic nationalism in India held that colonialism had suffocated indigenous industrialization in India. Indeed, for decades following India’s independence, Indian history was largely viewed through the prism of this nationalist narrative. Yet the very ideas that informed this viewpoint partially came as a result of the political dominance of Indian industrialists. In the early 1980s, Cambridge University Press published two volumes of *The Cambridge Economic History of India* which argued for a more nuanced

⁸³ Jawaharlal Nehru, “Whither India,” in *Selected Works of Jawaharlal Nehru, First Series*, ed. S. Gopal, vol. 6 (New Delhi: Orient Longman Ltd., 1974), 14.

⁸⁴ Indian National Congress, “Resolutions Adopted by INC,” in *The Encyclopaedia of the Indian National Congress*, ed. Abdul Moid Zaidi, Naushaba Firdos Alvi and Amin Ahmed, vol. 10 (New Delhi: S. Chand & Company Ltd., 1980), 150-151.

⁸⁵ Jawaharlal Nehru, *The Discovery of India*, (New Delhi: Oxford University Press, 1981), 395.

approach to the effects of colonial occupation in India. The *Cambridge History* argues that empirical evidence simply did not support the view that British colonialism impeded native industrial development in India, and that formerly universally accepted notions, such as the belief that the exceptional economic impoverishment of India during the inter-war years spurred the nationalist cause, were not factual. These ideas have found support in more recent scholarship, led by Tirthankar Roy, who argues that “an exclusive focus on colonialism as the driver of India’s economic history misses those continuities that arise from economic structure or local conditions.”⁸⁶

The debate generated by this scholarship has dramatically complicated the picture painted by early twentieth-century nationalists about why independence and its relationship with economic development. From the perspective of a historian interested in tracing the path of the idea of “development” in India, it also offers insights into what that term meant to the GOI at the precipice of independence in the middle of the twentieth century. While Indian nationalists argued that British industry seriously impeded the growth of native Indian industry, the exhaustive research presented in the *Cambridge Economic History of India* shows that in fact, some key pre-independence industries, such as the famous cotton mills of Bombay or iron and steel of the ingenious Tata family, were almost entirely driven by native Indian investors and owners.⁸⁷ This, economic historian Morris D. Morris argues, puts paid to the idea that the

⁸⁶ Tirthankar Roy, “Economic History and Modern India: Redefining the Link, *The Journal of Economic Perspectives* 16, no. 3 (Summer 2002): 110; a full expression of Roy’s ideas can be found in Tirthankar Roy, *The Economic History of India, 1857-1947*, (Oxford: Oxford University Press, 2000). There has been a backlash against this work, expressed in Aditya Mukherjee’s address to the Indian History Congress and published in *Social Scientist* in 2008 which characterized such history as “the return of the colonial.” Aditya Mukherjee, “The Return of the Colonial in Indian Economic History: The Last Phase of Colonialism in India,” *Social Science* 36, no. 3/4 (March – April 2008): 3-44. In 1993 Cambridge University Press published Brian Tomlinson’s *The Economy of Modern India, 1860-1970*, (Cambridge: Cambridge University Press, 1993) which attempted to incorporate these differing strains of thought into one, balanced, account.

⁸⁷ Morris D. Morris, “The Growth of Large-Scale Industry to 1947,” in Kumar and Desai, *Cambridge Economic History*, 572-592.

Lancashire cotton mill industry in England completely dominated and controlled Indian colonial policy to snuff out indigenous cotton production.⁸⁸ Morris' research also troubles the Gandhian argument that British imports or industrialization forced the *khadi*, or handicrafts, production out of business, finding that there is no straightforward relationship between the two. In fact, he finds that British imports and industrialization may have even encouraged the growth of *khadi* production in certain sectors.⁸⁹ Finally, he also challenges the assumption that the Great Depression had a profound effect on the Indian economy, arguing that when compared to the world context, India prospered, and that total manufacturing, both Indian and British-controlled, grew at a rate above the world average in the inter-war period.⁹⁰ In all, Morris argues that no single explanation can be found for India's slow rate of industrial growth in the late nineteenth and early twentieth century. Rather a "web of relationships... dampened the absolute level of performance and inhibited the rate of change."⁹¹ While it may have been politically useful for Indian nationalists to emphasize Britain's absolute power, research shows that Indian-owned industry, while a comparatively small part of the overall national economy, became an increasingly powerful force in the early twentieth century.

Scholars have also emphasized the complicated relationships generated in the latter half of the nineteenth century and the first half of the twentieth century by a weakening imperial power, a stronger indigenous industrial base and business community, and a gradually more autonomous and indigenized GOI. Historians John Gallagher and Anil Seal write that as time

⁸⁸ The idea that the Lancashire cotton mill industry tried to completely control British colonial policy, and did make a large impact on that policy to the detriment of the Indian industry, is not questioned. For a picture of the complicated negotiations that took place between the Lancashire lobby and Great Britain, Great Britain and the GOI, and the GOI and Indian industry, see Clive Dewey, "The End of the Imperialism of Free Trade: The Eclipse of the Lancashire Lobby and the Concession of Fiscal Autonomy to India," in Dewey and Hopkins, *The Imperial Impact*, 35-67; B. Chatterji, "Business and Politics in the 1930s: Lancashire and the Making of the Indo-British Trade Agreement, 1939," *Modern Asian Studies* 15, no. 3 (1981): 527-573.

⁸⁹ Morris, "The Growth of Large-Scale Industry," in Kumar and Desai, *Cambridge Economic History*, 671-676.

⁹⁰ *Ibid*, 609-620.

⁹¹ *Ibid*, 558.

went on, while Calcutta and London were a “part of the same imperial system,” more and more their priorities differed.⁹² They argue that by the late nineteenth century and certainly following the First World War, imperial rule in India was fraught by tensions resulting from the continuing objective of maintaining a profitable enterprise for Great Britain while securing British rule in India, mostly through an increasingly expensive standing army. The GOI was powerless to improve their own financial position, and initiate “the ideals of progress, more material than moral,” as the army spent larger and larger portions of the national budget while the government struggled to rule an increasingly politicized population.⁹³

In this respect, India’s history differs quite drastically from that of other British colonies, especially in Africa, where new ideas of “colonial development” took hold in the 1930s and 1940s. During the Great War, Britain experienced an unprecedented level of government intervention in the economy in order to mobilize resources for total war. Following the war, many blamed the government’s return to the practices of traditional *laissez-faire* policies for the onset of an economic depression in 1919. These ideas permeated the Colonial Office, with some, such as the Secretary for the State for the Colonies between 1924 and 1929, Leopold Amery, convinced that an active policy of colonial development could contribute to England’s financial recovery.⁹⁴ His tenure led to the Colonial Development Act of 1929, which empowered the British treasury to “advance money to any territory for the purpose of aiding and developing

⁹² John Gallagher and Anil Seal, “Britain and India between the Wars,” *Modern Asian Studies* 15, no. 3 (1981): 391.

⁹³ *Ibid.*, 387-414.

⁹⁴ Stephen Constantine, *The Making of British Colonial Development Policy, 1914-1940* (London: Frank Cass and Company Limited, 2005), 141; for other histories of British colonial development policy, see D. J. Morgan, *The Official History of Colonial Development Policy, Volumes 1-5* (London: MacMillan, 1980) and Michael Havinden and David Meredith, *Colonialism and Development: Britain and its Tropical Colonies, 1850-1960* (New York: Routledge, 2002, first published in 1993) along with many articles on the subject by David Meredith, including David Meredith, “The British Government and Colonial Economic Policy 1919-1939,” *Economic History Review*, 2nd Series 28, no. 3 (1975): 484-499. For insight into how industrialization figured into British colonial development policy, see L.J. Butler, *Industrialisation and the British Colonial State: West Africa, 1939-1951* (New York: Routledge, 1997).

agriculture and industry and ‘thereby promoting commerce with or industry in the United Kingdom.’”⁹⁵ The stock market crash of 1929 seemed only to underline the point, and by the 1930s, a revolution in thinking about the state’s role in the economy was underway as politicians, economists and scholars debated the merits of a new, if rather vague, idea: planning.⁹⁶ By the late 1930s, pressures on the colonial development office to shift from “protective” to “constructive” trusteeship had an effect, and culminated in the 1940 Colonial Development and Welfare Act which focused not only on agricultural and industrial development in the colonies but also on social services. Rather than benefitting Britain, the Act was intended to “promote the prosperity and happiness of the peoples of the Colonial Empire.”⁹⁷

However, the India Office was far more conservative than the Colonial Office, and these ideas seeped slowly into the administration of the jewel of the Empire. By this time, Britain’s most important colony was also the most unruly, and the GOI found itself paying for a large security presence, with less to spare for colonial development, while nationalists such as Gandhi and Nehru continued to make the point that Britain did not care for the material welfare of the Indian people.⁹⁸ In many ways, their analysis was correct. While perhaps British colonial development did not impede the growth of industry and *khadi* manufactures as much as had been previously thought, not much could be said for imperial Britain’s focus on economic development and social services in India. Conservative historians such as Lawrence James laud the contribution the Raj’s presence made to infrastructure such as roads, bridges, railways and

⁹⁵ Ibid, 160.

⁹⁶ For a thorough discussion of this era in the United Kingdom, see Daniel Ritschel, *The Debate on Economic Planning in Britain in the 1930* (Oxford: Clarendon Press, 1997).

⁹⁷ Quoted in Constantine, *The Making*, 222; Ibid, 201. According to the parliamentary under-secretary of state for the Colonial Office in 1941 and 1942, George Henry Hall, the new policy emerging from the Colonial Development Act emphasized “planned development.” Ibid, 223.

⁹⁸ By the end of the Second World War, the Indian army cost the GOI more than half of its entire budget. Gallagher and Seal, “Britain and India between the Wars,” 413.

telegraphs in India.⁹⁹ Indeed, it is futile to argue that these efforts made no contribution to the eventual economic growth and industrialization of post-independence India. However, this does not negate the important point that whatever infrastructure in which Britain chose to invest was for the purpose of enriching the metropole, not the periphery, a necessity of colonial logic. The materials to build railways and industries were almost always imported from Great Britain, leaving post-independence India with an industrial sector almost bereft of capital industries. Where the GOI chose to build roads and railways also depended primarily on the purposes of British economic, governmental and military interests, rather than any particular concern for the “public good.”¹⁰⁰ Although a tiny, albeit growing, minority did benefit from a British education, and although some efforts were made at the national and provincial levels to improve social services, the ability to spend on these aspects of “development” was quite limited.¹⁰¹ While the idea of colonial development had emerged in both the imperial and colonial governments, its

⁹⁹ Lawrence James, *Raj: The Making and Unmaking of British India*, (New York: St. Martin's Griffin, 1997); The most famous proponent of this overall thesis is of course Niall Ferguson in his highly controversial book *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power* (London: Penguin, 2002). Ferguson argues that while British imperialism had many faults and brutalities, it also was the main agent of the spread of liberal capitalism and relatively uncorrupt and efficient structures of governance, which he sees as a positive development in global history. Undoubtedly, this is not currently a popular position among historians of empire, but rather is an approach that tends to be found in older works that emphasize the good deeds wrought by *Pax Britannica* in bringing “social order,” the Indian Civil Service, and security to the colony, such as Percival Spear's *India: A Modern History*, (Ann Arbor: University of Michigan Press, 1961).

¹⁰⁰ This was illustrated graphically during India's first national election in 1952 when bridges in remote parts of India had to be constructed in order to enable universal franchise. Ramachandra Guha, *India after Gandhi: The History of the World's Largest Democracy*, (New York: HarperCollins Publishers, 2007), 144. Tirthankar Roy does point out one exception to this focus on British needs by showing the importance of public works in limiting the devastation caused by periodic famines resulting from monsoon failures, although naturally, this would only help the cause of British administration in India. Roy, *The Economic History*, 254.

¹⁰¹ It is important to note that non-western forms of education and a literary culture existed in India for centuries before British occupation, although who became literate depended heavily on one's gender and placement in the caste system, with education generally given to males in the “priestly, landed, and mercantile castes.” Tirthankar Roy, “The Role of the State in Initiating Development: A Study of Interwar South and Southeast Asia,” *The Indian Economic and Social History Review* 33, no. 4 (1996): 399. Tirthankar Roy has collected a large amount of data which compares spending on social services by various colonial governments in South and Southeast Asia and found that colonial India consistently had among the poorest results in expenditure for and outcomes of health and education, even compared to other British colonies in the region. He attributes a heavy defence burden, the large land mass, and an inability to generate revenue through trade and taxes for this lower expenditure on social services. *Ibid*, 373-401.

application left much to be desired. Nonetheless the concept remained. It was this concept of colonial development that the GOI was in part left with in 1947.

Likewise, the idea of planning for economic development has been strongly associated with the INC and Nehru given the post-independence history of India. However, the concept broadly permeated the thinking of Indian elites in the 1930s and 1940s. The idea of planning and an activist state had, by the 1930s, come to dominate political thinking in Great Britain given the economic horror of the Great Depression, and a more extreme form of these ideas had been rigorously applied in the USSR, something Nehru had approvingly observed first-hand. Indian thinkers were not immune to these trends. In 1934, an engineer and future member of the NPC, Sir M. Visvesvarayya, published a book, *Planned Economy for India*, which heavily focused on industrialization for economic development.¹⁰² On 8 December 1933, the United Provinces' legislature passed a resolution to create a committee to draw up five year plans. After three years that committee reported, emphasizing "agriculture, rural uplift, sanitation, and education," but little came of their work.¹⁰³ By the 1940s, "plans" came fast and furious, including S.N. Agarwal's "Gandhian" plan, M.N. Roy's "People's" plan, and the famous "Bombay" plan of 1944, which had the backing of seven of the most important industrialists in India, including J.R.D. Tata and G.D. Birla.¹⁰⁴

As historian Niriaki Nakazato argues, it was actually a partnership between India's eminent industrialists and the GOI that entrenched the planning movement into India's government in the 1940s. Following the "Quit India" movement of 1942, the majority of the

¹⁰² A. H. Hanson, *The Process of Planning: A Study of India's Five-Year Plans, 1950-1964*, (London: Oxford University Press, 1966), 30.

¹⁰³ Ibid, 35-36.

¹⁰⁴ Nariaki Nakazato, "The Transfer of Economic Power in India: Indian Big Business, the British Raj and Development Planning, 1930-1948," in Mushirul Hasan and Nariaki Nakazato, *The Unfinished Agenda: Nation-Building in South Asia*, (New Delhi: Manohar, 2001), 247. Not surprisingly, the Bombay Plan focused on the rapid industrialization of India.

most important INC figures were in jail. Nakazato shows that it fell to the great industrialists of India, whose feelings toward the GOI fell on a spectrum between a generalized support for increasing and even full independence, and a generalized distaste with socialism and leftist thinking, to shape the economic policy that would deliver India into an independent age. While the GOI and the India Office had neglected the welfare aspect of the doctrine of colonial development in the 1930s, in 1940 one of the architects of the original policy, Leopold Amery, became Secretary of State for India. As a supporter of non-socialist planning, Amery was open to views about economic policy from the Indian business community; and in the context of complete wartime mobilization, government interference in the economy was an everyday fact of life. Via the GOI's Reconstruction committees, and the creation of a Planning and Development Department in 1944, there was an extensive exchange of ideas between those of the Bombay industrialists and the government.¹⁰⁵ Nakazato shows that following Nehru's release from prison and his resumption as leader of the INC's economic policy development initiative, he shifted from a conception of planning that imagined a completely closed economy to one that left room for commerce and international trade. This, Nakazato argues, was the result of the compromise forged between British and Indian business leaders during Nehru's imprisonment that established many of India's post-independence economic policies, particularly around the objective of rapid industrialization. At independence, Nehru's government pragmatically adopted these goals.¹⁰⁶

¹⁰⁵ Nakazato, 265-70. For example, the member of the Post-War Reconstruction Committee dedicated to planning and development was Ardeshir Dalal, one of the authors of the Bombay Plan and a former executive in the Tata companies. Nakazato, 269.

¹⁰⁶ Ibid, 287-288. It seems, however, that despite the experience with planning in the colonial government, the new independent government still had a great deal to learn when it took over. C.D. Deshmukh, in a talk on planning given in 1968, spoke about the development of planning in the government in this way: "In any case, planning was in the air, partly because of the success that appeared to have been achieved by communist countries and, perhaps more than that, by the appearance of planning in a non-authoritative country like France – the "Money Plan" – not to speak of the kind of plan that some of our capitalists or industrialists had brought out as the "Bombay Plan." Now, whilst this was all recognised, when we actually set up the planning machinery in 1950, we did not really know what the technique of planning was, and the expertise that was necessary had to be gathered painfully, with the assistance

This outline of early to mid-twentieth century Indian economic and political history has been brief and necessarily superficial. Its objective has been show that when India became independent in 1947, the ideas among Indian leadership about what constituted “development” had been fomenting for some time. Indian nationalists, with the exception of those that closely adhered to Gandhian philosophy, and the British administration had come to a large measure of agreement about this idea. “Development” meant economic growth in the formal economy; it had to be encouraged and led by a powerful state that would guide growth through detailed and meticulous planning; and it required rapid industrialization, particularly in the capital goods sector. The ethic of high modernism had been firmly established as an underlying principle of Indian development. For nationalists who had bemoaned the British lack of concern for social services, an improvement in literacy through formal and mass education, health, and living standards was certainly *implied* in the concept of development, and had to be specifically encouraged by government. However, it was only through the mechanism of economic growth that these elements of well-being could be achieved, or so it was believed.

Many who examine the early field of development tend to point to the work of development economists who were just getting their start in the 1940s. All of the proposed “plans” throughout the 1940s had high standards, predicting incredible, and, according to economic historian A.H. Hanson, unrealistic, rates of growth for the Indian economy, particularly in the industrial sector. This was asking much of an economy deprived of a strong capital-goods sector. It does, however, give an indication of the optimism felt by Indian elites,

of some economists we had in the Reserve Bank of India. There were no specialists in the Government of India itself who had done any work on planning – not that the Reserve Bank specialists had done any either, but they were economists of repute and the first thing that I did as Finance Minister and as a member of the Planning Commission was to get a couple of them ... to help me with the study of planning techniques.” Nehru Memorial Museum and Library [hereafter NMML], Manuscript Collection, C.D. Deshmukh papers, 1st Installment, “Planning (A Talk by Dr. C.D. Deshmukh),” S. No – 52(5), Articles and Writings of Dr. C.D. Deshmukh for Year 1968, Speeches and Writings by Him, Unpublished, Nos. 64 to 72, File No. 11, S. No 52, 19-20.

both within politics and business. While some political commentators commented on the ambitious nature of the Indian development strategy within the five-year plans of the 1950s, it is worth noting that the growth objectives of these plans was not, in general, as optimistic as those proposed by these earlier documents.¹⁰⁷ Although the Indian government, and Nehru in particular, felt a strong attachment to the Gandhian ideal of “self-help” and independence, albeit applied on a national and not village-level scale, India’s ambitions also created a strong need for the tools of industrialization. It was this focus on the future, combined with a troublesome climate and extensive poverty, which eventually turned India into a recipient of aid.

Canada Becomes a Donor

Given that hindsight can be 20/20 vision, it is easy to forget the uneasiness which with Canadian policy-makers faced the immediate post-war world. Certainly, everyone was relieved the bloodshed was over, but even before the war ended officials began to make plans for post-war economic realities, participating in the Bretton Woods conference that established new organizations and rules for a more interconnected economic world. In a well-known story of the history of Canadian foreign policy, this concern helped push Canada out of the pre-war isolationist impulses that had guided MacKenzie King’s Liberal government, and toward a multilateralism that became associated with the Liberal party and especially Lester Pearson in the late 1940s and early 1950s. Historian Hector Mackenzie points out that initially there was no doctrinal adherence to a principle of “multilateralism” within the Canadian government, but rather an “opportunistic or pragmatic approach” focused on securing Canada’s international financial position, especially within the US-UK triangle.¹⁰⁸

¹⁰⁷ Hanson, *The Process of Planning*, 41-44.

¹⁰⁸ Hector Mackenzie, “The ABCs of Canada’s International Economic Relations, 1945-1954,” in Greg Donaghy, ed., *Canada and the Early Cold War, 1943-1957*, (Ottawa: Canadian Government Publishing, 1998), 217. See also

Whether for the noble purpose of supporting the war effort or more practical concerns about Canada's economy – and certainly both apply – World War II did move the Canadian government toward a new focus on multilateral relationships with its allies, and toward a new role as an aid-provider. In the context of war, this assistance primarily came in the form of mutual aid, which assisted primarily the UK and parts of the Commonwealth to buy Canadian arms, foodstuffs, manufactured goods and commodities. Mutual aid, along with other forms of assistance, represented a C\$5 billion contribution to the British war effort.¹⁰⁹ Although balancing British needs, Canadian assets, and the strength of Canadian economy was a complex task for the Canadian government and the Mutual Aid Board, chaired by minister of Trade and Commerce, C.D. Howe, it was, as Mackenzie describes it, an act of “enlightened self-interest.”¹¹⁰ Further acts of enlightened self-interest would follow, including a C\$500 million advance under the Export Credits Insurance Act which went mostly to France and the Netherlands in 1944, and the extraordinary C\$1.25 billion loan to Britain in early 1946.¹¹¹ The minister of Finance, J.L. Ilsley, told Parliament that this loan was no act of charity, but rather “an investment in the future of Canadian trade.”¹¹² Policymakers believed that Canada's economic prosperity depended on European recovery, and the Canadian government did all it could to ensure that this would happen as quickly as possible.

The more subjective concept of humanitarianism was implied in these economically-minded gestures. It is through the contributions to the United Nations Relief and Rehabilitation

B.W. Muirhead, *The Development of Post-War Canadian Trade: The Failure of the Anglo-European Option, 1945-57*, (Montreal and Kingston: McGill-Queen's University Press, 1992.)

¹⁰⁹ Hector Mackenzie, “Sinews of War and Peace: The Politics of Economic Aid to Britain, 1939-1945,” *International Journal* 54, no. 4 (Autumn 1999): 649.

¹¹⁰ *Ibid.*, 648-670.

¹¹¹ Mackenzie, “The ABCs,” 220. Canada also indirectly participated in the Marshall Plan as American funds through the fund were permitted to be spent in Canada, although, as Robert Bothwell points out, this did much to relieve Canadian balance of payments woes. Robert Bothwell, *The Big Chill: Canada and the Cold War*, (Concord: Irwin Publishing, 1998), 27.

¹¹² *Ibid.*

Administration (UNRRA) that this aspect of Canada's growing role as an aid donor is more transparent. Canada's decision to sign the UNRRA agreement, along with forty-three other nations in 1943, can be explained by the same enlightened self-interest that motivated its other contributions to European recovery. UNRRA's job was to finance relief and rehabilitation in liberated countries that both requested the help and which lacked the means to help themselves.¹¹³ It operated in both Europe and Asia. Brooke Claxton, the minister assigned to lobby Parliament on UNRRA's behalf, explained to the legislature that a vote for UNRRA was a vote for the future stability of Canada, as recipients of relief would be the future customers of Canadian exports.¹¹⁴ Canada became the third-largest contributor to UNRRA, and played an important role in ensuring its success as an organization.¹¹⁵ Hundreds of Canadian "UNRRAIDS," or relief volunteers, also worked overseas for the organization.¹¹⁶ Historians Susan Armstrong-Reid and David Murray argue that not only was Canada's participation in UNRRA, and the wide range of goods that Canada supplied crucial to its success, UNRRA also had an effect on Canada. It reinforced Pearson's view, then at the Canadian embassy in Washington, that "strengthening the collective sense of a community of interests would help to forge a habit of international cooperation" which would carry on throughout his career as a politician.¹¹⁷ It also led to the articulation of the "functional principle," a term developed by Hume Wrong, which demanded a greater role for middle powers in areas where they occupied major power responsibility.¹¹⁸ For example, in Canada this meant demands to join the big powers

¹¹³ Susan Armstrong-Reid and David Murray, *Armies of Peace: Canada and the UNRRA Years*, (Toronto: University of Toronto Press, 2008), 4.

¹¹⁴ *Ibid*, 29.

¹¹⁵ *Ibid*, 7.

¹¹⁶ *Ibid*, 9.

¹¹⁷ *Ibid*, 3. See also John English, *Shadow of Heaven: the Life of Lester Pearson, Volume One: 1897-1948*, (Toronto: Lester & Orphen Dennys, 1989), 283-286.

¹¹⁸ *Ibid*, 39. See also A.J. Miller, "The Functional Principle in Canada's External Relations," *International Journal* 35, no. 2 (Spring 1980): 309-328.

on the Inter-Allied Combined Boards. In 1944, Canada contributed the equivalent of one percent of its national income to UNRRA, an expenditure on aid that Canada has never come close to approaching again.¹¹⁹

Given this history as an international donor to Europe's economic recovery, the progression to a donor for development in the Global South was a logical, although not a certain, outcome for Canada. David Ekbladh has explored the relationship between post-war "reconstruction" through UNRRA and the growth of economic assistance to the Global South in the American context. Exploring the idea of modernization which underpinned economic development efforts in the twentieth century, Ekbladh traces a direct line between the modernization projects of the depression-era New Deal, such as the Tennessee Valley Authority (TVA), through UNRRA, to ODA during the Cold War. For Ekbladh, UNRRA's obvious successes helped justify active modernization efforts as a form of economic development in the post-war era:

Into the 1960s, UNRRA was seen by many as a defining moment in post-World War II aid efforts. While modernization had not been an explicit goal of UNRRA at its inception, in operation it was seen as a logical outgrowth of the agricultural, public health, and industrial reconstruction the organization had performed ... Its example tutored those who continued to work in the expanding field of international development. It not only justified conceptually that development could be performed on a global scale but was instructive on the practical elements of development. UNRRA drove home existing beliefs that technical assistance was not merely desirable but "an indispensable element" of any large program to remake societies.¹²⁰

In the American context, these linkages are more obvious than in the Canadian. Some of the same employees that worked for the TVA went on to work for UNRRA and later, the UN Expanded Program for Technical Assistance in the Global South, and new developmentally-

¹¹⁹ Armstrong-Reid and Murray, *Armies of Peace*, 76.

¹²⁰ Ekbladh, *The Great American Mission*, 87-88.

focused UN organizations specifically took the TVA as an inspiration for some of their programs.¹²¹

Ekbladh's central point – that the successes that UNRRA, or the European Recovery Program (the ERP or Marshall Plan) remained as an example for aid-funded economic development programs in the post-war mindset of donor governments – is salient for the Canadian example. The postwar mindset that these examples expose within the Canadian government provides an important background to understand the early days of Canadian aid in the Global South. Securing export markets was an important consideration in determining the destination of aid, and ministers within the Canadian government felt it important to highlight this aspect when “selling” aid to parliamentarians and Canadians. The most intangible yet most crucial aspect of the postwar donor mindset was that officials felt that aid *could* help create the necessary conditions for economic development. While the post-war economic situation within Europe and South and Southeast Asia were obviously radically different, the *mechanism* of aid itself had been found to be useful.

As Canada began its aid program in 1951, some of the remnants of this post-war mindset were apparent. One such example was the placement of the administration of the aid program within the DTC. For policy-makers in the immediate post-war period, aid was obviously tied to Canadian commerce and external trade. Procuring Canadian goods for shipment overseas was to be a major part of the program, as had been the case during the Second World War. These were areas over which the DTC had responsibility. In 1946, the Mutual Aid Board became the Canadian Commercial Corporation (CCC), which held responsibility for exports and imports.¹²² This organization would also play a role in the Canadian aid program. The inter-departmental

¹²¹ Ibid, 90.

¹²² Armstrong-Reid and Murray, *Armies of Peace*, 78.

nature of the war-time Mutual Aid Board also carried over when Canada eventually established the Colombo Plan Group, and the same tensions between the DEA, the DTC, and the Department of Finance (DF) over fiscal responsibilities vs. international commitments, also followed the aid program into the 1950s.¹²³ Finally, and as will become apparent in the following chapter, the entire tenor of the Colombo Plan meetings was overshadowed by the consequences and financial realities facing the Commonwealth in the post-war era.

Conclusion

In the post-war period, Canada and the newly independent government of India would come to know each other. However, during the first half of the twentieth century, their contact was fleeting and irregular, and mostly bounded by a common Commonwealth bond, which aside from some small amount of trade, meant very little in practice.¹²⁴ In India a new government, buttressed by financial and political elites who coveted their country's rapid modernization, set high expectations for the economic growth of the country. The huge gap between the reality of the Indian economy, and the wishes of many of the most important leaders within Congress and in industry, combined with the vagaries of the monsoon and the poverty of the new country, put India in a position of need. Perhaps most importantly, however, it was the idea of what constituted "development" itself that brought the two countries into a new economic partnership. India's colonial history had led the political elites of the country to imagine development as rapid industrialization, an idea supported by a growing number of development economists. The war, with its impact on international relations, put Canada in the role of a donor nation, given that the

¹²³ Ibid.

¹²⁴ Imports from India included peanuts, peanut oil, cotton fabrics, and manganese ore. Much of what Canada exported in the early 1950s was through the Colombo Plan. In 1950, the value of imports from India was C\$37,261,567 and exports to India were C\$31,520,489. By 1955, imports were valued at C\$35,147,127 and commercial (non-Colombo Plan) exports were valued at C\$11,000,000. Canada, and particularly Lester B. Pearson's, role in keeping India in the Commonwealth does become an important aspect of this relationship. This will be covered in the next chapter.

country was one of two that exited the conflict in a significantly strengthened state. While aid had previously been thought of in terms of its role for post-war reconstruction, many aspects of this – in particular, its role as a promoter of Canadian exports and the use of structures within the Department of Trade and Commerce that had overseen that role – was carried over into the new international development aid of the 1950s. It was the tenuous Commonwealth relationship that eventually brought Canada and India together in a closer diplomatic relationship as the former colonies struggled to define a new relationship with each other in the post-war era, and it was this tenuous relationship that would also bring the two together as donor and recipient in 1950.

Chapter 2: The Colombo Plan

The Colombo Plan for Cooperative Economic Development in South and Southeast Asia was the first large-scale economic development program undertaken by Canada in the developing world. The Plan evolved from a suggestion first made at a meeting of Commonwealth foreign ministers in Colombo, Ceylon, in January 1950.¹²⁵ As discussed in the previous chapter, Canada had participated in assistance programs both during the Second World War and its immediate aftermath, but these had operated primarily in Europe, and had been focused on reconstruction, not development. Shortly after making its Colombo commitments, Canada also contributed to economic development projects in the Global South through the United Nations Expanded Programme for Technical Assistance, a part of the Truman administration's Point Four Plan for technical assistance.¹²⁶ With the hindsight that six decades provides, it is now reasonable to view the Colombo Plan as just one measure that the Canadian government took in forming a more assertive and participatory foreign policy program following the war. While perhaps not a "golden age" of foreign policy, many scholars point to the post-war period as an era in which Canada had a greater international stature than its population size or strategic importance might suggest.¹²⁷ As the narrative goes, Canada accepted a larger

¹²⁵ Ceylon became the republic of Sri Lanka in 1972.

¹²⁶ The Point Four program of technical assistance was inspired by the fourth point of President Truman's 1949 inaugural address which promised aid for technological assistance in the Middle East and Europe. For a discussion of the Point Four program, see David Ekbladh, *The Great American Mission*, 77-113.

¹²⁷ Many scholars, while rejecting the hyperbole and simplicity of the "golden age" characterization originally applied by Escott Reid, do note that after the war, Canada took up a greater degree of responsibility and participation in international issues, particularly through the venue of the United Nations and its associated agencies and organizations. However, most caution that self-interest and pragmatism usually dominated Canadian concerns, rather than enlightened idealism. See Hector Mackenzie, "Golden Decade(s)? Reappraising Canada's International Relations in the 1940s and 1950s," *British Journal of Canadian Studies* 23, no. 2 (2010): 179-206; Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, (Vancouver: UBC Press, 2007); Armstrong-Reid and Murray, *Armies of Peace*, 364; Denis Stairs, "Realists at Work: Canadian Policy Makers and the Politics of Transition from Hot War to Cold War," in Greg Donaghy, ed., *Canada and the Early Cold War: 1943-1957* (Ottawa: Canadian Government Publishing, 1998), Greg Donaghy, "'A Sad, Gentle Decline?': The Canadian Diplomat in the 20th Century," in Robert Bothwell and Jean Daudelin, eds., *Canada Among Nations: 100 Years of Canadian Foreign Policy*, (Montreal and Kingston: McGill-Queen's University Press, 2009); Greg Donaghy,

measure of shared responsibility for global peace, and began to participate in a multilateral program for economic aid to former British colonies, drawing on old imperial ties but firmly pushing into a new era of cooperative international relations. Canada's entry into the Colombo Plan fits nicely into this view of foreign policy history.¹²⁸

In the long run, this picture is largely correct. Yet viewed from the vantage point of 1950, the scene is quite different. Nobody involved in the creation of the Colombo Plan predicted the long-term nature of the commitment. They imagined just the opposite. Officials working within the DEA who guided Canada into a new era of international relations had no reason to expect that it would permanently alter the nature of Canada's foreign policy. Canada joined the Plan, thereby launching its ODA program, as a result of diplomatic pressures created by the unique circumstances of the post-war and Cold War eras. This chapter argues that while fear of the spread of communism in South and Southeast Asia eventually came to dominate Canada's motivations for adopting the Colombo Plan, initially, Canada was drawn into the scheme in order to appease British concerns about the pressure that an independent South Asia, and particularly India, put on the sterling area.

The Commonwealth provided the common link between Canada and India that eventually brought the two into a shared aid relationship. It was the continuing Indian and Pakistani economic linkages with the UK, and the lingering consequences of the costly Second World War, that put pressure on far-away Canada to join a Commonwealth aid scheme. The Colombo Plan offered an opportunity to officials in the DEA to participate in a strategy to help

"Coming off the Gold Standard: Re-assessing the 'Golden Age' of Canadian diplomacy," (paper presented at "A Very Modern Ministry: Foreign Affairs and International Trade Canada" DFAIT symposium, University of Saskatchewan, 28 September 2009), http://www.schoolofpublicpolicy.sk.ca/_documents/_outreach_event_announcements/DFAIT_symposium/Coming_off_the_Gold_Standard.pdf (accessed April 17, 2014).

¹²⁸ For example, see Welsh, *At Home in the World*; Cohen, *While Canada Slept*.

relieve pressures on the sterling area without becoming more involved in the former empire's financial woes than they already were. Officials working in the DEA saw the Colombo Plan as a method of addressing short-term diplomatic goals. Of course, the result was a much broader achievement; it was Canada's most important entry-point into the practice of giving aid to the developing world. Yet as this and later chapters will demonstrate, Canada entered the program hesitantly, and it was years before the practice of aid-giving became a fully integrated part of the Canadian government's foreign policy. While the topic of Canada's role in re-framing the new Commonwealth, and the strained post-war economic relationship between Canada and the UK have both been extensively explored, this chapter will examine how the two issues came together to make the Colombo Plan a reality. Scholars have, in the past, neglected the importance of the Canada-UK relationship in providing the impetus for Canada to join the Colombo Plan, especially in the early stages of the negotiations.¹²⁹

A Changing Commonwealth

When Commonwealth foreign ministers met in Colombo in 1950, it represented a new generation for the organization. The Commonwealth relationship had already weakened as a result of the Second World War. The post-war Anglo-American economic negotiations alienated

¹²⁹ Others have mentioned the significance of the British influence, but have not developed the point fully and referenced the archival research that informs this view. See, for example, Lyon and Ismael, eds., *Canada and the Third World*, xxi. Donald Creighton does note that British influence was a significant factor in convincing Canada to join the Plan, but also highlights Pearson's reluctance to become too involved, Creighton, *The Forked Road*, 193-4. Pearson himself notes this reluctance in his memoirs, John A. Munro and Alex I. Inglis, eds. *Mike: The Memoirs of the Right Honourable Lester B. Pearson: Volume 2, 1948-1957* (Toronto: University of Toronto Press, 1973), 111-112. In contrast, Brian Tomlin, Norman Hillmer, and Fen Osler Hampson suggest that Pearson's role was the most significant force in bringing about Canada's participation in the Plan, as he came to believe after visiting Asia that a "combined policy of self help and mutual aid" was the only sure method to prevent communism in the East. Brian W. Tomlin, Norman Hillmer, and Fen Osler Hampson, *Canada's International Policies: Agendas, Alternatives and Politics*, (Don Mills: Oxford University Press Canada, 2008), 180; Others have emphasized the Canadian government's fear of communism as being the most important factor behind its decision to join the Plan. Hilliker and Barry, *Canada's Department of External Affairs, Vol. II*, 83; Adeleke, "Ties Without Strings?" 393-411, Spicer, *A Samaritan State*, 3; Touhey, "Dealing with the Peacock," 103. Douglas LePan, a former Canadian diplomat who worked closely with the Colombo Plan in its early years, agrees that anti-communism formed a part of the motive behind the Plan, but believes that fundamentally Canada supported it on "humanitarian" grounds. LePan, *Bright Glass of Memory*, 223.

the dominions by leaving them largely out of discussions which affected their financial future, while the United States was clearly now also the world's most powerful country.¹³⁰ Although both the United States and the USSR had emerged as victors from the Second World War in a newly "bipolar" context, America's power vastly exceeded that of any other nation. America had already taken an economic lead over the UK in terms of output per capita even prior to World War I.¹³¹ In the aftermath of the Second World War the UK was facing "starvation corner," and only had an output per capita three-quarters that of the US.¹³² It was also now forced to detach itself from significant parts of its empire, including the Indian subcontinent, and granted India its independence in August 1947. Following this, the Commonwealth struggled to redefine its relationship with India as the former colony inched ever closer to becoming a republic.¹³³ It was a contentious time. Indians could not abide a continuing link to Britain, the colonial oppressor of more than a century, but the August enactment of independence was not complete. Dominion status, which prevailed until 26 January 1950, meant that George VI remained King of India, and his representative in the country was the governor-general. More than two years of negotiations resulted in the Commonwealth Prime Ministers' conference in April of 1949 and the "London Declaration" which spelled out the terms of the new Commonwealth. The Declaration stated that the countries of the Commonwealth "owe a common allegiance to the Crown, which is a symbol of their free association," thereby liberating members from the obligation of making the British King their head of state. New Delhi quickly enacted its new constitution making it a

¹³⁰ Francine McKenzie, "Renegotiating a Special Relationship: The Commonwealth and Anglo-American Economic Discussions, September-December 1945," *The Journal of Imperial and Commonwealth History* 26, no. 3 (1998): 71-93.

¹³¹ Moses Abramovitz and Paul A. David, "American Macroeconomic Growth in the Era of Knowledge-Based Progress: The Long-Run Perspective," in Stanley L. Engerman and Robert E. Gallman, *The Cambridge Economic History of the United States* (Cambridge: Cambridge University Press, 2000), 66-67.

¹³² *Ibid*, 67.

¹³³ Both India and Pakistan were temporarily given dominion status after the transfer.

republic in early 1950.¹³⁴ As Hector Mackenzie has shown, Canada played a unique role in creating the new Commonwealth. Throughout the negotiations British officials encountered difficulties in reconceptualising their historically dominant role, and the antipodean governments worried about weakening Commonwealth ties. While Jawaharlal Nehru, the prime minister and minister of External Affairs for India supported a continuing relationship with the Commonwealth, he encountered resistance both in his own government and in opposition. Canada, concerned with remaining supportive but also independent from Britain, steadfastly encouraged the idea of an independent India in the Commonwealth. This willingness to find a compromise greatly aided the success of the negotiations.¹³⁵

Canada invested time and energy into ensuring the success of the Commonwealth. However, part of the motivations for doing so rested on what Mackenzie refers to as a “sense of detachment and distinction.”¹³⁶ The DEA supported the concept of “free association” because it also directed the Commonwealth away from alternatives it found detrimental to Canada, such as any sort of defence or citizenship obligations inherent in membership.¹³⁷

As the autumn of 1949 came to an end and the conference in Colombo drew nearer, officials in the DEA felt that they were in an awkward position. Canada had helped to make the new Commonwealth a reality. However, the country differed from the rest of the Commonwealth in one important way. It was not part of the sterling area which used the inconvertible pound sterling as its international unit of account, tied as the country was to the

¹³⁴ The Commonwealth, “The London Declaration,” The Commonwealth, <http://www.thecommonwealth.org/document/181889/34293/35468/214257/londondeclaration.htm> (accessed January 30, 2013).

¹³⁵ Hector Mackenzie, “An old dominion and the new commonwealth: Canadian policy on the question of India’s membership, 1947-49,” *The Journal of Imperial and Commonwealth History* 27, no. 3 (1999): 92-112; See also Michael Brecher, “India’s Decision to Remain in the Commonwealth,” *Journal of Commonwealth and Comparative Politics* 12, no. 1 (March 1974): 62-80.

¹³⁶ MacKenzie, “An Old Dominion,” 88.

¹³⁷ MacKenzie, “An Old Dominion,” 88; 91

hard dollar area dominated by the United States.¹³⁸ Since 1945, the UK had faced a challenging financial position as it attempted to rebuild following the destruction of the Second World War. In addition to securing a massive US\$3.75 billion loan from the United States, Britain looked to Canada for help.¹³⁹ Canada loaned C\$1.25 billion to the UK in 1946, an amount that was designed not only to help Britain re-establish itself financially, but also to continue the essential export market for Canadian goods that had grown up over time.¹⁴⁰ This healthy export market was one of the reasons Canada emerged from the war in an economically stable position. As common wisdom had it in Ottawa at the time, Canada thrived under a regime that R.S. Sayers was to later call “a bilateral unbalance within a balanced ‘North Atlantic triangle’” where a surplus of trade with Britain paid for a deficit with the US.¹⁴¹ Although over the following two decades the British market lost importance for Canada, in the immediate post-war period the government still viewed it as an essential outlet for Canadian goods.¹⁴² Efforts to secure this market competed with the sterling area’s balance of payments problems.

Reconstruction efforts had led to a severe balance of payments problem as the UK, and indeed, the rest of the world, needed goods and supplies from a healthy and productive North America. This resulted in a sterling crisis in 1947, as Britain experienced a run on the pound as it made its currency convertible, reflecting the terms of the Anglo-American loan agreement. The result was a massive sale of soft British pounds for hard US dollars. Before London put an end to it, making the pound inconvertible, hundreds of millions of its dollars disappeared into French,

¹³⁸ For a full explanation of the Canada-UK post-war economic relationship, see Muirhead, *The Development of Post-War Canadian Trade Policy*.

¹³⁹ Peter Burnham, “Re-Evaluating the Washington Loan Agreement: A Revisionist View of the Limits of Postwar American Power,” *Review of International Studies* 18, no. 3 (July 1992): 241.

¹⁴⁰ Hector M. MacKenzie, “The Path to Temptation: The Negotiation of Canada’s Reconstruction Loan to Britain in 1946,” *Historical Papers* 17, no. 1 (1982): 196-220.

¹⁴¹ R.S. Sayers, *Financial Policy, 1939-1945* (London: Longmans, Green and Co, 1956), 322-323.

¹⁴² By 1970, 73 per cent of Canada’s exports went to the United States. Bruce Muirhead, *Dancing Around the Elephant: Creating a Prosperous Canada in an Era of American Dominance, 1957-1973* (Toronto: University of Toronto Press, 2007), 3.

Belgian and Dutch banks, among others, as they seized the opportunity to get US dollars for practically nothing. It had been a disaster. Meanwhile, the UK had used up its massive reconstruction loan from the US and, to a lesser extent, from Canada, but had yet to receive Marshall Plan aid.¹⁴³ Britain devalued its currency in 1949, and by 1950 the situation, while stable, remained uneasy; Britain's financial and economic position remained precarious, which made any demands from India problematic.

From the UK perspective, India's needs were particularly troublesome. A tense fiscal relationship existed between India and the UK in 1949 and 1950, complicated by several matters. The heavy demands of the Second World War had resulted in a pooled currency system in the sterling area, marked by inconvertible currency, a shared dollar reserve, and most importantly, the ability of Britain to import much-needed supplies on credit from its sterling area partners. By the end of the war, the UK had built up vast sterling balances, or debt in the form of sterling credits, to its Commonwealth partners and colonies, and owed the most – £1,134 million – to India.¹⁴⁴ That country's independence, its legitimate demands for food and capital goods imports, and the continuing hangover of the sterling area system, all converged to make matters difficult.

While Britain acted as the central banker and technically controlled sterling releases, India proceeded to quickly draw down on their balances through liberalized import controls, but also through more mundane purchases such as surplus military stores, pension annuities to former British residents of India, and giving what was owed to Pakistan after partition.¹⁴⁵ By

¹⁴³ Richard N. Gardner, *Sterling-Dollar Diplomacy in Current Perspective: The Origins and the Prospects of Our International Economic Order*, (New York: Columbia University Press, 1980), 306-325; see also Sayers, *Financial Policy*, 252-273.

¹⁴⁴ Reserve Bank of India, "The Problems of Plenty: 1947-1956," *A History of the Reserve Bank of India, Volume II: 1951-1967*, <http://www.rbi.org.in/scripts/RHvol-2.aspx>, (accessed July 16, 2012), 593-624.

¹⁴⁵ *Ibid.*

1949, India had drawn down its sterling balances to £621 million. To the chagrin of the British, India also ran dollar deficits, and had spent releases beyond the promised amounts negotiated by the two countries in August of 1947.¹⁴⁶ Of course, from India's viewpoint, they were merely using what was owed to them, and what was very much needed as a newly developing country. Britain had a different perspective, naming them as war-time debts which India should consider forgiving, at least in part.¹⁴⁷ Britain had, after all, defended India from the Japanese menace, or so went the British refrain. While India and the UK privately negotiated their own financial relationship, there is no doubt that India's perceived role in causing perturbations in the sterling area, unfair as that characterization might have been, was known at the Colombo meeting in January of 1950.

Officially, the conference provided foreign ministers with a chance to discuss, in general terms, the pressing international issues of the day, such as the formal recognition of the newly-established People's Republic of China, which the UK had granted immediately before the conference to the chagrin of Australia and New Zealand. They were also scheduled to talk about the situation in Indo-China where the French were fighting what would be a losing war for their empire, which irritated the nationalist leaders of the newly independent nations. However, at the UK's request, the conference also hosted a meeting of senior economic officials to discuss the sterling balances problem and try to advance a solution.¹⁴⁸

Canada was reluctant to become involved in these discussions. It rightly felt it had already given its share to helping post-war economic recovery through its reconstruction loans

¹⁴⁶ For a discussion of these negotiations, see B.R. Tomlinson, "Indo-British Relations in the Post-Colonial Era: The Sterling Balances Negotiations, 1947-49," *Journal of Imperial and Commonwealth History* 13 (1984/1985): 142-162.

¹⁴⁷ *Ibid*, 147.

¹⁴⁸ LePan, *Bright Glass of Memory*, 158; The National Archives of the UK [hereafter TNA], Norman Brook to J.J.S. Garner, 31 October 1949, File "Proposed Conference of Commonwealth Foreign Ministers in Colombo 1950", DO 35/2769, 1.

and contributions to UNRRA. Also, Canada had already participated in discussions on this issue through the Tripartite talks in Washington, when it met with the United States and the UK in September 1949 to discuss measures to ameliorate the UK's currency problems and find ways for that country to save and earn more precious US dollars. Despite Canadian recalcitrance, and tensions between the UK and Canada over trade in the context of a new economic and power dynamic between the two nations, the former rightly believed Canada to be a dependable diplomatic partner with the UK's financial interests at heart.¹⁴⁹ London exerted diplomatic pressure on the Canadian government not only to attend the conference, but also to ensure that top officials would be present. The UK high commissioner in Ottawa, Sir Alex Clutterbuck, personally visited Prime Minister St-Laurent and outlined Ceylon's proposal for the conference. As well, he asked for Pearson's presence at the meeting. Clutterbuck reported that the prime minister's attitude was "cautious and non-committal."¹⁵⁰ Despite this initial reserve, the pressure succeeded. Officials in the UK government noted that it was "excellent news that Mr. Pearson himself will be going."¹⁵¹ The UK also sent a message about the importance that it attached to the conference with the large number of officials it sent to Colombo. Clutterbuck noted in a telegram to the secretary of state for Commonwealth Relations that the Canadians were "impressed" by the size of the UK delegation.¹⁵² Escott Reid, the deputy under-secretary of state for external affairs (USSEA), later wrote that fear of offending Commonwealth sensibilities,

¹⁴⁹ For a full description of these tensions, see B.W. Muirhead, "The Decline of Anglo-Canadian Trade, 1945-1950," in Muirhead, *The Development of Postwar Canadian Trade Policy*, 16-46.

¹⁵⁰ TNA, Inward Telegram to Commonwealth Relations Office, No. 1325, 10 November 1949, File "Proposed Conference of Commonwealth Foreign Ministers in Colombo 1950," DO 35/2769, 1. Emphasis in original.

¹⁵¹ TNA, Memo to Secretary of State, 10 December 1949, File "Conference of Commonwealth Foreign Ministers Colombo 1950," DO35/2771, 1.

¹⁵² TNA, Telegram from U.K. High Commissioner in Canada to U.K. High Commissioner in Ceylon, 2 December 1949, File "Conference of Commonwealth Foreign Ministers, Colombo, January 1950," DO 35/2770, 1.

rather than any particular concern with what might be discussed, was probably the primary motivating factor for Canadian participation in the conference.¹⁵³

The British keenly wanted to foster discussions at Colombo about the sterling balances problem, but as historian Nicholas Tarling has argued, the Colombo discussions were also the focal point for a wider British foreign policy strategy. Both economically and strategically, South and Southeast Asia was important for the UK. Of course, South Asia held a sterling balance reserve and the British government worried about communist China's seemingly growing power, its potential linkages to the Soviet government, and its ability to assert an aggressive communism in the region. The Second World War had already demonstrated that the UK could not protect the region independently. Britain wanted to encourage regionalism in the area as a way of shoring up these countries against the threat of communism, and believed that its former colonies, particularly India, needed support in order to avoid falling into the communist sphere. It also aimed to encourage a much greater level of American involvement in the region, both militarily and by providing the dollars that the sterling area so desperately needed.¹⁵⁴

Although the Canadian government agreed to attend the conference with Pearson as its leading representative, External Affairs still remained cautious about the potential level of its commitment. Officials in the DF and the DEA worried that the economic discussions of the

¹⁵³ Reid wrote: "Some of the reasons for Canadian participation were: (a) absence might have been interpreted as a lack of interest in Commonwealth consultation and Commonwealth ties; (b) absence might have been regarded as indicating almost exclusive reliance on our relationship with the North Atlantic Treaty Powers, and, above all, with the United States; (c) absence might have been regarded as a slight to the new Asian members of the Commonwealth and want of interest in their problems..." LAC, Escott Reid Papers, MG 31 E46, Vol. 7, File 2, Escott Reid, "Commonwealth Meeting on Foreign Affairs, Colombo, Ceylon, January 9 – 14, 1950," 30 March 1950, 2. This reasoning seems to have been drawn from a Memorandum from Arnold Heeney, undersecretary of state for external affairs, to Pearson, written in November 16th, 1949 that Reid likely drafted. *Documents on Canadian External Relations (DCER)*, Arnold Heeney, "Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs," no. 822, Volume 15, Chapter X, Part 4, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=9435> (accessed September 18, 2013).

¹⁵⁴ Tarling, "The United Kingdom", 3-32.

Colombo Plan meeting, focused as they were on the sterling balances problem, might concentrate on strategies to restrict imports from the dollar area, a solution in direct contradiction to Canada's economic interests. As preparations for the meetings were underway in December of 1949, the finance minister, Douglas Abbot, warned that his officials could not participate in such discussions.¹⁵⁵ USSEA Arnold Heeney agreed, letting the deputy minister of finance, W.C. Clark, know that the DEA concurred with this decision since the proposed economic discussions to be held concurrently with the foreign ministers' meeting would likely focus on restrictions to the dollar area; Canada, they firmly believed, could not "be implicated in any way" with that program. Clark also noted that Pearson was satisfied with that decision.¹⁵⁶

A message sent later in the month from Pearson's office to the Canadian high commissioner in London, Dana Wilgress, expressed reservations about the ideas that other Commonwealth countries developed in preparation for the meeting. The government of Pakistan had sent a telegram to Commonwealth countries suggesting that wealthier countries should extend credits to underdeveloped countries through a Commonwealth organization. Pearson's office gave this view to the high commissioner:

[Y]ou should make it clear that the Canadian Government *would not be prepared to encourage the establishment of a new Commonwealth organization for the promotion of economic development* and investment. Nor does it believe that such an approach to the problem would lead to useful results. ... You may recall that in the course of the Commonwealth Conference of Finance Ministers last summer, Mr. [Douglas] Abbott [the Finance Minister] stated, "Canada has gone as far, if not farther, than any other country in the Commonwealth in granting credits and she is not in a position to make any further grants."¹⁵⁷

¹⁵⁵ DCER, Privy Council Office, High Commissioner of United Kingdom to Secretary of State for External Affairs, 7 December 1949, No. 825, Volume 15, Chapter X, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=9438>, (accessed September 18, 2013).

¹⁵⁶ LAC, Douglas LePan Papers, MG 31 E6, Vol. 2, File 11, A.D.P. Heeney to the Deputy Minister, Department of Finance, 12 December 1949, 1.

¹⁵⁷ LAC, Douglas LePan Papers, MG 31 E6, Vol. 2, File 11, Telegram from Secretary of State for External Affairs to Canadian High Commissioner, London, 20 December 1949, 2. Emphasis added.

The telegram went on to note that “the problems of the underdeveloped countries” should be tackled by specialized agencies such as the UN, the International Bank for Reconstruction and Development (IBRD) or the International Monetary Fund (IMF).¹⁵⁸ Strapped by loans to Britain and parts of Europe and still cautiously finding its way in the post-war world, Canada was not anxious to give any new financial commitments to aid.¹⁵⁹

Internal documents show that officials in the DEA and other departments were aware and concerned about the UK’s financial position, and the direct connection between the pressure on sterling balances and the needs of underdeveloped countries in the Commonwealth, especially India. A memorandum written by A.F.W. Plumptre, the Director of Economic Affairs in the DEA, to the undersecretary of state of external affairs, references a recommendation by Bank of Canada governor Graham Towers that all Commonwealth countries should provide their balance of payments information at the upcoming conference in Colombo. Plumptre wrote, perhaps unfairly under these circumstances, that “Mr. Towers no doubt has in mind the fact that the financial difficulties of the UK have been caused in large measure by the overall deficits of some sterling area countries, notably India and South Africa. If this could be brought home to the members of the sterling area, it might be easier to reach a solution of the UK’s financial difficulties.”¹⁶⁰ Despite the advantage that Towers’ suggestion might provide for the UK, Plumptre advised against it since the decision had already been made to minimize Canada’s participation in the financial discussions. Under these circumstances, Plumptre advised not showing “too great a curiosity about the balance of payments statistics of other participants.”¹⁶¹ While aware of the UK’s financial position, and bowing to that country’s request to attend and

¹⁵⁸ Ibid.

¹⁵⁹ See Muirhead, *The Development of Post-War Canadian Trade Policy*, 18-29.

¹⁶⁰ LAC, Douglas LePan Papers, MG 31 E6, Vol. 2, File 11, Memorandum for Mr. Heeney, 15 December 1949, 1.

¹⁶¹ Ibid.

participate in discussions about the sterling balance problem, the Canadian position leading up to the conference could be characterized in this way: it wanted to show itself as a good partner by attending and sending high-level officials, but it did not want to involve itself too deeply in either the discussion or a solution which might jeopardize Canada's post-war economic boom. Notably, it was definitely against a Commonwealth economic development organization.

The Conference

“[T]here was something accidental about the convergence of the two meetings at Colombo,” LePan later wrote in his memoirs, referring to separate meetings of the foreign ministers and economic officials:

The economic officials were there on very different business than were the foreign ministers, although it had been foreseen that, under some circumstances, their services might be helpful to those upstairs. There was something, then, accidental about the juncture of the two meetings. But it had a very important effect on the successful launching of the Colombo Plan, I believe. It meant that both foreign ministries and finance ministries were implicated in the initiative from the beginning.¹⁶²

As it has been shown, however, the connection between the drain on the UK's reserves and the underdeveloped countries of the Commonwealth, primarily India, had already been established. Also, the idea that the wealthier nations of the Commonwealth could help to provide financial assistance to the poorer countries had already emerged from Pakistan. While the convergence was not as accidental as LePan suggests, it was crucial to the success of the Colombo Plan.

J.R. Jayawardene of Ceylon and Percy Spender, Australia's foreign minister, initially put forward the resolutions for what would later become the Colombo Plan. It was Spender, however, who quickly adopted a Commonwealth initiative for aid to underdeveloped countries in South and Southeast Asia as his project. Draft resolutions introduced by the Ceylonese and Australian delegations early in the meeting were revised behind the scenes under Spender's

¹⁶² LePan, *Bright Glass*, 158.

direction, resulting in a final resolution to ministers, sponsored jointly by New Zealand, Ceylon and Australia.¹⁶³ Spender, who had only been minister for two weeks, threw his considerable energy into the project.¹⁶⁴ His travels in Southeast Asia had convinced him of the need of a program of development to address the area's poverty.¹⁶⁵ However, the minister was also concerned particularly about the direct link between this poverty, the influence of communism among the poor, and Australia's security.¹⁶⁶ This made the Colombo Plan's success crucial for his political life. His strong personality at times imperilled the success of the Plan, as it did during the difficult negotiations at the Sydney conference several months later, but it also ensured that the idea became something material.¹⁶⁷ He also believed in the Plan's role for sustaining and building Asian democracy.¹⁶⁸

Spender's enthusiasm for the project closely associated his name with the Colombo Plan, and it briefly earned the moniker the "Spender Plan" as a result. However, Canadian officials generally agreed that the proposal would most probably have come to naught without the support of the UK government and specifically the UK's ailing Foreign Secretary, Ernest Bevin, a great anti-Communist member of the Labour government. As Reid noted, regardless of the new multi-racial character of the Commonwealth, old power dynamics persisted: "In spite of his health, Mr. Bevin still carried much weight in the discussions because of British prestige among members of

¹⁶³ LePan, *Bright Glass*, 175.

¹⁶⁴ Sir Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan*, (New York: New York University Press, 1969), 194, 214.

¹⁶⁵ Spender, *Exercises in Diplomacy*, 195.

¹⁶⁶ Quoted in Spender, *Exercises in Diplomacy*, 195.

¹⁶⁷ Ademola Adeleke, "'Cocksparrow Diplomacy': Percy Spender, the Colombo Plan, and Commonwealth Relations," *Australian Journal of Politics and History* 54, no. 2 (2008): 173-184.

¹⁶⁸ The initial Australian proposal read "The Australian Government is concerned that there is lacking as yet any concerted attempt to check and reverse through international economic measures the deterioration in the political and economic situation. Because international economic assistance will, in many cases, produce only slowly its effects on production and living standards, *further delay in comprehensive international economic action will fail to achieve its political purpose of maintaining stable government*, even though such action does eventually raise living standards from which the countries themselves and those that trade with them would undoubtedly benefit." Emphases added. Quoted in Spender, *Exercises in Diplomacy*, 216.

the Commonwealth, because of his intimate personal knowledge of high level international negotiations during the four uneasy post-war years and his great breadth of view and constructive approach.”¹⁶⁹ Despite arranging the economic discussions, LePan observed to Escott Reid on the first full day of meetings that “the British had no particular plans to put forward and that the economic discussions were not much more than a continuation of the discussions which take place in London at the Commonwealth Liaison Committee.”¹⁷⁰ Perhaps that is why the British seized on Spender’s proposals and supported them in the foreign ministers’ meeting. This was certainly Pearson’s sense as he reported back to Canada on the proposal:

In the Foreign Ministers’ meetings Bevin was able to pick up and turn to account suggestions made by Spender of Australia and (in a somewhat different form) by Jayawardene of Ceylon at an early stage in the Conference that the Commonwealth should extend economic assistance to the underdeveloped countries of South and Southeast Asia. Although the British did not arrive with any settled tactical intentions, they hoped that in the course of the Conference action could be initiated which would make it easier for the United States later to participate in some kind of economic assistance plan for Asia. This would have the result not only of strengthening the economies of the recipient countries and so of helping them to combat the spread of communism, but also of supplying the sterling area as a whole with a flow of dollars which might be expected to continue after the end of the European Recovery Programme.¹⁷¹

Pearson was aware that the UK’s support of the program rested on the potential for such an assistance plan to help relieve the pressure on sterling balances. Jayawardene and Spender also

¹⁶⁹ LAC, Escott Reid Papers, MG 31 E46, Vol. 7, File 2, “Commonwealth Meeting on Foreign Affairs, Colombo, Ceylon, January 9 –14, 1950,” 30 March 1950, 5.

¹⁷⁰ LAC, Escott Reid, “Colombo Conference Notes,” Escott Reid Papers, Volume 7, File 2, 3.

¹⁷¹ LAC, Lester B. Pearson Papers, MG 26 N1, From Canadian Delegation to External, Ottawa, January 17, 1950, Minutes, Vol. 22, File Commonwealth Foreign Ministers Conference – 1950 – Colombo Conference, Pt. III Commonwealth Economic Conference, 1-2. This impression differs somewhat from Daniel Oakman’s interpretation in his book *Facing Asia: A History of the Colombo Plan*. Oakman writes that the British delegation was the “most reticent of all, reminding delegates of their government’s responsibilities in Africa and the Middle East...” Oakman, *Facing Asia*, 42. However, given the large number of delegates, it is not surprising there were differences in opinion. Crucially, it was Bevin that supported the plan. Oakman himself notes that Bevin was in favour of economic development for Southeast Asia, even suggesting a “Marshall Plan aid program for Asia” to his own government in October 1948. *Ibid*,19.

knew that this was a crucial selling point, and both included this feature in their initial proposals.¹⁷²

There is no doubt that one of the UK's primary interests in supporting the Colombo Plan was related to sterling balances and the dollar shortage. It allowed the UK to release sterling to India and Pakistan in the guise of an aid program and, as Pearson observed, it held out the potential for US government involvement and therefore an infusion of US dollars into the sterling area. Such a program would therefore align itself with Britain's foreign policy strategy in South and Southeast Asia. A cabinet discussion produced later that year confirms this: "It has been implicit in our plans from the beginning that the UK contribution to India, Pakistan and Ceylon would take the form of releases from sterling balances over a six-year period."¹⁷³ The British hoped that wealthy Commonwealth partners would give as much as possible. This related to the stated goal, "a major objective of UK policy at the moment is to bring about a state of affairs in which during the next year or two the UK's financial contribution to the Colombo Plan will be nil or negligible."¹⁷⁴

During the first Consultative Committee (CC) meeting in Sydney in May of 1950, the UK urged that the committee immediately begin to prepare development plans for the countries of South and Southeast Asia as "a matter of urgency."¹⁷⁵ The delegation recommended that the plans be finished no later than the end of October. The reasoning for this deadline was two-fold: that other nations would be watching the progress of the Colombo Plan with keen interest, and it was necessary to show momentum. As well, and probably most importantly from the UK

¹⁷² Spender, *Exercises in Diplomacy*, 209; 216.

¹⁷³ TNA, CAB 134/226, File "Economic Policy Committee: Papers 54-106," Cabinet Document E.P.C. (50) 88, 12 September 1950, 1.

¹⁷⁴ TNA, DO 35/5785, File "U.K. Contribution to the Plan as regards sterling releases to India and Pakistan," A.W.S. to Mr. Pritchard, 18 March 1952, 1.

¹⁷⁵ LAC, Douglas LePan Papers, MG 31 E6, Vol. 9, File 2, "Making a Development Program – Notes by United Kingdom Delegation," 1.

perspective, in order for the United States to join the program, its Congress would need to vote on it during the first half of 1951. Therefore, the program had to be submitted to the US administration no later than November.¹⁷⁶ The delegation also submitted a detailed appendix on which to base the development plans. Again, the UK demonstrated its keenness to get the Plan underway, and especially, to get the US involved.

The UK played a central role of leadership in giving its support to the idea of the Colombo Plan through the series of negotiations. They encouraged partners to attend, and sent a large delegation to the conference.¹⁷⁷ They legitimated the early proposals with their support and worked to convince wealthy Commonwealth partners that they were serious about the Plan by offering specific numbers for their own contributions before others had done so.¹⁷⁸ Even in a reworked Commonwealth where all nations were supposed to be equal, the weight of the UK's support was crucial for the creation of the Plan.

A Cautious Acceptance

Although the DEA had initially specifically recommended against a Commonwealth development organization, by the time Pearson's team arrived home from the meetings, the minister tentatively supported plans for such an initiative. While there is no record of Pearson's personal thoughts regarding this change of attitude, archival documents show that in the initial stages, officials in the DEA viewed the Colombo Plan not only as an anti-communist program, but also as an opportunity to support the UK's financial position at relatively little cost to

¹⁷⁶ Ibid.

¹⁷⁷ In addition to personally asking Canada's prime minister for Pearson's attendance, Viscount Addison, head of the Commonwealth Relations Office, asked Prime Minister Clement Attlee if he could personally pressure the prime minister of India, Jawaharlal Nehru, to attend the Colombo conference. TNA, File "Proposed Conference..." DO 35/2769, Addison to Attlee, S. No. A15/49, 7 November 1949, 2.

¹⁷⁸ It did so because it wanted to encourage the wealthy dominion countries, including Canada, to state their commitments in order to ensure their adhesion to the Plan, as noted in a Dominion Office document: "It is most unlikely that either Canada or Australia will be ready to state specifically at the Conference what they are prepared to do... however, it seems necessary to the success of the entire plan that the United Kingdom should state its contribution as clearly as possible. Ibid, 1-2.

Canada. However, the department remained cautious and it is clear that during the first few years of Canada's participation in the Plan, the DEA saw Canadian aid for development in the region as a temporary initiative, not dissimilar to Canadian participation in post-war European and British reconstruction.

Some insight into Pearson's thinking is found in a telegram he sent to Heeney from the conference. Pearson wrote, "[t]he establishment of the proposed consultative committee is, of course, merely a first step but if this first step is followed by other necessary steps in the right direction, a great deal may be done not only to solve the problem of the sterling balances but also to shore up our defences in the area against the tide of Soviet expansionism."¹⁷⁹ The idea that the Plan could help to address both of these issues clearly appealed to Pearson, even as he suggested that the scope would be limited: "There is a danger, of course, that too great hopes may be aroused by the Colombo meeting's recommendations on this subject and it would certainly be dangerous and misleading at this time to speak of a 'Marshall Plan' for Asia."¹⁸⁰ While hopeful, Pearson also voiced Canadian caution about overseas financial commitments. Canadian participation hinged on a Plan that would only make limited demands on Canada's financial resources.

Similarly, on his return Douglas LePan summarized the idea for a Consultative Committee for South and Southeast Asia for the Interdepartmental Committee on External Trade Policy (ICETP), a high-level venue for deputy ministers to meet and discuss policy recommendations for ministers. Along with other Commonwealth partners, Canada adopted guarded resolutions. The first was to "examine the possibility of making financial assistance

¹⁷⁹ It is possible that this message was drafted by Douglas LePan; however, it is addressed from Pearson to Heeney. LAC, Douglas LePan Papers, MG 31 E6, Vol. 6, File 65, Telegram to DEA from Canadian Delegation to Foreign Ministers' Conference, Colombo, 17 January 1950, 4.

¹⁸⁰ Ibid.

available for essential productive purposes in South and South-East Asia, taking into account their existing commitments.”¹⁸¹ LePan sold the program mostly in economic terms, referring specifically to the UK’s financial woes, and also for the possibility that it might improve

Canadian trade:

It is hoped that the establishment of a Consultative Committee for South and South-East Asia may make it easier for the United States to participate later in some kind of economic assistance plan for Asia. This would have the result not only of strengthening the economies of the recipient countries, and so of helping them to combat the spread of Communism, but also of supplying the sterling area, as a whole with a flow of dollars which might be expected to continue after the end of the European Recovery Programme. ... In view of the possibility that the establishment of a Consultative Committee for South and South-East Asia might eventually lead to steps which would relieve the world-wide shortage [of] United States dollars, and so improve Canada’s trade prospects, it is recommended that the recommendations of the Conference of Commonwealth Foreign Ministers on this subject should be approved by the Canadian government.¹⁸²

Although LePan does not specifically mention the UK, the implications of “supplying the sterling area” after the “end of the European Recovery Programme” would have been obvious to contemporary readers of this document. Officials at the ICETP meeting believed that the Colombo Plan might help address some of the issues that had plagued Canadian trade with the UK in the post-war period, primarily its shortage of hard currency. Even years later, officials involved in the Colombo Plan remembered this first objective. In 1953, Escott Reid, writing from his post as high commissioner to India, wrote “I recall...at the original Colombo Meeting in January 1950 that the Colombo Plan was first thought of both by the British and, I think, by ourselves, as a possible helpful way of increasing the flow of United States dollars to the United Kingdom.”¹⁸³ In these early stages, Canadian officials viewed the Plan much less in terms of its

¹⁸¹ LAC, Douglas LePan Papers, MG 31 E6, Vol. 6, File 65, Interdepartmental Committee on External Trade Policy document No. 64, 3 March 1950, 1.

¹⁸² Ibid, 2.

¹⁸³ LAC, RG 25, Volume 6577, Part 5, Letter from High Commissioner, New Delhi to A.E. Ritchie, 6 August 1953, 8.

impact in South Asia, and much more in terms of its diplomatic and financial impact in London and Ottawa.

The Korean War and Communism in Asia

However, had the Plan been designed merely to shore up the UK's financial position, it is doubtful whether it would have gained the necessary political currency to become the comprehensive development program that it did. It took a greater objective to provide the traction that made it a major initiative. As shown above, Pearson's telegram to Heeneey during the first conference, and LePan's recommendation of the Plan to the Canadian government, included both potential financial and anti-communist benefits as positive aspects of the program. As Canada prepared to attend the second conference in Sydney, this time officially a meeting of the Commonwealth Consultative Committee, UK financial problems were not as prominent. Instead, a concern about the sub-continent's poverty and vastly under-developed economic infrastructure, and its susceptibility to communism, found its way into official instructions at least partly in reaction to the perceived Communist threat: "The Government are aware of the urgency of at least making a start in improving the standard of living in the Indian sub-continent and in Burma, Malaya, Indo-China, Indonesia and Thailand if...the spread of communism is to be prevented."¹⁸⁴

The Sydney conference began in May of 1950, and the anti-Communist message only increased in intensity in June as North Korean troops invaded the South, intent upon the forcible reunification of the Korean peninsula. The London Conference, which ended successfully with a final agreement outlining the nature of the plan, was held in September with the war as a constant reminder of the perfidy of international communism. That had its use. For example,

¹⁸⁴ LAC, Douglas LePan Papers, MG 31 E6, Vol. 9, File 101, "Memorandum of Instructions for the Canadian Delegation to the Meeting of the Commonwealth Consultative Committee on South and South-East Asia to be Held at Sydney, Australia, the 15th of May, 1950," 1. Emphasis in original.

LePan, in his report following the conclusion of the conference, offered that while the Sydney conference had been characterized by “confusion and acrimony,” the London conference had been tightly focused by world events:

The attack in June [1950] on the Republic of Korea and the lively reaction which that provoked throughout the whole of the free world, had made much more visible than previously the importance of Asia to the West and the way in which Western countries could not escape becoming involved in the event of Communist aggression in the Far East.... As a result, there was no need in London to argue that the West must take whatever steps were open to it to prevent any further large segments of the Eurasian landmass from falling under Communist domination; and there was also general agreement that this could be done only if the peoples of Asia were given some real hope of an improved standard of living, which would involve financial assistance from outside the area.¹⁸⁵

In this view, poverty was fertile ground for the spread of international Communism, and Colombo would help to address that issue by helping to “develop” the countries of the region.

In a draft report of the London conference, LePan noted that Canadian officials actually worried that the improved position of the sterling area resulting from the 1949 devaluation of the currency might cause the UK to remove their support for the Plan: “One of the chief reasons why the United Kingdom had welcomed the proposals ... was that they offered some promise of resulting in a new injection of United States dollars into the stream of world trade, most of which might have found their way into the central reserves of the sterling area.”¹⁸⁶ They were relieved that the UK continued to support the Plan despite the sterling area’s improved situation. Apparently, LePan noted, the British had more than just financial reasons for supporting the Plan, although rearmament, perhaps a looming necessity given the war in Korea, still posed a threat to the sterling area due to inflation.¹⁸⁷

¹⁸⁵ LAC, Douglas LePan Papers, MG 31 E6, Vol. 9, File 106, Attachment to letter to Douglas LePan, draft report on London Meeting on Economic Development in South and South-East Asia, 14 October 1950, 5-6.

¹⁸⁶ Ibid, 3.

¹⁸⁷ Ibid.

Despite these factors, given the emphasis that scholars have traditionally placed on the role of anti-communism in the formation of the Plan, it is surprising how rarely concerns about combating the communist menace, and how often the Second World War and general issues of trade in the South and Southeast Asian region, ended up appearing in the final document signed in London in September. It does say that the “improvements of the welfare of the South and South-East Asian people is a vast human endeavour, and the community of free nations stands to gain immensely by it. The policy stability of the countries of the area is possible only in conditions of economic progress.” However, it also has an entire chapter on “The War and its Aftermath” which details the massive economic dislocation the region suffered due to war.¹⁸⁸ The impact of the war on India is particularly emphasized, both in this chapter, and in the chapter detailing India’s development program.¹⁸⁹ On balance, the picture that emerges is less about a region under threat by communist forces and more about one that has suffered an economic trauma brought on by the strains of the Second World War, and the imbalances that that event brought to the trading relationships the region traditionally maintained, particularly with the UK. Canada joined a Plan that sought to bring economic stability to a region threatened by communism, but equally it joined a Plan that sought to heal the economic wounds caused by a war with fascism.

By the end of 1950, the die had been cast, although a few important issues remained unresolved, including the role of the US and exactly how much Canada would be able to contribute. A December 1950 memo to Pearson encouraged him to “decide at once” whether or not Canada would join with its Commonwealth members in asking the US to attend the next meeting of the Consultative Committee in January of 1951. The memo also encouraged Pearson

¹⁸⁸ NAI, Western States Agency, D. Files, Progs. Nos. 19-42, 1950, “The Colombo Plan for Co-operative Economic Development in South and South-East Asia,” 4; 5-9.

¹⁸⁹ *Ibid*, 14.

to secure an agreement from cabinet about Canada's financial contribution to the Plan: "The need for such an understanding ... arises from the fact that further Canadian contribution in the work of the Consultative Committee now that the Colombo Report has been published and the United States has indicated its willingness to join the Committee might well be construed as constituting some measure of a moral commitment."¹⁹⁰ Pearson managed to overcome opposition within cabinet to secure an initial C\$25 million annual commitment.¹⁹¹

Although economic tensions between the UK and India continued, the interest that the former colonial master showed in promoting the Plan did pay off to some degree. In discussions between the Indian finance minister, C.D. Deshmukh, and the UK chancellor of the exchequer, R.A. Butler, in January of 1952, the latter continued to urge the Indian government to "reduce her deficit with the non-sterling area by £29 million during the second half of 1952."¹⁹² While Krishna Menon, the high commissioner for India in London, admitted that this would be a difficult task for India as "her ability to improve the balance of payments was limited by the over-riding need for food imports," Deshmukh reassured the chancellor that the government was working on combating inflation and restricting imports from the non-sterling area. He also stated that "The main direction in which India expected an improvement in the balance of payments over the figures as forecast for 1952 was by way of loans and foreign assistance. The

¹⁹⁰ LAC, Douglas LePan Papers, MG 31 E6, Vol. 2, File 13, Memorandum for Mr. Pearson from Douglas LePan, 28 December 1950, 1.

¹⁹¹ This opposition came mostly from the Finance Minister, Douglas Abbott. An exchange of letters between the ministers illuminates Abbott's opposition to the Plan and Pearson's reasons for supporting it, which focuses on the threat of communism, but also spends nearly two pages discussing its effects on the UK economy. He also expresses confidence in the Indian finance minister, C.D. Deshmukh, in reassuring Abbott that the money will be well used. *DCER*, Lester B. Pearson, "Secretary of State for External Affairs to Minister of Finance," 17 January 1951, no. 543, Volume 17, Chapter IV, <http://www.international.gc.ca/departement/history-histoire/dcer/details-en.asp?intRefid=5921> (accessed September 18, 2013); *DCER*, Minister of Finance to Secretary of State for External Affairs, 30 January 1951, no. 546, Volume 17, Chapter VI, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=5924> (accessed September 18, 2013).

¹⁹² NAI, Cabinet Secretariat, Economic Committee of Cabinet, file 14(2)-ECC/52, report to the Cabinet on the Commonwealth Finance Ministers Conference held in London in January 1952 and subsequent discussions between HM Finance and the U.K. Chancellor of Exchequer, 2.

Government of Canada had already agreed to grant economic aid of £5 million under the Colombo Plan arrangements” and that other aid deals, especially with the United States, were also concluded and others were being negotiated.¹⁹³ In a convoluted way, it was India’s financial position via the UK that brought Canada and India into a stronger relationship with each other.

A View from India

Without the relevant documents, which are unavailable in Indian archives, it is difficult to get a full picture of how Indian officials prepared for and thought about the Colombo Plan. The documents that are available show that their administration was prepared to welcome the Plan as long as it respected Indian sovereignty, and that they rejected the idea that the Plan was an anti-communist tool. During the sixth plenary session of the Colombo meeting, Nehru showed some ambivalence toward the proposed scheme, noting that while the region was in urgent need of economic development, he was not entirely sure how assistance could best be made available. In addressing the proposals already on the table, he said that he was “not clear to him how this plan was to be implemented” and that “detailed plans would have to be worked out by each individual country for itself.”¹⁹⁴

Yet he was open to the concept and sent a rather large delegation of seven officials to the Sydney consultative committee meeting in May.¹⁹⁵ In a circular summary of one of the working party committees in Sydney sent around at the request of India, one of their officials noted that India had been satisfied with the UN technical assistance program and assistance received from the World Health Organization, and so it followed that India was open to new sources for these

¹⁹³ Ibid, 16-17.

¹⁹⁴ Jawaharlal Nehru, “Minutes of the Sixth Meeting,” in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, vol. 14, (New Delhi: Oxford University Press, 1992) 529.

¹⁹⁵ The head official, Sir Ramaswami Mudaliar, said that the “size and composition of the delegation was an indication of the interest which his country showed in the problem and its desire for realistic results.” LAC, Douglas LePan Papers, MG 31 E6, Volume 9, File 3, “Consultative Committee: Third Plenary Session,” 16 May 1950, 9.

programs.¹⁹⁶ The Sydney conference had been difficult, with Canada and Australia at odds throughout due to Spender's tendency to push the Colombo Plan commitments beyond what Canada felt comfortable providing.¹⁹⁷ Despite this tense atmosphere, India still managed to actively participate in the conference. During the fourth session of the meeting, India's chief representative, Sir Ramaswami Mudaliar, expressed discontent over the proceedings thus far, noting that "the time had come for the Committee to have a clear idea of what it was trying to do," noting that despite claims of urgency, he was unclear about their intent.¹⁹⁸ He spoke of his impatience with the idea that the future plan would be anti-communist in nature, since "All the present governments in those countries [India, Pakistan and Ceylon] had been successful in arresting communism so far and hoped to be able to continue to do so."¹⁹⁹ He urged the group to focus on the real needs of the region, which were capital goods, long-term credit, and expertise.²⁰⁰ Perhaps this is part of the reason that the final document contained so little open discussion of the Plan as it related to communism. This emphasis is India's influence speaking through the report.

Conclusion

In the early days of the formulation of the Colombo Plan, Canadian officials worried primarily about the consequences of the Commonwealth foreign ministers' meeting on Canada's financial dealings with the UK. This chapter in the history of Canada-UK relations in the immediate post-war era fits in well with a story that is complex and often contradictory. While

¹⁹⁶ LAC, Douglas LePan Papers, MG 31 E6, Volume 9, File 5, "Amendment to the Summary Record: First Session, Working Party "B"," 12 May 1950, 1.

¹⁹⁷ LAC, Douglas LePan papers, MG 31 E6, Attachment to letter to Douglas LePan, draft report on London Meeting on Economic Development in South and South-East Asia, 14 October 1950, Volume 9, File 106, 5-6; see also Ademole Adeleke, "'Cocksparrow Diplomacy': Percy Spender, The Colombo Plan and Commonwealth Relations," *Australian Journal of Politics and History* 54, no. 2 (2008): 173-184.

¹⁹⁸ LAC, Douglas LePan Papers, MG 31 E6, Volume 9, File 3, "Consultative Committee: Fourth Plenary Session," 16 May 1950, 11.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

ties had weakened, a measure of obligatory feeling did linger in the air between the countries, particularly as Canada tried to regain the formerly robust export market that it had previously had with the UK.²⁰¹ Given the tense international political situation that developed in the months following the first foreign ministers' meeting in January 1950, it is easy to write off the Plan as merely Canada "pitching in" with the work of anti-communism in the new Cold War environment of the early 1950s. Certainly, full credit for the political success of the Plan must go to its anti-communist strategy and the Korean War, which brought the United States fully into the realm of the Asian strategic environment. However, initially it was not the threat of communism that preoccupied officials in the Department of External Affairs as they discussed the potential of a Commonwealth economic development program. Rather, it was the dull yet pressing concerns of the Commonwealth economy.

For those present at the creation, these pedestrian concerns obscured the entirely novel nature of the Colombo Plan. As Douglas LePan wrote in the late 1970s of his experience working toward the genesis of the Plan, he had no idea of its implications. While modern development theory tends to emphasize the work of development economists working from the 1940s as originators of modern development practice, as LePan writes of the Colombo conference, "The fact is that there was little or no economic theory to assist with such problems. The great spate of articles and monographs by economists on the problems of economic development as to come later, in the more than twenty-five years that have intervened since."²⁰² Those working on the Colombo Plan, then, had no playbook to guide their efforts. Instead, they only had their instincts and their own "knowledge" of what did, and did not, constitute development. LePan notes that it was the colonial governments themselves that had the most

²⁰¹ See Muirhead, *The Development of Postwar Canadian Trade Policy*, 16-75.

²⁰² See page 13 of this paper. LePan, *Bright Glass of Memory*, 149.

experience in dealing with the “problem of underdevelopment,” but this experience was felt to be inherently inapplicable since the newly independent countries were trying to leave their colonial pasts behind. Officials did not, and indeed could not, have known that an initiative like the Colombo Plan would become a part of a massive post-war aid infrastructure:

What we didn't know, or at least didn't fully appreciate, as we were drawing up the Colombo Plan, was perhaps more significant than what we did know. As I have said, we were lacking in any relevant theory of economic development or any paradigm that would be applicable to the poverty-ridden countries of South and South-East Asia. We were ignorant of the mischief that might be done by projects of economic development, such as multi-purpose high dams, unless their ecological or other consequences were carefully researched and weighed in advance. We would have been amazed if we had been told that twenty years later the countries of the Third World would be clamouring at the United Nations and elsewhere for new and radically different programmes to help them overcome their still intractable economic problems.²⁰³

As officials set about making the Plan into a reality of Canadian government, they looked to the structures of war-time and post-war aid and relief to Europe to guide their work. They rarely stopped to reflect on the novelty of their work, because it was, for them, not entirely novel, and they rarely stopped to reflect on the enormity of the objective before them. As the following chapter will demonstrate, for most officials working on the Plan, the work of aid and development in 1951-1952 was rarely more than a series of tasks which needed to be accomplished.

²⁰³ Ibid, 151.

Chapter 3: The First Year

By the end of 1950, Pearson had won the political battle within the cabinet to invest in the Colombo Plan, which represented the first serious attempt at a Canadian aid program focused on the Global South. While approval for aid expenditure would continue to need ministerial and cabinet approval, it now fell on the shoulders of the Canadian bureaucracy, primarily within the Department of External Affairs and in the Department of Trade and Commerce, to work out the specifics of how aid would be spent and managed, and how the relationship with recipient countries would proceed.

The first official year of Canadian aid expenditure, not including the initial C\$400,000 for administrative set-up, was the fiscal year 1951-1952 and then continued into 1953 when aid funds could not be disbursed quickly enough. In the first year, Canadians spent C\$25 million on the Colombo Plan, and a full C\$15 million of that within India. Officials working on the aid file encountered a remarkably comprehensive set of challenges in their first year operating the Colombo Plan program. These included communication issues within government and between Canada and India, the difficulty of syncing a new and sometimes chaotic Indian administration with the staid Canadian bureaucracy, disagreements between Indian and Canadian officials on how the aid should be spent, matching donor and recipient priorities, and avoiding the internal politics of India and building expertise on the aid file. Remarkably, most, if not all of these challenges continue to be prominent in the field of ODA to this day. What rarely appears in this first year is any deeper reflection or interrogation about the fundamental purposes of the aid program. The context of high modernism meant that the link between aid, growth, and developmental goals had already been strongly ingrained into the way that they thought about economics.

The Set-Up

The first order of business for the aid program was to set up the administrative machinery necessary to operate it. Due to the interdepartmental nature of aid, which included not only the expenditure of Canadian funds but also logistical considerations, trade implications and diplomacy, the first organization for the program was also interdepartmental in nature. The main administrative body was set up within the DTC as the International Economic and Technical Cooperation Division (IETCD) in September of 1951.²⁰⁴ Reginald George Nik Cavell, a former businessman with prior experience in South and Southeast Asia with the Indian Army, headed this organization with the position of director of the IETCD, although his correspondence always referred to him as “administrator.”²⁰⁵ The belief in the temporary nature of the program was reflected in his hiring, which was for a period of only two years, even though the Colombo Plan was already deemed to be a six-year program.²⁰⁶ This organization was charged with coordinating all activities related to technical assistance. Primarily, its function related to duties within the Colombo Plan. In order to coordinate effectively, a Colombo Plan Group was also established to meet regularly with representatives from Finance, External Affairs, Trade and Commerce, and the IETCD. Cabinet had the final authority with respect to expenditure approval, although by the time memos reached cabinet, they simply approved the

²⁰⁴ LAC, RG 19, J.H. Thurrott, “Memorandum for Members of the Interdepartmental Group on Technical Assistance, 14 September 1951, Volume 4275, File 8055-10-5, pt. 1, 1.

²⁰⁵ LAC, RG 32, J.A. Murray to Paul Pelletier, attachment, “Reginald George Nik Cavell,” 27 August 1958, Volume 309, File 1894.02.27, “Cavell, Reginald, George Nik.” Cavell spent twelve years in India, first commissioned in the Indian Army in the Calvary Branch in 1913. After a brief stint in South Africa he became director of the Automatic Electric Telephone Company, and Vice President of International Automatic Telephones Limited in London. He then returned to the East, working for the company’s Asian operations, until Japanese military interests in China forced the closure of that business. He came to Canada in 1931, and worked for Canadian Telephones & Supplies Ltd., which became Automatic Electric (Canada Limited), helping expand its operations across Canada. He worked for this company until he became director of the IETCD in 1951. LAC, RG 32, C.H. Bland, S.G. Nelson, and A.J. Boudreau, “To His Excellency the Governor General in Council,” attachment, “Cavell, R.G. Nik, T&C-44789,” 13 September 1952, Volume 309, File 1894.02.27, “Cavell, Reginald, George Nik,” 2.

²⁰⁶ LAC, RG 32, J.A. Murray to Paul Pelletier, attachment, “Reginald George Nik Cavell,” 27 August 1958, Volume 309, File 1894.02.27, “Cavell, Reginald, George Nik.” Eventually they made the position of director of the IETCD director permanent in 1956. Ibid.

recommendations made at lower levels by various committees of officials, and these only occasionally elicited interest and discussion at the ministerial level.

On paper, the Department of Trade and Commerce seemed to hold much of the responsibility for aid. In practice, the majority of aid policy was coordinated within External Affairs, in the office of the under-secretary for external affairs, headed by A.D.P. Heeney, and within the Economic Division of the DEA, headed by A.F.W. Plumptre, in cooperation with Cavell. This was due to the role that diplomacy played in aid-giving in the early 1950s. While the Colombo Plan was a Commonwealth invention, in reality the Secretariat of the Colombo Plan, which was still finding its way, played little role in the day-to-day operation of aid. The Colombo Plan was a title assigned to a wide array of bilateral aid arrangements made directly between the donor and recipient countries. As a result, in these early days the diplomatic missions in Ottawa and New Delhi played a crucial role in communication about the specifics of these arrangements. In the first year of Canadian aid to India, this high-level form of communication between the two countries was one of the major challenges that officials in both countries faced in trying to bring form to the Plan.

On 10 September 1951, Canada and India exchanged notes outlining the “Statement of Principles Agreed Between the Two Countries for Co-operative Economic Development of India.” It was a short, simple, and vague document establishing the general bilateral nature of the Plan, with the first principles being that “All economic aid supplied by the Government of Canada to the Government of India under the Colombo Plan shall consist of goods and services in accordance with specific programmes agreed upon from time to time between the two governments.”²⁰⁷ It stated that Canadian aid would be available either as loans or grants and

²⁰⁷ “Exchange of Notes Between Canada and India giving Formal Effect to the Statement of Principles Agreed Between the Two Countries for Co-operative Economic Development in India, New Delhi, 10 September 1951,” in

established provisions for the use of counterpart funds. This was the most specific part of the statement, which directed the GOI to set up a special account for counterpart funds, to keep a separate record of that account, to inform the Government of Canada of the position of that account and to occasionally supply an official certificate verifying that information.²⁰⁸ The statement of principles was imprecise with respect to the overarching goals and program's ideals. The only phrase that even began to address something other than the nuts and bolts of program development noted that "The Governments of Canada and India now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of India."²⁰⁹

The first fiscal year's budget of C\$15 million eventually broke down into three main expenditures: the government spent C\$10 million on wheat for India; the counterpart funds generated by wheat would be given to the Mayurakshi dam project in West Bengal, which was already under construction as a part of India's first Five-Year Plan; and a further C\$4.5 million went to providing chassis to the Bombay State Transport Company. Although the government voted C\$400,000 for technical assistance, it spent C\$285,000 on technical cooperation, which included funding 28 students to come to Canada to study, and three technical missions, also from India to Canada.²¹⁰

The Bombay State Transport Company

The provision of chassis to the Bombay State Transport Company (BSTC) represents the Canadian government's first original aid project to India. Rather than simply shipping a

Ministry of External Affairs, Government of India, *India Bilateral Treaties and Agreements, Volume 1: 1947-1952*, (New Delhi: Ministry of External Affairs, 1994), 415.

²⁰⁸ Ibid, 415-416.

²⁰⁹ Ibid, 415.

²¹⁰ LAC, RG 25, "Canadian Assistance Under the Colombo Plan," 19 June 1952, Vol. 6577, File 11038-1-40, part 2.2, 3.

commodity, like wheat, or providing funds to an already formulated project, the expenditure on the BSTC was a stand-alone project. It required a proposal from the Indian government, a decision on the part of the Canadian government to fund the project, and plans to build and ship the necessary components. When it finally ended, officials attempted to learn from the mistakes that had been made in carrying it out, and to build on those. In this way, it was a crude version what aid practitioners now refer to as the “project cycle,” although without the acronyms or sophisticated management techniques that now are attached to that term.

It also provides an interesting example of the numerous challenges that Canadian and Indian officials faced during their first year of the Colombo Plan. The development of projects under the Colombo Plan was supposed to, and generally did, follow a certain pattern in the 1950s. The Indian government was responsible for officially proposing a specific project to the Canadian government via their high commissioner in Ottawa. The latter preferred to receive a “batch” of project ideas so that it could choose those which best suited Canada’s abilities. When Canadian officials had chosen a project, they would need to propose it to cabinet in order to receive official approval for the expenditure. Once that had been received, the Canadian and Indian governments could then undertake an exchange of notes which would outline the specifics of the project which each government agreed to against the background of the Statement of Principles which had originally been signed by the two countries. Then it could be carried out as specified.

It turned out that the work that Pearson had done to get the cabinet to approve the initial C\$25 million expenditure had been the easy part. Despite the massive needs of the region, actually spending the allotted money within the rigid accounting practices of the fiscal year proved challenging. Since the IETCD had only been established as of September 1951, and

cabinet only approved the C\$15 million figure for India in that same month, the program started late if aid expenditure was to be met by the fiscal year ending in March 1952. Strangely, it seems that officials originally expected that this deadline would be met, regardless of their late start. If the money was not spent by the fiscal deadline, the remaining funds would have to go through another vote in Parliament, a politically undesirable path. In 1952 the C\$10 million for wheat, purchased from the Canadian Wheat Board, shipped out in the S.S. *Houston* from Vancouver.²¹¹ The remaining funds, however, remained in a state of flux.

The Indian government first proposed that Canada provide chassis for the BSTC late in the summer of 1951, then dropped the idea, then revived it again late in the year. In December the Indian government proposed that Canada supply of 1,000 bus chassis via a letter from the Indian Department of External Affairs to their high commissioner in Ottawa, R. R. Saksena.²¹² The BSTC emerged as an attractive possibility early in 1952 because the Indian government approved of it and its outputs lay within the ambit of Canadian industry. Perhaps more pointedly, it had the distinction of being the only material idea available to both governments. The Commercial Counsellor of Bombay for Canada, Bruce Rankin, noted that while it would not be as appealing an aid project for Canada as “irrigation, hydro-electric and similar other undertakings” this was “balanced by the fact that we have capacity in our automobile industry in Canada at the moment.”²¹³

On January 23, Blanche Margaret Meagher of the Economic Division in the DEA prepared a draft memo to cabinet which justified Colombo Plan aid for the BSTC on the following grounds:

²¹¹ LAC, RG 25, “Press Release, Information Division of Trade and Commerce,” 10 January 1952, Volume 6577, File 11038-1-40, part 2, 1.

²¹² LAC, RG 25, Bruce I. Rankin to Paul Bridle, 31 December 1951, Volume 6577, File 11038-1-40, part 2, 1-2.

²¹³ *Ibid*, 5.

The establishment of an efficient transportation service is considered to be the most urgent project for Bombay State at the present time. The Central Government of India also regards the project as an integral part of the general economic development plan for India. Enquiries reveal that the Canadian automotive industry is in a position to undertake the manufacture of 3,000 chassis and would be interested in doing so. The order would be of some assistance to the present employment situation and the supply of Canadian built chassis to India at this time could lead to beneficial results in terms of future markets.²¹⁴

Yet time was growing short and by February, India had not provided any formal specifications about the project details. On February 11, Warwick Chipman sent a letter to Heeney expressing reservations about the project. Not only was the fiscal deadline approaching, but he also had “a certain misgiving about the project simply on the general ground that it would seem preferable, where possible, to spend Canadian dollars on projects which will effect a lasting improvement in the Indian economy. I am not sure in my own mind that the Transport project really qualifies on this basis.”²¹⁵ Two weeks later, Meagher wrote Plumptre to say that no progress had been made on the Indian program.²¹⁶ With a month to go before the end of the fiscal year, the Indian Ministry for External Affairs sent their high commission in Ottawa an express letter outlining that they could accept 3,000 chassis from the Canadian government for diesel “lorries,” or transport trucks as part of the transportation nationalisation project for Bombay.²¹⁷ Despite Chipman’s hesitations about the programme, it was the only real option.

A final agreement simply could not be concluded in time. Finance grew impatient, especially considering that the other part of the 1951 Colombo Plan expenditure for Pakistan was proceeding at a similarly slow pace. On March 20, with eleven days to go until the end of the

²¹⁴ LAC, RG 25, “Draft Memorandum to Cabinet, Colombo Plan – Programme for India,” 23 January 1952, Volume 6577, File 11038-1-40, part 2, 2.

²¹⁵ LAC, RG 25, High Commissioner for Canada in India, New Delhi to The Under-Secretary of State for External Affairs, 11 February 1952, Volume 6577, File 11038-1-40, part 2, 1.

²¹⁶ LAC, RG 25, B.M. Meagher, “Memorandum for Mr. Plumptre, Colombo Plan Programme,” Volume 6577, File 11038-1-40, part 2, 1.

²¹⁷ LAC, RG 25, Express Letter (No. F. 22-4/51 – Emi) From Foreign, New Delhi to Hicomind, Ottawa, 28 February 1952, Volume 6577, File 11038-1-40, part 2, 1.

fiscal year, Heeney sent a memo to Pearson which outlined the challenges and a solution to this problem. He wrote that the programs for India and Pakistan had reached the stage where some projects were definitely going ahead and tenders were being sought, while other were only tentatively approved. Douglas Abbott, the finance minister, was “anxious to avoid a revote of the unspent balance.”²¹⁸ The reason for this reluctance was due to a feeling of insecurity in cabinet to the perceived risk of drawing too much attention to the Colombo Plan. The prime minister told the cabinet that if the funds were left to lapse, it might be seen as a negative “reflection on Canadian support for Colombo Plan programs” while “difficulties” might arise if they asked parliament to re-vote the funds.²¹⁹ Although he does not spell out what these difficulties might be, presumably he did not want to draw attention to the fact that money allocated the year before had yet to be spent.

Since the money was designated for aid to India and Pakistan, it needed to be transferred to these countries in some way. But doing so without maintaining control over the funds was a nonstarter: “There is, of course, no question of handing over C\$15 million to the Governments of India and Pakistan to use as they like,” cabinet concluded, perhaps reflecting colonial attitudes which New Delhi surely would have disliked.²²⁰ In order to avoid such a revote but remain within the law, Heeney wrote that the Department of Finance created a plan wherein the unspent money would be technically be “given” to the Colombo Plan countries, but via the Canadian Commercial Corporation (CCC), which would act as agent of the recipient countries.²²¹ The CCC would hold the funds in trust for Colombo Plan countries until it was ready to be spent, in

²¹⁸ LAC, RG 25, Arnold Heeney, “Memorandum for the Secretary of State for External Affairs,” 20 March 1952, Vol. 6577, File 11038-1-40, part 2, 1.

²¹⁹ LAC, RG 2, Privy Council Office, Cabinet Conclusions, “Colombo Plan; future contributions,” 13 November 1952, Series A-4-a, Volume 2651, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=12395&page_sequence_nbr=1&interval=20&&PHPSESSID=g91ph4qec57ihukat0h2f56nr5 (accessed 17 April 2014).

²²⁰ Ibid.

²²¹ Ibid, 2.

most cases back in Canada. In this way, the government resolved the logistical problem.

However, the paradox of finding appropriate projects on which to spend Colombo Plan aid in a country with seemingly infinite needs would continue for many years.

Politics

Officials also encountered internal Indian politics in the BSTC program. Early in the planning stages political conflict attached to the project became apparent. Initially both parties assumed that Ford would be the natural choice to provide the chassis. The company could supply the desired equipment and, perhaps more importantly, it had representation in both Canada and India, which was particularly important for maintenance and spare parts in India. The country faced challenges with Western-made vehicles because of poor road infrastructure, and so it was imperative that the BSTC have easy access to spare parts.²²² However, a politically well-connected man within the Congress Party owned the company that represented Chrysler in India, Premier Automobiles.²²³ Officials faced a perplexing problem. If they did not open up the bidding process to other vehicle manufacturers, the Canadian government risked looking bad, but more importantly, the officials working within BSTC risked their careers. If they did open up the bidding process, not only would it further slow the project down, but they risked losing the contract to a company neither the BTSC nor officials in Canada felt had the necessary experience to manage the contract.²²⁴ In April, Rankin wrote the Director of the Trade Commissioner Service asking for official clarification from the Canadian government that they would be calling for tenders rather than specifying the supplier as Ford. A bidding process did ensue, and

²²² LAC, RG 25, Office of the High Commissioner to The Under-Secretary of State for External Affairs, Letter No. 482, 9 April 1952, Volume 6577, File 11038-1-40, part 2.2, 1.

²²³ LAC, RG 25, Nik Cavell, "Memorandum," 25 May 1952, Volume 6577, File 11038-1-40, part 2.2, 1.

²²⁴ LAC, RG 25, Office of the High Commissioner to The Under-Secretary of State for External Affairs, Letter No. 482, 9 April 1952, Volume 6577, File 11038-1-40, part 2.2, 1.

contracts came in from Ford, General Motors, and Chrysler. Ford, much to the relief of everyone except the owner of Premier Automobiles, won the contract by quoting a lower price.²²⁵

Still, the political issue continued to drag into May, much to the frustration of Cavell. He worried that the obvious political implications of the program would deter Ottawa in terms of enhancing the aid program, writing the Deputy Under-Secretary of State, Escott Reid, that “[t]here is a danger of various people becoming unduly alarmed and irritated about political interference in Colombo Plan matters in Asia, and seeming to expect a higher ethical standard in India and elsewhere than in fact we maintain here on the North American continent.”²²⁶ Cavell’s remark about the “political” objectives of national contracts let in Canada could not have been more apt. Still, by the end of May, he felt that the issue had dragged out long enough, frustrated by Premier Automobiles’ representative who “has haunted my office and that of Mr. Saksena, and is thinking up every monkey wrench possible to throw into the present negotiations.”²²⁷ According to Saksena, Premier Automobiles had even threatened a newspaper campaign accusing Canada of “economic imperialism” and of using the Colombo Plan to force Indian companies out of business for the benefit of Canadian exports.²²⁸ The time had come, argued Cavell, to be decisive: “we should say to the Government of India that we will supply a certain number of vehicles to be manufactured by Ford, at the prices at which Ford was the successful bidder, and that the Government of India either accepts our offer of aid on that basis or we withdraw the offer and seek some other method of spending C\$4,500,000 of Colombo Plan aid involved.”²²⁹ Whether or not this happened in the manner that Cavell suggested, the program did

²²⁵ LAC, RG 25, B.M. Meagher to Escott Reid, 9 October 1952, Volume 6577, File 11038-1-40, part 3, 1.

²²⁶ LAC, RG 25, Nik Cavell to Escott Reid, 10 May 1952, Volume 6577, File 11038-1-40, part 2.2, 1. In any case, Reid does not seem to have been “unduly alarmed” since he did not bother to reply to Cavell’s letter.

²²⁷ LAC, RG 25, Nik Cavell, “Memorandum,” 25 May 1952, Volume 6577, File 11038-1-40, part 2.2, 1.

²²⁸ *Ibid.*

²²⁹ *Ibid.*, 2.

go ahead with Ford as a partner. By 4 July, a final agreement had been reached “interdepartmentally and with the Indians” on the requirements of the project and the order could be placed as soon as the signatures of the three relevant ministers had been obtained.²³⁰ Cavell reported to the Colombo Group meeting on 11 August that the last of the equipment for the BSTC had been ordered, although problems and misunderstandings continued to plague the project.²³¹

Communication, or a Lack Thereof

A number of communication issues hampered progress in the first year. A significant problem was that information had to pass through so many layers in order for any progress to be achieved. Within Canada, there had to be interdepartmental communication, communication with the Indian mission in Ottawa, and communication with the Canadian mission in New Delhi. The Canadian mission in New Delhi had to communicate with the Canadian government, the Indian government, state governments, and other relevant Canadian missions, such as the consulate in Bombay for the BSTC project. At times the consulate communicated directly with the Canadian government.²³² From the Indian perspective, there was also interdepartmental communication, as well as the matter of navigating the federal structure. The aid relationship between India and Canada was a bilateral one – Canada negotiated only with the central government. However, the BSTC was a state government operation. From the perspective of the BSTC and what was then the state of Bombay, the Canadian aid was not free. Canada purchased the chassis and the associated equipment, such as spare parts, as a grant to the government of India. India then transferred the chassis to the BSTC on a loan basis, albeit on a

²³⁰ LAC, RG 25, A.E. Ritchie, “Memorandum for the Under-Secretary,” 4 July 1952, vol. 6577, File 11038-1-40, part 2.2, 1.

²³¹ LAC, RG 25, “Minutes, Colombo Group Meetings – 3:30pm, July 29, 1952,” 11 August 1952, Vol. 6577, File 11038-1-40, part 3, 4.

²³² LAC, RG 25, Bruce I. Rankin to Paul Bridle, 31 December 1951, Volume 6577, File 11038-1-40, part 2, 1.

very lengthy, flexible and low-interest term. Both governments assumed the trucks would eventually generate a profit for the BSTC, which it could use to repay the Indian government.

For a time in early 1952, the negotiations about financing devolved into a state of confusion as information passed through the various layers of government. An example of this confusion, not unusual given larger context, was with the BSTC contract. According to the General Manager of the BSTC, General G.D. Young, the Indian government informed the BSTC in January of 1952 that the Canadian government had requested payment at the time of delivery of the chassis, and that therefore the nature of the project, which hinged on the idea of the long-term loan from the Centre, was nullified. He contacted the Canadian Consulate in Bombay to complain that it would be impossible to pay for the chassis before the lorries had done any income-generating activity.²³³ Rankin wrote Paul Bridle, the first secretary of the Canadian High Commission in New Delhi, to point out that such a plan would defeat the purpose of aid, since the point of helping the BSTC in the first place was that it lacked the necessary capital to expand their services, and therefore the transportation network of Bombay.²³⁴ It seems that the confusion about repayment led the Canadian high commissioner to question the whole nature of the financing. On February 11, Warwick Chipman wrote Heeney's office for clarification:

I recall that, after they submitted the project to us, the Indian authorities explained that they hoped that the money which the Corporation would progressively repay would be available at the end of the period to the Government of India for subsequent use in financing economic development. This seemed to us to imply a Canadian grant, or at any rate a very long-term loan. It is not clear to me, from the correspondence I have seen, whether you may now be considering a grant or whether you are adhering to your earlier view that a loan would be preferable.²³⁵

²³³ LAC, RG 25, Bruce I. Rankin to Paul Bridle, January 21, 1952, Volume 6577, File 11038-1-40, part 2, 2.

²³⁴ Ibid.

²³⁵ LAC, RG 25, Office of the High Commissioner for Canada to The Under-Secretary of State for External Affairs, no. 261, Vol. 6577, File 11038-1-40, part 2, 1.

On February 26, Reid answered that he was not sure where the confusion had originated, since he believed that no one had ever indicated to the Indians that the project would be carried out on a loan basis. He believed that the Canadian government had made it clear to Saksena “on more than one occasion” that the chassis would be provided on a grant basis.²³⁶ Reid further clarified that although the Canadian government had not yet fully sorted out the details of the financing with the Indian government, the general lines along which financing would proceed had been decided. First the chassis would be given to the GOI on a grant basis, which it would then hand over to the BSTC on a loan basis, and that the counterpart funds generated from the repayment of that loan would be used for “suitable development projects in India”.²³⁷ Although pressing issues warranted telegrams, the governments sometimes conducted correspondence via surface mail, a slow process in the early 1950s. This only added to the confusion. While the issue was resolved in the manner which Reid outlined, this experience shows that one piece of misinformation could impede negotiations for two months.

The most frustrating problem for Canadian officials in the first year was the lack of information coming from the Indian government about its plans to use provided aid. As the 1951 program came to an end in August of 1952, the government was already behind schedule on its planning for 1952-53. On 24 July, Albert Edgar Ritchie, the head of the economic division in the DEA, wrote Saksena to urge him to provide details about India’s plans for the next year’s program.²³⁸ The Colombo Plan Group heard in its meeting on 11 August that “No progress whatsoever had been made on the Indian programme,” even though the Indian high commissioner had been reminded of the Canadian government’s wish to see more information

²³⁶ LAC, RG 25, The Under-Secretary for External Affairs to Office of the High Commissioner for Canada in India, no. E-178, Vol. 6577, File 11038-1-40, part 2, 1.

²³⁷ Ibid, 1-2.

²³⁸ LAC, RG 25, A.E. Ritchie to R.R. Saksena, 24 July 1952, Vol. 6577, File 11038-1-40, part 2.2, 1.

on how to use counterpart funds generated by further grants of wheat and capital aid.²³⁹ In late August, the high commission in New Delhi provided some insight into thinking within the Indian government when they met with P.C. Bhattacharyya, the head of aid programming.²⁴⁰ Chipman complained about the lack of necessary information:

It should be emphasized that as we had no documentation beyond the minutes of the June 19 meeting of the Colombo Group, we were placed in the position of having to ask Bhattacharyya for much of the information that it would have been helpful for us to have previously possessed. I should also make it clear that although Bhattacharyya undertook, from now on to furnish this Mission with copies of relevant outgoing correspondence, we have for the past three and a half months received no such correspondence and we therefore have no documentation for the statements which follow.²⁴¹

In this meeting the Canadians discovered that India wanted another large grant of wheat, worth at least C\$10 million from the 1952-53 appropriation.²⁴² Bhattacharyya also suggested further funding for the Mayurakshi project and for the Umtru project, another hydro-electric project in the northeastern state of Assam. Chipman noted that Bhattacharyya “agreed that progress had been slow up until now but did not seem to be unduly alarmed. He said that he hoped that negotiations would be completed within the next three months and that we would not have to resort to a device similar to that used at the end of 1951-52, for holding over unencumbered funds to the next fiscal year.”²⁴³

Different Priorities

Despite Bhattacharyya’s optimism, throughout September and October, Canadian officials continued to be frustrated at the pace with which they received information from the

²³⁹ LAC, RG 25, “Minutes, Colombo Group Meeting – 3.30 pm, July 29, 1952,” Vol. 6577, File 11038-1-40, part 3, 4.

²⁴⁰ LAC, RG 25, Warwick Chipman, Office of the High Commissioner for Canada in India to The Under-Secretary of State for External Affairs, 21 August 1952, Vol. 6577, File 11038-1-40, part 3, 1. P.C. Bhattacharyya eventually became the Governor of the Reserve Bank of India.

²⁴¹ LAC, RG 25, Warwick Chipman, Office of the High Commissioner for Canada in India to The Under-Secretary of State for External Affairs, 30 August 1952, Volume 6577, File 11038-1-40, part 3, 1.

²⁴² Ibid.

²⁴³ Ibid, 2.

Indian government. An ongoing lack of communication continued to be a problem, as the Canadian high commission's complaint that the Indian government did not provide them with copies of the outgoing correspondence to Saksena illustrates.²⁴⁴ However, this problem extended into another, deeper, issue. This was a basic difference between both governments about their priorities for the aid funding. Canadian officials pressed India for suggestions for aid programs that used Canadian capital equipment, such as the BSTC. Canadian officials believed that capital projects, rather than commodities, represented the best use of Canadian Colombo Plan funds for reasons that will be outlined below. Ottawa soon began to perceive that the lack of information emanating from the Indian government was actually a symptom of a larger problem. On 8 September, Dana Wilgress, who had become USSEA in April, wrote Pearson a memo outlining their suspicions: "Although the Indian authorities have been pressed to suggest alternative projects to which at least part of the present Canadian contribution could be devoted, they have not come up with any promising items. The likelihood is, in fact that, so long as they have any hope of securing the whole contribution in wheat, they will not be anxious to suggest alternative projects to us."²⁴⁵ In this case, the lack of information and communication was not a logistical problem. As Canadian officials perceived, it was a stalling tactic by the Indian government. Wilgress urged Pearson to put a C\$5 million cap on the wheat that would be included in the 1952-53 program in order to encourage the Indian government to suggest alternative projects.²⁴⁶

While Canadian officials complained loudly about how slowly work proceeded within the Indian government, the experience of providing Canadian capital aid to the BSTC could not have been viewed as an auspicious beginning to observers within the Indian government either.

²⁴⁴ Ibid, 1.

²⁴⁵ LAC, RG 25, L. D. Wilgress, "Memorandum for the Minister – Wheat for India under the Colombo Plan this year," 8 September 1952, Vol. 6577, File 11038-1-40, part 3, 2.

²⁴⁶ Ibid.

There were the political issues as outlined above, of course, which likely caused consternation to allies of Premier Automobiles within government. There were other problems associated with bringing Canadian capital equipment to India. One was matching the donor capabilities with the recipient needs. The BSTC wanted truck chassis with diesel engines. The BSTC's General Young, probably not surprisingly, assumed that complete vehicles could be provided by the Canadian government. The problem was that Canada did not then manufacture diesel engines, and the truck chassis built in Canada were designed to hold gasoline engines. Canadian officials urged Young and D.D. Sathe of the BTSC to consider buying some gasoline engines, but this was not considered practical given the Indian context. The BTSC desired a British-built, Perkins diesel engine. This meant that the Indian government would need to provide a loan to the BTSC to buy the engines, in addition to paying for the cost of the freight to get the vehicle parts to India. In April, P.V.R. Rao of the Indian high commission in Ottawa wrote Nik Cavell to ask if Canada could reconsider paying for the diesel engines and the freight costs.²⁴⁷ By December 1952, Canada had agreed to fund the engines, but refused to pay for engines that were not Canadian-built, despite the preference of the BSTC for diesel.²⁴⁸ In the collective mind of the Ottawa mandarin, the whole point about aid was to help Canadian producers, an impossibility if the product demanded was not made in Canada. Ottawa stuck hard to the notion that its provision of aid meant tangible benefit to Canadian industry, but, eventually, after months of delay, the Canadians gave up and agreed to pay for the British engines.²⁴⁹ There seemed to be no other course as chassis without engines were not exactly useful. While a C\$4.5 million represented a considerable investment in the BTSC, its partial nature meant additional expenses

²⁴⁷ LAC, RG 25, P.V.R. Rao to Nik Cavell, 25 April 1952, Volume 6577, File 11038-1-40, part 2.2, 1.

²⁴⁸ LAC, RG 25, "Minutes, Colombo Group Meeting – 10:30a.m., December 24, 1952," 12 January 1953, Vol. 6577, File 11038-1-40, part 4, 4.

²⁴⁹ LAC, RG 25, Bruce I. Rankin, "To: The Office of the High Commissioner for Canada, New Delhi, From: The Commercial Secretary, Bombay," 10 February 1953, Vol. 6579, File 11038-1-10-40, part 1, 3.

for the Indian government. O.K. Ghosh, the Deputy Secretary of the Department of Economic Affairs in the Indian Ministry of Finance, pointed this out in a combined meeting of the Interdepartmental Group on Technical Assistance and the Colombo Plan Group in October 1952: “counterpart funds have accomplished results that are beginning to show. One difficulty, in India, is that the equipment to be supplied by an outside source such as Canada is usually only part of the project. The aided country must find supplementary local funds to enable the project to proceed. The supply of local currency can be increased by counterpart funds.”²⁵⁰ In other words, a “free” gift was not necessarily without cost for India.

The desire for wheat in place of capital equipment should not have come as a surprise to the Canadian government. In March 1952, India had sent Canada a list of possible projects for the second year to Cavell, emphasizing their preference for wheat. Chipman summarized the Indian argument for wheat in a memo to Pearson:

Because wheat is in short supply in Australia and Pakistan, India’s current wheat purchases from the dollar area cannot be reduced and may have to be increased. Gift wheat from this area would save India precious foreign exchange and indirectly improve the balance-of-payments position of the sterling area. Also, the counterpart funds from the sale of wheat would be welcome in India.²⁵¹

From the perspective of the Indian government in 1952, the most helpful thing that Canada could do was to give them an essential commodity which they normally would have to purchase with their meagre foreign currency reserves. Chipman concurred with the Indian position, writing “I think this argument is sound.”²⁵² Yet months later, Ottawa seemed surprised at India’s insistence that the majority of the 1952-53 program be composed of wheat.

²⁵⁰ LAC, RG 19, “Minutes of a Combined Meeting of the Colombo Plan Group and the 28th Meeting of the Interdepartmental Group on Technical Assistance on Friday,” 24 October 1952, Vol. 4275, File 8055-10-5, part 1, 6.

²⁵¹ LAC, RG 25, Richard Grew for High Commissioner, High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 430, 20 March 1952, Vol. 6577, File 11038-1-40, part 2, 1.

²⁵² Ibid.

Canada believed that meeting Indian development demands through wheat in the second year of the program risked reducing the value of the Colombo Plan as an economic development tool that would help India meet the future requirements of its citizens. This was the concern that the C.D. Howe, the powerful minister for Trade and Commerce, expressed to his staff. In a meeting on 11 September 1952 between Reid and W.F. Bull, the deputy minister of Trade and Commerce, the latter told Reid that his minister worried that “the Colombo Plan would become little more than a scheme for providing India with grain.”²⁵³ Although reminded that counterpart funds generated by wheat did fund development projects, “Mr. Howe, nevertheless, feels that giving India wheat under the Colombo Plan defeats the original purpose of the Plan – to foster economic development in India by providing capital goods.”²⁵⁴ Howe followed up on this in a letter to Pearson the following day: “we in the Department agreed to recommend five million dollars for wheat, with a definite understanding that in future Colombo Plan funds could not be used to buy wheat. We would seem to be in complete agreement in the matter.”²⁵⁵ The fact that Colombo Plan goods could help Canadian business was surely a consideration, especially for Howe who had spent his political career exploring these very possibilities. Shortly after Howe’s intervention, the government issued a press release stating that only C\$5 million of the 1952-53 program would be dedicated to wheat. The rest of the aid would better reflect Canadian industrial needs.

Needless to say, the Indian government was unhappy with this development, naturally believing that it knew its own needs better. Bhattacharyya wrote Saksena on 10 October, urging him to bring it up with responsible officials in Ottawa: “We were surprised that the Canadian

²⁵³ LAC, RG 25, “Memorandum of Mr. Reid’s Meeting with Mr. W.F. Bull, Deputy Minister of Trade and Commerce, on September 10,” 11 September 1952, Vol. 6577, File 11038-1-40, part 3, 3.

²⁵⁴ Ibid.

²⁵⁵ LAC, RG 25, C.D. Howe to L.B. Pearson, 12 September 1952, Volume 6577, File 11038-1-40, part 3, 1.

Government should have made a Press announcement in this regard without securing our concurrence to the same. ... I think it might be well if you would point this out tactfully to the Canadian Government.”²⁵⁶ That was certainly understated. He noted the problems with accepting Canadian capital equipment, especially so late in the year. In his view, since most projects in the first Five Year Plan were already underway, finding enough of them to absorb C\$8 million worth of equipment was probably out of the question. Bhattacharyya insisted that these projects had already procured the necessary equipment. Also, “not much of the equipment available in Canada is suitable for such projects. If therefore the Canadian Government do desire that we should fully avail of their contribution, I think, they will have to reconsider this decision either now or later in the course of the year.”²⁵⁷ Bhattacharyya wrote that it was not just that the Indian government was upset that Ottawa had issued a press release without consultation, or that the wheat would not be provided. It was also that the government had ignored the advice and needs as presented by the Indian government: “[I]n our discussions with Canadian Government representatives in Delhi and Karachi, we have explained why this is the best way in which any other country can assist us. We are thus really disappointed that in spite of these explanations, the Canadian Government has not only disregarded this suggestion partially this year but are considering the complete non-supply of wheat in the future years.”²⁵⁸ In a response to these suggestions, Richard Grew wrote to the USSEA that he did not believe that Canadian equipment was unsuitable for Indian projects, but “[W]hat is more disturbing is that at this late date with the fiscal year half gone, there should still be a basic misunderstanding between the Indian and the

²⁵⁶ LAC, RG 25, P.C. Bhattacharyya to R.R. Saksena, 10 October 1952, Vol. 6577, File 11038-1-40, part 3, 2.

²⁵⁷ Ibid.

²⁵⁸ Ibid, 1.

Canadian authorities as to the objects of expenditure of Colombo Plan capital development funds.”²⁵⁹

Planning for the 1952-53 program once again dragged into the new year. It was not until the winter of 1953, just months before the end of the fiscal year, that real progress was made on deciding the projects for Canadian aid. One difference was that the high commission in New Delhi took a more active role, meeting with Indian officials personally to pressure them to make decisions. In February, Graham McInnes of the high commissioner’s office wrote A.E. Ritchie to reassure him that negotiations were proceeding, despite being slow and troublesome: “To say that it is one of frustration is to underestimate it.”²⁶⁰ Nonetheless, he advised the Canadian government not to be discouraged by the pace with which the negotiations proceeded.²⁶¹ In January, the C\$5 million worth of wheat was shipped, and project requests began to appear for generating and transmission equipment for the Mayurakshi dam, for locomotive boilers, and for equipment for the All-India Medical Institute. By May, the new high commissioner for India, Escott Reid, was able to send to Pearson’s office a list of approved projects, totalling C\$8.5 million, and a list of suggested projects totalling C\$15,980,000, as well as a suggested C\$3 million of industrial commodity assistance, such as aluminum.²⁶² At this point, the fiscal year had already passed, and so the memo was entitled “Colombo Plan: Canadian Capital Aid to India, 1952-54.”

Evaluation

As planning for the 1952-53 fiscal year dragged out, officials within the Canadian government began to reflect on what had gone wrong with the Colombo program for a second

²⁵⁹ LAC, RG 25, Richard Grew, From The Office of the High Commissioner for Canada in India to The Under-Secretary of State for External Affairs, No. 1204, 22 October 1952, Vol. 6577, File 11038-1-40, part 3, 2.

²⁶⁰ LAC, RG 25, Graham McInnes to A.E. Ritchie, 12 February 1953, Vol. 6577, File 11038-1-40, part 4, 1.

²⁶¹ Ibid.

²⁶² Ibid.

year in a row, and how it was that for a second time Canada was facing the possibility that the only expenditure on aid to be accomplished by the fiscal deadline would be a shipment of wheat. The disappointment expressed by officials at the slowness at which negotiations and aid expenditure proceeded reveals that the Canadian government was unrealistically optimistic about how aid would function in the Global South. In August of 1952, the USSEA wrote to Warwick Chipman, a letter that says as much about Canadian perceptions and activity as it does about Indian:

We are becoming increasingly concerned with the slow pace at which we are moving ahead on the actual execution of our Colombo Plan programme. It was inevitable that there should have been delays in getting this brand new type of programme off the ground and we were not unduly disturbed, though admittedly disappointed, at our record of definite achievements in the first year. However, the present status of our 1952-53 programmes, which we had expected to be well advanced by this time is, in fact, pretty discouraging.²⁶³

He added that after consulting officials in the “interested departments,” it had been decided that one of the biggest problems was the lack of information coming from the Indian government about possible projects for aid expenditure. He suggested to Chipman that perhaps the high commission in New Delhi could take a more active role in undertaking informal and formal discussions and negotiations about such projects, so that the Canadian government could start receiving information as soon as possible, asking Chipman to “prod” government officials into supplying the material they needed.²⁶⁴ The USSEA outlined that officials within the Canadian government believed that the primary problem with the Colombo Plan program in India was a lack of experience with administering the new program, and a lack of efficient communication and information.

²⁶³ LAC, RG 25, From The Under-Secretary of State for External Affairs to The High Commissioner for Canada, New Delhi, No. E-566, 13 August 1952, Volume 6577, File 11038-1-40, part 3, 1.

²⁶⁴ Ibid.

Chipman responded with an interesting despatch that framed the problem quite differently. He acknowledged that a lack of experience with aid and a closer liaison with the Indian government in New Delhi could make a difference. However, he also wrote that “this is only a very partial answer.”²⁶⁵ The problem, as Chipman described it, was the nature of India itself, and the government that operated within India. The first was cultural:

There is an Indian way of doing things. By our standards, it is slow, hesitant and confused, and is based on a fundamental lack of planning and tendency continually to make ad hoc decisions. This attitude, which is thoroughly familiar to the English, who have lived and worked in this country for 200 years, is regarded by them with a tolerant and good-natured cynicism. They do not attempt to force the Indians to meet their pace or to comply with their ideas of efficiency. They are prepared to let nature take its course, as it were, in the knowledge that eventually any given project will be completed. ... For ourselves, the Australians, and the Americans, being newer to the sub-continent, it is much more difficult to accept this: but it is something which cannot be changed simply by a closer liaison.²⁶⁶

This was not the first time that culture had been used as an explanation for Indian behaviour relating to aid. When Canada shipped wheat, at least until the 1951-52 program, it offered India a rather unappealing option between “No. 4 tough and No. 5 damp.”²⁶⁷ Only these lower grades were available, and Canada preferred to give the lowest grade, No. 5. A memorandum to Ritchie in July 1952 summarized that India preferred No. 4 because the No. 5 wheat, when milled, would turn the chapatti, the staple food of large parts of India, a distasteful black colour. Indians would

²⁶⁵ LAC, RG 25, Warwick Chipman, From The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 1015, 2 September 1952, Volume 6577, File 11038-1-40, part 3, 1.

²⁶⁶ Ibid 1-2.

²⁶⁷ LAC, RG 25, “Minutes, Colombo Group Meeting – 11.00 a.m., March 4,” 10 March 1952, Volume 6577, File 11038-1-40, part 2, 1. For an explanation of the classes of grades of wheat, see Charles F. Wilson, *Grain Marketing in Canada* (Winnipeg: Canadian International Grains Institute, 1979). In 1951, India had rejected a gift of No. 5 wheat, and cabinet discussions from that year show there was some embarrassment around this issue, with the minister of Agriculture, James Garfield Gardiner, worrying that the shipment of “No. 5 wheat would be a poor advertisement for Canada even though this grade had approximately the same nutritional value as higher grades,” and the minister of Justice, Stuart Garson, speculating that “the Indian government’s attitude to No. 5 wheat was probably due to a feeling that it would be awkward to explain to the Indian public that a Commonwealth country had been the supplier of such wheat.” LAC, RG 2, Privy Council Office, Cabinet Conclusions, “India; Canadian contribution to alleviate famine,” Series A-5-a, Volume 2648, http://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=10941&page_sequence_nbr=1&interval=20&&PHPSESSID=gh03elqva35jebg590s4hm2se6 (accessed 6 June 2014).

refuse to buy it. The author of the memo explains this not in terms of normal consumer behaviour, but rather as a result of the deficiency of the culture: “[T]he average Indian, who is unsophisticated to the point of being superstitious and who in any case is paying a high price for his grain nowadays, would be reluctant to buy such wheat.”²⁶⁸ Chipman was making a more sophisticated point than the author of this crude assessment of Indian behaviour, however. He argued that while the culture may be at fault for defeating Western ideals of accountability and efficiency, it was the responsibility of the Canadian government, as the British before it, to attempt to adapt to this culture, and not the other way around.

The second problem Chipman presented was the lack of experience among the Indian bureaucracy, at least as he perceived it, since those who had been trained in the British Indian Civil Service (ICS) were now in their late thirties, and younger bureaucrats felt insecure about taking initiative.²⁶⁹ As a result, Chipman explained, the ICS men that did remain were in such high demand that they were strenuously over-worked. For example, Bhattacharyya, in addition to being deputy head of the International Economic Division of the Ministry of Finance, was responsible for all foreign aid programs, did much of the minister’s work while he was away, while also serving on many interdepartmental committees.²⁷⁰ The heavy workload of responsible civil servants would continue to be a theme in the 1950s. Chipman went on to list a number of other problems: inter-departmental jealousy, political considerations, such as the one that the BSTC ran into with Premier Automobiles, the cumbersome manner in which the centre

²⁶⁸ LAC, RG 25, P.A. Bridle, “Memorandum for Mr. A.E. Ritchie , Colombo Plan: India,” 28 July 1952, Vol. 6577, File 11038-1-40, part 2.2, 2.

²⁶⁹ LAC, RG 25, Warwick Chipman, From The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 1015, 2 September 1952, Volume 6577, File 11038-1-40, part 3, 2.

²⁷⁰ Ibid.

and states worked together, and a shortage of the basic supplies needed for governmental work, such as typewriters and stationery.²⁷¹

Chipman concludes this list by re-emphasizing his earlier point. The real work for the Canadian government would probably not be in eliminating the problems that slowed the work of aid in India; it would be in managing Canadian expectations about what could realistically be accomplished given the drastically different environments within which both governments worked:

In India one has to work twice as hard to avoid slipping backward, let alone making progress. The progress will be made, but it will not be made in terms of Western ideas of time schedules and efficiency. It will be made at the Indians' own pace and we should face the fact that we may have to find, at the end of each fiscal year, devices for holding over unspent funds, as we did in the fiscal year 1951-52; that we shall encounter, at all times, all sorts of disheartening delays, misunderstandings, bungling and inefficiencies. But the will, and the goodwill, are there; how they are exercised is a matter for the Indians to determine.²⁷²

In this despatch, Chipman attempts to communicate the reality of the Indian environment, as he saw it, to an audience in Ottawa who, for the most part, had never travelled or worked in a developing country. Those who had worked outside of Canada had usually gained experience in Europe or the United States. Chipman tried to make it clear that the expectations that those

²⁷¹ Although written much later, this list of the problems faced in the Indian government written by the American Ben King, the World Bank's resident representative (and sometime CIA station chief in New Delhi), provides a comprehensive summary of the challenges faced by civil servants in this era. Specifically, King targeted the civil service, the Planning Commission, and government policy. Of course, the following list is his interpretation only: Civil Service Not geared to development problems; Scared to death of decisions; Excessively hierarchical; Unwilling to collect, analyze or reveal factual information leading to possible criticism, even self-criticism (pathological). Committees – no staff work. Planning Commission: Pathetic leadership; Inadequate system of establishing criteria; Overly concerned with day-to-day operations; Wholly unable to keep track. Government and economic policy: Motivation – economic development and economic relief, but both hopelessly confused. Result “sentimental planning.”; No real overall policy-making body or mechanism capable of ascertaining facts and presenting issues squarely. Too much negative policy-making. We hate X. Object of policy is to do X down. Much less of how to use X and keep him under control. WBA, Box 55, file: India – Consortium Meeting, September–December 1963, Central Files 1946–71, Operational Correspondence India, King to Stevenson, October 24, 1963 as quoted in Bruce Muirhead, “Differing Perspectives: Indian the World Bank and the 1963 Aid-India Negotiations,” *India Review* 4, no.1 (January 2005), 21. Still, some of the issues raised by Chipman would have been familiar in a Canadian context to officials in Ottawa. Provincial-federal disharmony at times reflected that between New Delhi and state governments.

²⁷² *Ibid*, 4.

working in Ottawa had about the way that aid should function were far too “Western,” and that while the system could always be improved, it would probably, at least for the foreseeable future, always fall short of their ideal.

Nevertheless, Ottawa’s suggestion that the high commission should take a more active role in aid negotiations did make an impact. In the winter of 1953, rather than waiting for Saksena to deliver the Indian government’s list of possible projects to Ottawa, Graham McInnes at the high commission in New Delhi scheduled meetings with officials from the Indian government to try to bring the 1952-53 program to fruition. Chipman’s despatch set the tone for how mission officials would communicate with Ottawa in explaining why work was not proceeding at the expected pace. In reporting about his negotiations, McInnes wrote to Ritchie to explain that certain peculiarities were holding up their work, including “administrative inefficiencies, extremely over-worked senior civil servants; interminable correspondence between the Centre and the States; empire building as between government departments; the Planning Commission and functional departments being sometimes at cross purposes; local political considerations and the lassitude induced by the hot weather.”²⁷³ As one American critic of this process later wrote, India’s development was dominated by New Delhi’s bureaucrats and “certain left-leaning economists ... ‘License Raj’ was a vast system of national and state-level licenses and quotas [that] allowed the government to enforce policies of statism and economic autarky.”²⁷⁴ Given Indian development needs, it was very difficult for Western governments to understand why the country would not simply fall in with developed country prescriptions that would mean economic growth, at least so long as they took Western manufactured goods. Yet,

²⁷³ LAC, RG 25, Graham McInnes to A.E. Ritchie, 12 February 1953, Volume 6577, File 11038-1-40, part 4, 1.

²⁷⁴ Stephen Philip Cohen, *India: Emerging Power* (Washington, DC: Brookings Institution Press, 2001), 93, as quoted in Muirhead, “Differing Perspectives.” See also John P. Lewis, *Quiet Crisis in India: Economic Development and American Policy* (Washington, DC: Brookings Institution, 1964), vii.

McInnes advised patience: “[T]hough these conditions will persist, I think, and I am sure Nik Cavell and Hume Wright would agree with this, we should not be discouraged ...They always do take action in the end; but what even a single year in this country has taught me is that it takes a great deal of effort to get them to move even at their own pace, and that to move at our pace is simply not to be expected.”²⁷⁵ This example of the difference in opinion between those “on-the-ground” in India and those working in Ottawa was only the first of many to come.

Another example of evaluation can be found in a letter that Bruce Rankin, the Commercial Secretary in Bombay, wrote to the high commission, which was then forwarded to the office of the USSEA by the high commissioner in January 1953. Rankin had spent many stressful hours working on the BSTC project, and he attempted to sum up what this experience had taught him about working in the area of aid. He wrote a list of fourteen suggestions, mostly beginning with the sentence “we should avoid...” giving the impression that those dealing with aid in India should do precisely the opposite of what had been done with the BSTC. Among the list of problems and solutions he suggests were “designating clearly the State Officials responsible for the discussion of details” to avoid a breakdown in communication between the Centre, the state, and Canadian officials; avoiding the “provision of equipment from Canada where an indigenous industry exists,” no doubt as a result of the Premier Automobiles debacle; to avoid projects “which in part rely on other equipment not available in Canada,” referring to the delays brought on by the request for diesel engines, and so forth.²⁷⁶

In some cases, Rankin proposed avoiding projects for reasons that could not possibly have been foreseen, suggesting that “We should avoid a project because of high regarded personnel in the management whose association may be suddenly terminated.” In this, he refers

²⁷⁵ Ibid, 1-2.

²⁷⁶ LAC, RG 25, Bruce I. Rankin, “To: The Office of the High Commissioner for Canada, New Delhi, From: The Commercial Secretary, Bombay,” 10 February 1953, Volume 6579, File 11038-1-10-40, part 1, 1-4.

to the case of General G.D. Young, the General Manager of the BTSC, a European who had been recruited to take the position. In December 1952, a new chairman of the BTSC, Chotabha S. Patel, a wealthy industrialist and supporter of the Congress Party, took over. While the position of chairman had hitherto been honorary, Patel asserted his dominance and decided to reorganize the BTSC, starting with firing Young. The only other official with whom Rankin had worked, D.D. Sathe, also left the corporation. Rankin also recommended that Canada “should avoid projects where our aid may be used upon receipt in ways other than originally intended.”²⁷⁷ It turns out that the entire intent of the project to the BTSC had also been scrapped by the new Chairman. He was using the trucks not as part of a transport nationalization program for the State of Bombay, but on jobs within the city of Bombay, since private transport operators had threatened to strike in protest against nationalization. A handwritten note, “[T]his is news!” next to this paragraph suggests that this was the first time that some in the DEA learned of the real use to which Canadian aid was being put. Part of the problem was that of labour relations, which had apparently been damaged by the BTSC’s “contradictory dealings with the Ford Motor Company of India regarding the rate of delivery... [These have] seriously incommoded the Company in its employee relationships.”²⁷⁸ The other problem was that the new Chairman, Patel, believed that no less than eight to twelve thousand vehicles would be needed to nationalize the freight transport in Bombay, which in his view made the 835 trucks provided by Canada too small to be of real use for the program in his view.²⁷⁹ Rankin concludes his memo by suggesting that “[A] greater flow of information from Ottawa and speedier replies would be of assistance to all of us in India.” While officials in Ottawa might complain about the slow pace of information

²⁷⁷ Ibid, 2.

²⁷⁸ LAC, RG 25, Escott Reid, From The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 48, 15 January 1953, Volume 6579, File 11038-1-10-40, part 1, 1.

²⁷⁹ Ibid.

flowing from India, they could be guilty of this fault as well.²⁸⁰ In this assessment, Rankin perhaps overestimated the priority India that the DEA placed on India.

Conclusion

As Canadians began to plan for the 1953-54 fiscal year, simultaneously continuing to work on 1952-53, their memos and correspondence show that they were on the whole unhappy with how the first year, and planning for the second, had progressed. Slow communication, lack of information and cooperation, internal political realities and lack of expertise in India seemed to stall the efforts the Canadian government was making to bring its aid into India. However, Canada could not claim that India was wholly to blame for the lack of progress. Expectations around the pace of the work had been set too high, considering the difficult environment in which the Indian bureaucracy laboured. Canada had not listened when Indian officials attempted to explain their priorities and needs for development, and then were surprised when Indian officials tried to defend these priorities and refuse aid they felt was not helpful. The BSTC experience had shown that the capital aid that the Canadian government prioritized could come with baggage and could incur extra costs, and even strife, where it was implemented. The “economic” staff of the Canadian missions who ended up with the actual work of aid projects were oriented toward trade and commerce beneficial for Canada, not necessarily economic development for India, as Rankin himself admitted.²⁸¹

In the late winter and early spring of 1953, Nik Cavell and Hume Wright travelled to South Asia to conduct a review of Canada’s Colombo Plan program and to search out the viability of possible future projects for consideration. Cavell wrote a remarkable letter, marked “personal” to John Deutsch, who worked with the Colombo Plan in the Department of Finance.

²⁸⁰ LAC, RG 25, Bruce I. Rankin, “To: The Office of the High Commissioner for Canada, New Delhi, From: The Commercial Secretary, Bombay,” 10 February 1953, Volume 6579, File 11038-1-10-40, part 1, 4.

²⁸¹ LAC, RG 25, Bruce I. Rankin to Paul Bridle, 31 December 1951, Volume 6577, File 11038-1-40, part 2, 5.

Cavell stated bluntly that Canadian aid had not been welcome in India, partly because of the frustrations that the states had in dealing with the central government. He noted that during his travels in southern India governmental officials would welcome Canadian aid except that it meant “getting tangled up in the red tape of the Central Government. In any case, the Central Government makes them pay counter-part funds to the full extent of every nut and bolt.”²⁸² This disconnect between the centre and the states had significant implications for the effectiveness of Canadian aid: “It is the same story in every State: Canadian aid is just a bothersome, restricting, and very expensive business for them. It is no wonder that Canada makes no friends from her aid programme.”²⁸³ Cavell not only felt this had negative consequences for Canada’s aid programme - he genuinely believed in the greater goal of the entire aid project in South Asia, and particularly in India:

Each time I come here I am more and more seized with a sense of the great urgency of the cause upon which we have embarked. Unfortunately, time is not on our side. The two countries which are vital are China and India, and I believe that the cause of human freedom in Asia – and perhaps eventually elsewhere – will be won or lost in the race which must now obviously take place to decide the pattern upon which the whole of Asia will eventually industrialize. More and more it seems to me that we absolutely cannot let the Indian Five Year Plan to fail – if we do, (we meaning the Western World) there will be chaos here in India which might lead anywhere, but will almost certainly end the present democratic experiment.²⁸⁴

The stakes could not be higher in Cavell’s view. Getting Canadian aid “right” in India was not just a matter of administration, it was a matter of sustaining democracy in the world. Canadian aid, thus far, had failed: “I am personally appalled at the almost complete lack of any evidence that what we are trying to do is winning us any friends, and I believe that winning the very real friendship of these people is vital.”²⁸⁵ Nonetheless, Cavell carried on. Clearly, it was

²⁸² LAC, RG 25, Nik Cavell to John Deutsch, 27 March 1953, Volume 6577, File 11038-1-40, part 4, 2.

²⁸³ Ibid.

²⁸⁴ Ibid, 1-2.

²⁸⁵ Ibid, 2.

not just a job for him; he was passionate regarding the success of his work. This was an uncharacteristic statement of that emotion, which was not much in evidence in the wider community of bureaucrats with whom he worked in Ottawa.

One can easily see the shape of the *process* of modern development practice emerging out of the new aid program in 1951-52. One can even see some sociological analysis on the part of officials, who looked to India's cultural context for an explanation for why the program ran into so many initial difficulties. However, while officials reflected on how the program could be changed to run more smoothly in the future, they did not reflect on deeper questions that the aid program might have provoked. Cavell did think about its political impact, but other more basic issues are nonexistent. For example, they accepted without question the GOI's explanations for why they should support the BSTC. Modernization and industrialization demanded transportation networks, supposedly an obvious contribution to potential economic growth for the country. The mechanics of how transportation could translate into growth was either not considered, or left up to the Indian government to sort out. Rankin noted the discord that Canadian aid had brought to the BTSC, but this made little impact on how the Canadian government conducted future business in the country.

Despite a slow start and many frustrations, the Canadian government had committed to the Colombo Plan. A letter from Wright to Deutsch in 1953 notes that a year earlier, he had been so frustrated with the progress of the Colombo Plan operation that he had advised the Canadian government should consider suspending its operation or completely changing its nature.²⁸⁶ However, this unhappiness was related to a frustration about process rather than about results. In all of the many letters and memos relating to the work of the Plan in India in its first year, very little thought is given by officials working in Ottawa and India as to the over-arching goals of the

²⁸⁶ LAC, RG 19, H.H. Wright to Mr. Deutsch, 13 August 1953, Volume 4334, File 8342/I39-1, part 1, 1.

Plan, or the benefits that Canadian aid were supposed to provide to the people of India. Nor could it have been expected of them. They already had an overwhelming number of details to manage. However, a newly-appointed high commissioner would soon give a great deal of thought to the lofty goals of the Colombo Plan. When Escott Reid took up his post late in 1952, he focused on absorbing the intricacies of the Plan; he would soon become its champion.

Chapter 4: The Reid Years, Part 1 - Escott Reid Encounters India

If Canadian officials working in the DEA wanted staff in the New Delhi mission to become more involved in working on the aid file, their wish was granted. In the years that followed Reid's appointment, the old adage "be careful what you wish for" may have occurred to some officials in Ottawa as he not only took a personal interest in the Colombo Plan and the issue of economic development more generally, but attempted to have a direct influence over the program. While Reid's assertion in his memoir, *Envoy to Nehru*, that he oversaw a "special relationship" between India and Canada has been debunked by historian Ryan Touhey, there is little doubt that he did oversee the most active and congenial years of the Canada-India relationship.²⁸⁷

There are many factors that contributed to this positive exchange, not least the fine impression that Lester Pearson's activities in negotiating the new Commonwealth in 1949 had made on Prime Minister Nehru.²⁸⁸ There was also the inevitable comparison that Nehru drew between Canada and the US which, according to Reid's account of a conversation between Canadian Prime Minister Louis St-Laurent and the Indian prime minister, portrayed Canada in a favourable light.²⁸⁹ The political report that R.R. Saksena, the Indian high commissioner in

²⁸⁷ See Touhey, "Dancing with the Peacock."

²⁸⁸ Jawaharlal Nehru, "To W.L. Mackenzie King," 27 April 1949 in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, vol. 10 (New Delhi: Oxford University Press, 1990), 178; Others apparently noticed this easy relationship. In 1956, Canada's high commissioner in Australia, Arthur Irwin, recorded for Pearson an encounter he had with that country's minister of foreign affairs, Richard Casey. Casey demanded to know "why we got along so well with the Indians. He could not understand it. I suggested that it might have something to do with our history which had taught us about how to get along with people with whom we disagreed." LAC, MG26 N1, Pearson papers, W. Arthur Irwin to L.B. Pearson, 28 March 1956, Vol. 2, 3.

²⁸⁹ According to Reid's account, "Mr. Nehru said that in his opinion so many Americans, such as Mr. Nixon, are so intolerant of difference of opinion that discussion on such differences is not fruitful. Indeed, at one point Mr. Nehru remarked that he could talk to Mr. St-Laurent and other Canadians on an intimate basis which would not be possible with an American." LAC, MG 31 E46, Escott Reid Papers, From High Commissioner for Canada in India to The Secretary of State for External Affairs, 3 March 1954, Volume 8, File 1, 1; In the note that Nehru wrote to St-Laurent following the 1957 Liberal defeat, Nehru wrote in what appears, at face value at least, to be more earnest than these type of diplomatic gestures can be, "I have valued your association and your friendship very greatly and, if I may say, have been much influenced by it." Jawaharlal Nehru, "To Louis St-Laurent," 2 July 1957, in *Selected*

Ottawa, sent to New Delhi for 1953 also showed a genuine esteem for Canada, particularly the Canadian government's efforts to cope with India's non-aligned status:

Even more, there is a breadth of vision in the outlook of the Canadian statesmen towards the problems which the emergence of the erstwhile subjected nations of Asia has created which is very refreshing and which may well exert a powerful influence in favour of the maintenance of peace in the world The Canadian Government is greatly impressed with the efforts which have been made by India since the attainment of independence to solve the herculean problems political, economic and social, with which she is faced, and has a much better understanding than many other states in the world of the fundamental principles and objectives of our foreign policy. Our policy of non-involvement is not regarded here with the same suspicions and bitterness as in the United States.²⁹⁰

Reid came into the job in a milieu of general positivity in the diplomatic relations between Canada and India.

However, Reid's energy and whole-hearted enthusiasm for his job as high commissioner also made an impact. He developed personal relationships with the political elite in India and tried hard, often through lengthy despatches, not only to represent Canada in India but to interpret India, and particularly the actions of its prime minister, to Canada. Reid combined the traits of a Cold War realist and a liberal in the emerging post-colonial reality to arrive at a strongly Indian-centric world view in which winning India – and through it the non-communist Afro-Asian world - for the West through negotiation and compromise. In this worldview, western aid was a determining factor in winning the Cold War.

It is telling that Reid entitled his memoir on his years in India *Envoy to Nehru*, rather than something like *High Commissioner for Canada*. Reid greatly admired Nehru as a statesman, and felt that not only did Canada and India have a special relationship, but also that he as high

Works of Jawaharlal Nehru, Second Series, ed. Mushiral Hasan, vol. 38 (New Delhi, Oxford University Press, 2006), 749.

²⁹⁰ NAI, R.R. Saxena, Ministry of External Affairs, R&I Section, File No. 3(35), R&I/S4, Annual Reports from Canada – 1955, "Office of the High Commissioner for India in Canada, From: The High Commissioner for India in Canada, To: The Foreign Secretary to the Government of India, Ministry of External Affairs, New Delhi, Subject: Annual Political Report, 1953," 26 March 1954, 1-2.

commissioner, spoke with Nehru's voice to the Canadian administration. In particular, Reid tried to explain to Canada the problems that India faced in administering aid and creating economic development; he also tried to interpret what many in the West, and some within the Canadian government itself, saw as Nehru's ingratitude in accepting aid. India's seeming reluctance to accept western aid made sense to Reid, and he understood the fine line that Nehru walked in both holding to his political ideals of self-sufficiency, and developing good diplomatic partnerships and supporting the economic development of his country.

This chapter will review Reid's influences prior to and during his time as high commissioner. It will argue that he was particularly swayed by the American approach toward its own growing aid program, and especially the style of American Ambassador Chester Bowles, who closely oversaw the establishment of the Point Four program in India. In addition to explaining the background of the GOI's complicated relationship with its status as a recipient of aid, it will also show how Reid's thinking about Canadian aid in India evolved in the first year, culminating in a set of recommendations about the aid program he sent to the Canadian government six months into his term, which framed how he saw the Colombo Plan for the entire duration of his posting. These influences led Reid to view India's future and its relationship with aid less in terms of Canadian wants and needs, and more in terms of a developmental framework that prioritized India's economic "progress." The resistance Reid met following his first comprehensive review of the Canadian program anticipated the struggle that he would continually face throughout his time as high commissioner in attempting to convey his views about ODA to the government in Ottawa. Both of these issues will be further explored in the following chapter.

Escott Reid becomes a diplomat

Escott Reid grew up in Toronto, a son of an Anglican minister of modest means. His mother, however, was a child of Rosedale and insisted on a quality education.²⁹¹ As a result, Reid was privately educated and this, combined with his own natural intelligence, ambition, and determination, allowed him to enter the University of Toronto and eventually become a Rhodes Scholar; he earned a first class degree at Oxford. Interestingly, Reid was taught by Roy Harrod, who became one of the first economists to propose an economic development theory in the early 1940s, although there is nothing to suggest that this made an impact on Reid's long-term thinking about development. Informed by his father's concern for egalitarianism and the prevalence of moralist and socialist ideals in the milieu of higher education during the 1920s and 1930s, and a preoccupation with internationalism in opposition to the isolationism that characterized the Canadian government at the time, Escott Reid gravitated toward progressivism and eventually the socialist Cooperative Commonwealth Federation.²⁹² After a time as national secretary of the newly formed Canadian Institute of International Affairs, Reid joined the Department of External Affairs in 1939 as the second secretary at the Canadian legation in Washington.²⁹³

Reid's bright mind and work ethic brought him up the chain of command in the 1940s. He became the head of the Second Political Division, and later acting and then deputy under-secretary of state for External Affairs. In a defining moment of his career in August 1947, Reid wrote and circulated a memorandum for the Joint Intelligence Committee which analyzed the possibility of war between the United States and the Soviet Union and the implications for Canadian foreign policy. The memorandum showed External Affairs' awareness of the real

²⁹¹ Escott Reid, *Radical Mandarin: The Memoirs of Escott Reid* (Toronto: University of Toronto Press, 1989), 5-15.

²⁹² *Ibid*, 27-113.

²⁹³ *Ibid*, 126.

possibility of a third world war, the importance of the Western alliance in preventing such a war, and an unusual sensitivity to the colonized world. Reid wrote that to diminish the possibility of war, “the first requirement is that the western Powers maintain an overwhelming balance of force relative to that of the Soviet Union” through a series of measures, both economic and political. Foreign assistance to non-communist Europe, in the spirit of the recently formulated Marshall Plan, was first among these measures as were economic measures to prevent another depression.²⁹⁴ Reid concurred with the Truman administration’s goal to create what historian Melvyn Leffler calls a “preponderance of power” in the new Cold War world.²⁹⁵ While the Americans wanted to shore up their strength for the possibility of war, however, the Canadian memorandum looked for mitigation strategies through a “balance of force.” This would come about in the form of the North Atlantic Treaty Organization.²⁹⁶ A strong Western alliance, the maintenance of American power, and a prosperous Europe were the crucial factors in staving off war, and ultimately defeating the potential of Soviet ideology.

Reid’s memorandum shared another characteristic of the Truman administration. Leffler writes that the U.S. government also had a keen interest in the “periphery.” This definition included not only the periphery of Soviet power in Europe and Central Asia, but the world-wide periphery of the colonized world.²⁹⁷ Reid’s liberalism is revealed in the memo’s call for the

²⁹⁴ DCER, Escott Reid, “The United States and the Soviet Union: A Study of the Possibility of War and Some of the Implications for Canadian Policy,” 30 August 1947, no. 226, Volume 13, Chapter V, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=13334> (accessed September 18, 2013).

²⁹⁵ Leffler writes that “[P]reponderance did not mean domination. It meant creating a world environment hospitable to U.S. interests and values; it meant developing the capabilities to overcome threats and challenges; it meant mobilizing the strength to reduce Soviet influence on its own periphery; it meant undermining the appeal of communism; it meant fashioning the institutional techniques and mechanisms to manage the free world; and it meant establishing a configuration of power and a military posture so that if war erupted, the United States would prevail.” Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War*, (Stanford: Stanford University Press, 1992), 19.

²⁹⁶ Reid also participated in the negotiations for NATO on behalf of the Canadian government.

²⁹⁷ Leffler, *A Preponderance of Power*, 19, 164, 173, 314.

“removal of racial discriminations” in the English-speaking world.²⁹⁸ It points to the Soviet Union’s claims to be “a defender of the oppressed” and “the champion of the poorer classes in all countries and of all racial minorities.”²⁹⁹ While it warns of the dangers of giving colonized peoples self-government before they are ready for it, it also says that “the dangers of not giving them self-government quickly are probably greater, since the longer independence is delayed the greater are the chances that the colonial independence movements may come under Soviet influence or control.”³⁰⁰ In this memo, Reid reveals his preoccupation with the colonies, and the possibility that their peoples could be exploited by Soviets to tip the balance of power worldwide.

The trip Reid took to the Colombo meeting in January 1950 also made a significant impact on his thinking. He had already been greatly impressed by Nehru during the prime minister’s visit in October 1949, noting in a memoir that the “audience was touched in a way I have never before or since seen an audience of that kind at that kind of official function touched.”³⁰¹ By all accounts, Nehru was in his finest form at the Colombo meetings and once again impressed Reid with his eloquence and intelligence.³⁰² Reid’s sympathy for the diversity of the post-war Commonwealth fostered a deep interest in its new nature. In the clumsy racialist language of the day, Reid reflected with enthusiasm after the meeting:

It is a pity that there is not a newspaper man at the conference with a gift of description. Of the twenty-two people who were seated at the conference table, ten were coloured and the coloured members on the whole were much more good-looking than the non-coloured members. There were various shades of colour among the coloured members, even

²⁹⁸ *DCER*, Escott Reid, “The United States and the Soviet Union: A Study of the Possibility of War and Some of the Implications for Canadian Policy,” 30 August 1947, no. 226, Volume 13, Chapter V, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=13334> (accessed September 18, 2013).

²⁹⁹ *Ibid.*

³⁰⁰ *Ibid.*

³⁰¹ Escott Reid, *Envoy to Nehru*, (Toronto: Oxford University Press, 1981), 4.

³⁰² Reid, *Envoy*, 7.

within delegations. Most of the Ceylonese are dark chocolate with pitch-black hair and usually fine featured. The Indians vary from Mr. Nehru's pale gray to Mr. Menon's dark black.³⁰³

His delight in the multi-racial nature of the Commonwealth meeting, implied by his description, shows an enthusiastic welcome of this new era in international relations. On a subsequent trip to New Delhi following the meeting in Colombo, the Indian minister of Health accompanied the Canadian delegation on a visit to some villages outside Delhi which Pearson referred to as "one of the most interesting of the whole trip." This focus on village life, and what this trip demonstrated in terms of poverty and want, stayed with Reid for the rest of his career. As he said in a speech in 1955, "I have found no one, no matter how much he has read about India's poverty, who is not profoundly shocked by the poverty of the first Indian village he sees. It is so much worse than he expected."³⁰⁴

The Influence of Chester Bowles

Reid landed in Delhi in November 1952, nearing the untimely end of Chester Bowles' tenure as Ambassador to India from the United States, whose stay in India was cut short by his strong Democratic attachments and the election of a Republican, Dwight Eisenhower, to the presidency. Bowles and Reid shared many similarities. Both were prototypical liberals of their era, both were ambitious and worked to make their mark in government, and both were workaholics and had a predilection for writing long and, to their readers, occasionally exasperating despatches. They also could be insensitive to political nuance, which ultimately damaged both of their careers in government. While Bowles had come to government from

³⁰³ LAC, MG 31 E46, Escott Reid Papers, Escott Reid, "Colombo Conference Notes," 9 January 1950, Volume 7, File 2, 19.

³⁰⁴ LAC, MG 31 E46, Escott Reid Papers, Escott Reid, "India's Development Programme: Address by Mr. Escott Reid, High Commissioner for Canada in India, at the final plenary session of the United Nations Association's Conference on Canadian Aid to Under-Developed Countries," 28 May 1955, Volume 3, 3.

business, he carried a certain antipathy to that world and was of a strongly progressive mind.³⁰⁵ Bowles held similar views about the importance of anti-racism as well, and was sensitive to that particular preoccupation in India.³⁰⁶ Reid openly sympathized with the Democratic Party, and although not much exists in the way of correspondence between the two, it is clear that Bowles' approach as ambassador had a strong influence on Reid's career as high commissioner.

Bowles came to India late in Truman's administration in 1951. He later reprised his role as ambassador to India under the Kennedy/Johnson administrations between 1963 and 1969, after an unhappy experience as under-secretary of state. While it is impossible to know how much Bowles' actions influenced Reid and how much of the similarity in their approaches was coincidental, it is worth considering the parallels between the two. Bowles' attempts to make his government understand the importance of India to worldwide international stability, as well as the function of aid in that mandate, may have influenced Reid. Also, Bowles' close involvement and personal oversight of the US aid program also probably made an impact on Reid.

Bowles' strongly advocated for aid during his time as ambassador. He lobbied the president and the Senate Foreign Relations' Committee directly to appeal for greater amounts of ODA. His primary argument – a refrain that would become familiar for readers of Reid's despatches to Ottawa – was that aid was essential to “win” India against the tide of communism, and that India represented the key to securing all of South and Southeast Asia for the non-communist side of the Cold War. He also argued, like Reid would do, that it was important not

³⁰⁵ In his political memoir, Bowles seems unusually reluctant to discuss his extraordinary success in business as an ad executive on Madison Avenue, commenting that he believed that he would have “been happier and more effective if I had gone into public service immediately following my graduation from college.” Chester Bowles, *Promises to Keep: My Years in Public Life, 1941-1969*, (New York: Harper & Row, 1971), 10. Perhaps he worried that revealing too much about his success in business would undermine his liberal credentials.

³⁰⁶ For example, he noted in one letter in 1951 that “Every time I speak at a university gathering or group, the negro question inevitably absorbs half the question period. ... If we are unable to tackle this problem in an all-out manner, I can only say that we cannot expect to hold or to win the friendship of the one billion human beings who live in Asia.” Yale University Archives, Chester Bowles papers, Chester Bowles to Howland H. Sargeant, 24 December 1951, Box 96, 4.

to censure India for their non-aligned position, but to accept and work with it. In December 1951, he wrote letters to Howland Sargeant, deputy assistant secretary of state, Secretary of State Dean Acheson, and President Truman to lobby for increased aid. To the President he wrote:

If India goes in the next few years, it is likely that all of South Asia and the Middle East will also go. If India, on the other hand, under a democratic government grows stronger, all of the free nations of the South Asia and the Middle East will be buttressed and the effects may be felt in China.... And yet I do not believe that our chances of maintaining an independent, democratic India are particularly good unless we are willing to take a long-range view. This would involve greater acceptance of the position which India is striving to maintain, much as we may disagree with that position. It also calls for some far-sighted although relatively modest economic aid, which is essential if India is to provide a fundamental answer to her food problem. An economic investment in India, no greater than our present economic and military investment in Formosa, on an annual basis for five years could produce startling results.³⁰⁷

He continued these lobbying efforts with some success, but not to the extent that he had hoped.

Between 1952 and 1957, the US invested an average of US\$65.5 million in foreign assistance in India. This was a dramatic increase from the US\$4.5 million of the Indo-American Technical Agreement signed in 1950, but a far cry from the US\$200 to US\$250 million per year he proposed.³⁰⁸

In what would also become a feature of Escott Reid's time in India, Bowles took very direct authority over all aspects of the American embassy in New Delhi, and tried to become acquainted with the country outside of the normal diplomatic circles. When he agreed to become ambassador, Bowles had made two requests of Truman:

First, I would want not only to deal officially with India's central government but also to meet and know the regional and local government leadership and, indeed, the Indian people themselves; this meant that I should be free to travel extensively throughout India.

³⁰⁷ Yale University Archives, Chester Bowles papers, Chester Bowles to Harry Truman, 11 December 1951, Box 96, 1.

³⁰⁸ Bowles of course had a much more combative structure of democracy to contend with in the United States. The Truman Administration itself requested C\$115 million for India for the 1953 aid program. Yale University Archives, Chester Bowles papers, W. Averell Harriman and Dean Acheson, "Memorandum for the President – Bowles Program for Additional Aid for India," May 1952, Box 96, 1. As well, by 1958, the US was leading the Aid-India consortium, which arranged for hundreds of millions of dollars worth of support for the country. This will be discussed in Chapter 7.

Second, since I would be responsible for the effectiveness of all U.S. Government programs there—the United States Information Service, our economic development program and other activities—I should be authorized to select all key personnel and generally to direct their operations. Truman had agreed on both of these points, and as a result, my role had been considerably broader than that of most other American ambassadors.³⁰⁹

His commitment to knowing the people of India, and travelling outside of the capital, made him a well-liked ambassador. He sent his children to an Indian, rather than an international school, and could even be seen riding on bicycles with his family around New Delhi.³¹⁰ His strong oversight of the embassy, and of the aid program in particular, is reflected in the sheer volume of documents related to foreign assistance in his personal papers. Even when Bowles was able to secure an embassy official whose only job it was to look after the aid program, he still maintained strong control over the Technical Cooperation Administration (TCA) work in the mission. When Clifford Wilson became Director of the Technical Cooperation mission in India late in 1951, the post was “under the administrative direction of the Chief of Mission and under the administrative direction of the Administrator in Washington” and that all “telegraphic correspondence with the Administrator of the Technical Cooperation Administration should be prepared for the signature of the Chief of Mission.”³¹¹

Bowles’ actions did not go unnoticed by Reid. In addition to reporting on his meetings with Bowles in his despatches, the Canadian High Commission’s 1952 *Annual Review* stated that:

[Indian] [r]elations with the United States continued to improve throughout the year, due largely to the energy and resourcefulness of Mr. Chester Bowles, who not only interested himself in community projects, the Five Year Plan and other developments dear to India, but also secured a unique place in the confidence of Mr. Nehru, replacing [UK high

³⁰⁹ Bowles, *Promises to Keep*, 322.

³¹⁰ Dennis Merrill, *Bread and the Ballot: The United States and India’s Economic Development, 1947-1963*, (Chapel Hill: University of North Carolina Press, 1990), 80

³¹¹ Yale University Archives, Chester Bowles papers, Henry C. Bennett to Clifford N. Willson, 1 December 1951, Box 108, 1.

commissioner] Sir Archibald Nye in that position. Mr. Bowles was careful throughout his tenure of office to identify himself and his Mission prominently with the work of the TCA.³¹²

Reid also tried to identify himself and his mission prominently with the work of the Colombo Plan. In his memoir, he mentions that in the immediate days after his arrival in India, Sir Girja Bajpai, the Governor of Bombay State, told him what he believed to be the success of Bowles' tenure: "he had based his actions on four beliefs: India's foreign policy was its own affair; United States help to India was not charity but was in the interests of the United States; when India differed from the United States on foreign policy, it was not necessarily being perverse; the way to detach China from the Soviet Union was to woo it."³¹³ While Reid does not go on to credit Bowles in his memoirs for having an influence on his thinking, it is apparent that the high commissioner valued the ambassador's approach. Throughout his time as high commissioner, he maintained a direct interest in the aid program, and frequently referred to the practices and habits of the US aid administration in India, as well as other US-based organizations, as examples for Canada to emulate.

Reid the High Commissioner

During Reid's time as high commissioner, Canada undertook a number of aid projects under the Colombo Plan. He already had some knowledge and association with it, being present at its creation in his role as deputy under-secretary of state for External Affairs. He had also participated in the meetings of the Interdepartmental Group on Technical Assistance, the inter-departmental group of officials that oversaw matters relating directly to technical assistance. In addition to technical assistance, which included the training of Indian students at Canadian educational institutions, Canada participated in two dam projects, the Umtru dam in Assam, now

³¹² LAC, Escott Reid papers, MG31-E46, "India: Annual Review, 1952," December 1952, Volume 7, File 4, 4.

³¹³ Reid, *Envoy*, 12.

in the state of Meghalaya, and the Mayurakshi or Massanjore dam in West Bengal, now in the state of Jharkhand. In addition to commodity assistance in the form of wheat, Canada had funded the provision of Canadian copper and aluminum to India while also giving Canadian-built locomotives and participating in the now infamous donation of a nuclear research reactor to India. To what extent these projects can be counted as “successes” depends very much on one’s perspective. Delays, miscommunication, social turmoil and technical problems plagued those involved with these projects. For example, in the case of the Mayurakshi project, 144 villages were submerged and 15,000 tribal Santhal peoples were forcibly relocated in order to make way for the dam in what must have been a devastating upheaval for those communities.³¹⁴ However, they were successful in the sense that they were completed; the dams were built, the locomotives, wheat and other commodities were delivered, and the nuclear reactor came online, although only after Reid’s departure.

Much of this can certainly be credited to Reid’s work. In a draft of a letter of instruction given to Reid regarding economic development in India, the DEA noted that they considered that “the successful handling of Colombo Plan business is one of the more important responsibilities of the Mission.” They also notified Reid of their intention to “call upon your office, far more than we have formerly, to co-operate actively in making the best possible use of the Canadian contribution to the Colombo Plan.” As the previous chapter shows, appropriate communication was one of the most significant areas that needed work in conducting Colombo Plan operations. With a new high commissioner, the opportunity for a fresh start in how the Canadian government used the mission in New Delhi presented itself. In the letter, the government noted that their

³¹⁴ Sweta Priyam, *Post-Environmental and Socio-economic Impact of Hydroelectric Dam: A Qualitative analysis of various impacts of Massanjore hydroelectric dam, Dumka, Jharkand*, (Saarbrücken: LAP Lambert Academic Publishing, 2011), 48; Nitya Rao, “Displacement from the Land: Case of Santhal Parganas,” *Economic and Political Weekly* 40, no. 41 (October 8-14, 2005), 4441. A fuller discussion of the Mayurakshi project is found in the following chapter.

attempts to communicate with the GOI through the Indian mission had “proved challenging” and was “in general, unsatisfactory.”³¹⁵ As a result, the DEA decided to try a different approach and use the office of the Canadian high commission as the primary method of communication, which of course required mission staff to liaise and build stronger relationships with Indian officials.³¹⁶

Reid took on this challenge by holding meetings as regularly as possible, which he himself attended, with officials within the Indian Ministry of Finance responsible for conducting the affairs of the Colombo Plan. He also engaged directly at the political level when he felt that the situation warranted it, meeting with and writing directly to the finance minister in order to hurry along the planning process and decision-making within the Indian government. He wrote that it was necessary for the Canadian mission to “undertake a careful, friendly, but constant process of ‘needling’ of the Indian officials concerned,” in addition to doing some of the work for the Indians due to their extreme workloads.³¹⁷ Like Warwick Chipman before him, Reid also cautioned Ottawa to be patient with India, noting that only two or three officials in the ministry were responsible for all the Colombo Plan work: “Sometimes, in fact, I have the impression that Colombo Plan matters do not receive close attention until we inform the Ministry of Finance that we are proposing to call on them.”³¹⁸ Increasing the frequency of visits by the high commissioner and his mission staff probably did, then, make a difference to productivity.

It was this willingness to try to understand and interpret the Indian perspective that made Reid both an effective and ineffective high commissioner. He was effective in improving the relationship between Canada and India, although that relationship was never as large or

³¹⁵ LAC, RG 25, “Memorandum (Letter of Instruction for H.C. in India), Economic Development of under-developed countries – United Nations,” Volume 6577, File 11038-1-40, part 3, p. 28.

³¹⁶ Ibid.

³¹⁷ LAC, Escott Reid papers, MG31-E46, From the High Commissioner for Canada in India to the Secretary of State for External Affairs, no. 506, 13 May 1953, Volume 7, File 5, 2.

³¹⁸ LAC, RG25, From Office of the High Commissioner for Canada in India to the Secretary of State for External Affairs, no. 701, Volume 6577, File 11038-1-40, 10 July 1953, part 5, 1.

important as he believed it to be. Certainly, sometimes Reid's overwhelming belief in his own familiarity with India, its leadership and its culture, led him to be clumsy and insensitive.³¹⁹ However, he did make a real attempt to come to grips with the Indian perspective on western aid, and to interpret that perspective to Ottawa. He felt that it was essential to understand the Indian point of view and work with it. For Reid, aid was an important tool in the fight against communist influence and in terms of convincing Nehru's administration that support from the West was worthwhile. This was a different perspective than that coming from some observers in the US and Canada who believed that Nehru was too friendly with the communist world and might be susceptible to its influence. Reid's time as high commissioner coincided with a crucial era in India's economic history, one in which Nehru tried to strike a delicate balance between accepting aid, retaining political independence and non-alignment, and implementing his approach to economic development and planning.

Reluctant Beneficiaries: India's Approach toward Aid

To Reid's credit, he was always an active learner and truly tried to understand Indian history, society, and politics; the era in which he lived gave much to study. His years in New Delhi were a time of great confidence for the INC, fresh off an overwhelming electoral victory and full of optimism for the many possibilities that independence seemed to offer. Soon after India's independence in 1947, the National Planning Committee officially became the National Planning Commission (NPC), with Nehru remaining as chair. In 1952, the Commission released India's First Five-Year Plan, although it was widely acknowledged not to represent a true "plan,"

³¹⁹ One incident occurred immediately before Reid's departure from India when he visited the then finance minister, T.T. Krishnamachari. India was beginning to feel the effects of a financial crisis and Reid joked that Krishnamachari would be going abroad "with his begging bowl," a reference to the minister's Brahmin (priestly) caste. While it is impossible to know Krishnamachari's innermost feelings about this bit of "fun," it is quite possible that Reid's humour did not go over as well as he thought it did. LAC, RG 25, From the High Commissioner for Canada, New Delhi, India to the Secretary of State for External Affairs, no. 521, 17 April 1957, Volume 6578, part 1, 1.

but rather a summary of projects already in development. One of the problems it faced from the beginning was a lack of reliable data about the state of the Indian economy. The government attempted to resolve this concern by appointing Prasanta Chandra Mahalanobis in 1949 as honorary adviser to the temporary Union cabinet. Mahalanobis had already made a name for himself in India as its foremost statistician, founding the Indian Statistical Institute in Calcutta in 1931. He had quickly risen to prominence as not only the government's statistician, but also the foremost economic adviser to the newly formed NPC.³²⁰ In the early 1950s, he began to develop and elaborate a simple model of economic growth he later compared to the Harrod-Domar model, developed by the UK economist and Reid's former teacher, Roy Harrod and his Russian/American colleague, Evsey Domar.³²¹ In 1954, Mahalanobis toured Western and Eastern Europe and North America, meeting economists and planners to learn how planning and economic growth were achieved elsewhere.³²² The Norwegian economist, Ragnar Frisch, also came to the Indian Statistical Institute to advise Mahalanobis on the formulation of the plan, along with eminent economists such as John Strachey, Kenneth Galbraith, Nicholas Kaldor and Oscar Lange in what became known as the "Mahalanobis Zoo."³²³ As will be discussed later in this chapter, Mahalanobis devised an extremely ambitious strategy for the second five-year plan.

³²⁰ Ramachandra Guha, *India After Gandhi: The History of the World's Largest Democracy*, (New York: HarperCollins, 2007), 214.

³²¹ P.C. Mahalanobis, "Some Observations on the Process of Growth of National Income," in P.K. Bose and M. Mukherjee, eds., *P.C. Mahalanobis: Papers on Planning* (Calcutta: Statistical Publishing Society, 1985), 14.

³²² Guha, *India After Gandhi*, 215. Economist Dag Ehrenpreis writes that the First Five Year Plan was actually based on a modified version of the Harrod-Domar model, which was a model that focused on increased savings and capital formation to provoke economic growth. Dag Ehrenpreis, "Some Models of Indian Development Planning," *The Swedish Journal of Economics* 72, no. 4 (December 1970): 301-319.

³²³ Among C.D. Deshmukh's manuscripts is a report written by Ragnar Frisch to P.C. Mahalanobis, which is one such example of the advice being given to Mahalanobis at that time. Frisch wrote that India "would follow a safer and more economical course by developing her own resources in many sectors. In particular I think she ought to build up her heavy key industries, and the machine tool industries. This would make her more immune to the evil repercussions which we have foreseen will spread periodically from countries that do not adhere to a policy of full employment and sustained international trade." NMML, Manuscript Collection, C.D. Deshmukh papers, 1st Installment, Ragnar Frisch, "Studies Related to Planning for National Development November 1954," Subject File 59A, 1st Installment, 8. Reid mentions visiting this "zoo" in 1956. LAC, MG 31 E46, Escott Reid papers, Escott

Financial resources, and in particular foreign exchange resources, had been a contested issue within India, its government and within Congress since 1947. In the early years of India's independence, the policy of the government toward foreign aid can best be summarized, (and to paraphrase former Prime Minister Mackenzie King's 1942 statement in parliament on conscription), as aid if necessary, but not necessarily aid; it welcomed foreign aid as a method to speed India's development plans, but it would not welcome aid if it compromised its own foreign and domestic policies. Further, while aid might be necessary for Indian economic development, the sooner that it could be dispensed with the better. In both public and private, Nehru stated this policy repeatedly. In a speech to the US House of Representatives in 1949, for example, he said that "though our economic potential is great, its conversion into finished wealth will need much mechanical and technological aid. We shall, therefore, gladly welcome such aid and cooperation on terms that are of mutual benefit... But we do not seek any material advantage in exchange for any part of our hard-won freedom."³²⁴ While accepting that aid was helpful and even at times necessary, Nehru worried that it would weaken the moral character of India by breeding a culture of dependence among India's citizens.³²⁵ He also thought the Five-Year Plans should function independently of foreign aid. This element of pride is evident in an anecdote told by C.D. Deshmukh about Nehru's 1949 trip in an interview he gave in 1967. Deshmukh had also been sent to the United States to negotiate a loan for wheat. According to the former minister, the US Ambassador to India, Loy Henderson, told Deshmukh that Nehru simply had to ask then-president, Harry Truman, for a loan to purchase wheat and it would be delivered, despite

Reid, To the Secretary of State for External Affairs from The High Commissioner for Canada, New Delhi, no. 564, 9 April 1956, Volume 8, File 4, 1.

³²⁴ Jawaharlal Nehru, "A Voyage of Discovery," in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, Vol. 13, (New Delhi: Oxford University Press, 1992), 303.

³²⁵ Jawaharlal Nehru, "Challenges of Development," in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, Vol. 22 (New Delhi: Oxford University Press, 1998), 77; Jawaharlal Nehru, "Problems of Accepting American Economic Aid," in *Selected Works of Jawaharlal Nehru, Second Series*, ed. Ravinder Kumar and H.Y. Sharada Prasad, Vol.25 (New Delhi: Oxford University Press, 1999), 495.

Pakistan protests. Nehru “never said the word.” Deshmukh lamented that, “When they introduced point 4 and so on, he was very chary about this. This was part of his set attitude.”³²⁶

Nehru’s attitude toward aid, especially from the United States, did not change in the following years. In 1951, The Mutual Defence Assistance Control Act of 1951 or the “Battle Act” as it was known after its sponsor, Representative Laurie C. Battle, directed the US to terminate aid to any country found to be shipping arms or strategic goods to Soviet-dominated areas, or countries which maintained friendly relations with the USSR. Following this Act, the US government had sought an agreement with India to embargo goods prohibited by it. Prime Minister Nehru responded negatively, writing that such an agreement “surely means a direct interference with our policy.”³²⁷ When the US tried to enforce the act after India shipped thorium nitrate to China, Nehru told the ambassador George Allen that the act would have absolutely no bearing on how India conducted its foreign policy.³²⁸ A far more major issue for Nehru and the GOI was the US relationship with Pakistan following Dwight Eisenhower’s election as president in November 1952. In May 1954, the US and Pakistan signed a Mutual Defence Assistance Agreement, which provided for extensive military assistance to India’s unfriendly neighbour, while in 1955, Pakistan was one of the founding members of the South East Asia Treaty Organization, backstopped by the US.³²⁹ This strengthened Nehru’s non-aligned position and increased his suspicions of both American aid and any US-government

³²⁶ NMML, Manuscript Collection, C. D. Deshmukh papers, 1st Installment, “Transcript of Interview Recorded by Dr. C.D. Deshmukh for the Oral History Department of the Nehru Memorial Museum and Library,” 1967, S. No – 51(2), Speeches/Writings by Him (Unpublished), nos. 52 to 63, Articles and writings of Dr. C.D. Deshmukh for Year 1967, File No. 10, C.D. Deshmukh Manuscript Collection, 22-23.

³²⁷ Jawaharlal Nehru, “American Aid and India,” in *Selected Works of Jawaharlal Nehru, Second Series*, ed. S. Gopal, vol. 17 (New Delhi: Oxford University Press, 1995), 493.

³²⁸ Jawaharlal Nehru, “India and the Battle Act,” in *Selected Works of Jawaharlal Nehru, Second Series*, ed. Ravinder Kuman and H.Y. Sharada Prasad, Vol. 23 (New Delhi: Oxford University Press, 1998), 82.

³²⁹ See, for example, Brian Farrell, “Alphabet Soup and Nuclear War: SEATO, China and the Cold War in Southeast Asia,” in Malcolm Murfett (ed.), *Cold War: Southeast Asia*, (Singapore: Marshall Cavendish International, 2012). Members of SEATO included Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the UK and the US. Clearly, India would view the establishment of this alliance as inimical to its interests given its very tense relationship with Pakistan.

supported activity in the country. He discouraged educational exchange programs between the United States and India, and became concerned about the increasing numbers of Americans in the country, particularly those he suspected of disseminating anti-communist propaganda.³³⁰

Despite Nehru's perspective on the issue, many within government felt that the resources were needed. In a series of documents related to the Truman administration's newly-developed Point Four program of technical assistance, this contradiction between the political and the policy levels of government is obvious.³³¹ In 1949, B.K. Nehru, a high-ranking official in India's Washington embassy and Jawaharlal Nehru's nephew, met with Donald D. Kennedy, Director of the Office of South Asian Affairs at the State Department to discuss the Plan. Kennedy explained that his department would send out "highly qualified technical officers" from the United States to help India with various industries. B.K. Nehru's gave a negative response: "[o]ne thing, however, struck me prominently and that was that in my view it would be a waste of effort to give us a plethora of technical advice when we did not have the wherewithal to implement in action the advice that might be given to us."³³² India did not need technical advice, B.K. Nehru observed, saying to Kennedy that "it was not that we did not know what to do but that we did not have the means of doing it."³³³ In contrast to this view, upon receiving B.K. Nehru's report, the Secretariat of the Economic Committee of the Cabinet in New Delhi reported in its minutes that "it was the general opinion that an unduly pessimistic view of the possible

³³⁰ Jawaharlal Nehru, "Increasing American Activities," in *Selected Works of Jawaharlal Nehru, Second Series*, ed. Ravinder Kumar and H.Y. Sharada Prasad, Vol. 25 (New Delhi: Oxford University Press, 1999), 489.

³³¹ The Point Four program of technical assistance was inspired by the fourth point of President Truman's 1949 inaugural address which promised aid for technological assistance in the Middle East and Europe. In India, the Point Four program funded technical experts and equipment for development purposes.

³³² NAI, B.K. Nehru to G.R. Kamat, Esq., Ministry of Finance, December 16, 1949, MEA, Economic Affairs, File No. 18(2) – EA/1950, Technical Assistance of Economic Development, 27.

³³³ *Ibid*, 28.

extent of assistance to India under the Point Four Programme need not be taken at this stage.”³³⁴ Indeed, the cabinet committee took an opposing view, believing that technical assistance might be valuable. To that end, it asked each ministry to send the Economic Committee a list of priorities for technical advice in the case that India received Point Four Plan assistance. This activity suggests a diversity of opinions about aid within the Indian government. It also reflected the seriousness of the Indian economic and financial situation in the years following independence.³³⁵

This same opposition to Nehru’s attitude toward aid can be found in a gloomy letter that Gulzarilal Nanda, a member of the Planning Commission and twice acting prime minister during the 1960s, wrote to C.D. Deshmukh, the country’s new finance minister. Nanda did not share the same optimism for India’s economy that so many others felt at that time:

I may confess that I have been oppressed by our patent inability to discover adequate financial resources for meeting the needs of development on even a very modest scale. In fact, so meagre are the resources in sight that with the unabating increase in population, there is hardly any prospect of economic progress for the country for some years ahead—no appreciable rise in the standard of living and no substantial addition to our industrial potential.³³⁶

Later in the letter, Nanda noted that “For any significant effort a somewhat massive dose of external aid seems an inescapable need of the economic situation of the country, but this matter

³³⁴ NAI, “Secretariat of the Economic Committee of Cabinet,” January 4, 1950, MEA-EA, File No. 18(2) – EA/1950, Technical Assistance of Economic Development, 31.

³³⁵ By 1950, the United States considered Pakistan to be an ally in its fight against Communism. Pakistan’s Prime Minister Liaquat Ali Khan expressed openly pro-Western and anticommunist attitudes, while India, as discussed below, refused to “choose a side” in the Cold War. Pakistan further established its reputation with the Truman administration by immediately throwing its support behind the US at the outbreak of the Korean War in 1950. Kanishkan Sathasivam, *Uneasy Neighbors: India, Pakistan and US Foreign Policy*, (Burlington: Ashgate Publishing Company, 2005), 104-105.

³³⁶ NMML, Manuscript Collection, C.D. Deshmukh papers, 1st Installment, G.L. Nanda to C.D. Deshmukh, November 23, 1950, Subject File 22, Correspondence as Finance Minister, C.D. Deshmukh Papers, 1st Installment, 13.

is now outside the ken of the Planning Commission.”³³⁷ Matters of foreign aid, Nanda implied, were a political problem for the external affairs ministry, not the NPC. Political realities and the needs of development might conflict: “Much of what needs to be done in this country now is not the economists’ or the planners’ job. No plan which does not match the political realities [and] fit into the political environment can have a chance.”³³⁸ It was this political reality, in particular the reality of the Cold War, which determined the GOI’s approach to foreign aid in Nehru’s India.

Deshmukh also seemed to have an ambivalent attitude toward receiving aid. On the one hand, George Allen, the US ambassador who had replaced Bowles, observed to Reid that he had the impression that Deshmukh believed the US was “forcing aid” on India.³³⁹ However, as noted above, Deshmukh seemed frustrated with Nehru’s “chary” attitude toward aid. He definitely had more open-minded views, as shown in the minutes of a consultative committee meeting held in Ottawa in September 1954. Deshmukh said during the course of that meeting that without aid, “we would have to make a supreme attempt to reduce our own current consumption,” and that if there were no foreign assistance available, India would “get on as best as we can,” but rather than doubling the national income in 21 years as they had planned, they would have to do it in 40.³⁴⁰ Reid wrote in a 1954 despatch that there were rumours that Deshmukh’s failed attempt to resign from government that year, (he had already tried to resign twice before), was a result of

³³⁷ Ibid, 15.

³³⁸ Ibid, 16.

³³⁹ LAC, MG 31 E46, Escott Reid papers, “Call by Mr. George V. Allen United States Ambassador – Friday, August 14, 5:15 to 6:15 p.m.,” 17 August 1953, Vol. 7, File 5, 3.

³⁴⁰ NMML, Manuscript Collection, C.D. Deshmukh papers, 1st Installment, “Inaugural Meeting Colombo Consultative Committee, Ottawa, Canada, September 1954, S. No-44 (74), Reply by the Honourable C.D. Deshmukh, Minister of Finance, Government of India,” Speeches/Writings by Him, Unpublished, S. No. 44 (Unpublished, 1950, 1952, 1953, 1954) Articles and Writings of Dr. C.D. Deshmukh during years 1950, 1953 & 1954, File No. 3, 5-6.

Nehru's wish to make an announcement that US aid would no longer be welcome.³⁴¹

Deshmukh's own correspondence with the prime minister shows that more complex issues caused the erstwhile resignation attempt and involved a strong disagreement with the comptroller and auditor general, A.K. Chanda.³⁴² However, there is no doubt that Deshmukh felt an extraordinary pressure to find the necessary resources for India's development and felt that Nehru and his party were being unrealistic and irresponsible in their consideration of India's finances. Deshmukh felt that Nehru's government was unwilling to accept the fiscal "discipline" and the central controls on spending that he felt should be implemented by the finance ministry. This is a theme that pervades all of his letters of resignation throughout his years as minister.³⁴³ Therefore, while Nehru was reluctant about accepting aid, especially from the United States, not all of his colleagues, either at the political or administrative level, felt the same way.³⁴⁴

Reid was sensitive to the problems Nehru faced in trying to find a balance between funding economic development and remaining politically independent. He understood Nehru's

³⁴¹ LAC, RG 25, From the High Commissioner of Canada to the Secretary of State for External Affairs, no. 140, 27 August 1954, Volume 6578, File 11038-1-40, part 6.1, 68.

³⁴² NMML, Manuscript Collection, C.D. Deshmukh papers, 1st Installment, C.D. Deshmukh to J. Nehru, undated/ C.D. Deshmukh to J. Nehru, 7 March 1954/ C.D. Deshmukh to J. Nehru, undated/ J. Nehru to C.D. Deshmukh, undated/ Subject File – 23, 1951-56, Mr. C.D. Deshmukh, Union Finance Minister, Correspondence with Jawaharlal Nehru – Prime Minister, 1951-56, 138-149. In his papers there is also a rather foreboding note from an anonymous source warning Deshmukh that Chanda was after his position as finance minister. Ibid, Anonymous, "Warning," undated, Subject File – 23, 1951-56, Mr. C.D. Deshmukh, Union Finance Minister, Correspondence with Jawaharlal Nehru – Prime Minister, 1951-56, 129.

³⁴³ In one letter of resignation in 1952 Deshmukh wrote that to Nehru that "neither you nor most of my colleagues nor the majority of the State Governments are prepared to subject themselves to the economic, financial and administrative discipline necessary for the success of any plan." Ibid, Handwritten note to the PM, 28 October 1952, Subject File – 22, 1950-56, Correspondence as Finance Minister, 42.

³⁴⁴ A talk that Deshmukh gave much later, in 1963, also offers some insight into his views on aid, although it is hard to know how much his views had changed since his time as minister of finance. He said that "But finally there is a limit to what one can learn from other nations and each nation has to find its own, so to speak, its solution. In another area, in which a certain amount of basic philosophy is needed, is the relation between the State enterprise and the State and the private enterprise. But before that one should also consider what sort of duty falls on the State in regard to aid received from outside. This, as you are all aware, is a very essential element in all planning and in all efforts of the developing countries and the State has to ensure that it organises its own resources to the maximum possible ... as a pre-requisite for receiving outside aid and ensuring that it ... bears fruit." NMML, Manuscript Collection, C.D. Deshmukh Papers, 1st Installment, "'India' Five Year Plans': Talk by C.D. Deshmukh on 16th November, 1963, Administrative Staff College of India, Hyderabad, Speeches and writings by Him, S No-49, Articles and Writings of Mr. C.D. Deshmukh for Years 1962, 1963 and 1964, File No. 8, 16.

quest for self-sufficiency and the pride that went along with it. He told Allen that he “could not but sympathize with the Indian reluctance to ask for aid” as Canadians took pride in the fact that they were the only allies of the US which had not taken lend lease aid, and that he admired this attitude.³⁴⁵ Reid also recognized that Nehru was under pressure within his country and party to divest India of western aid, particularly following various arms agreement between the US and Pakistan, and the American training of Pakistani military officers. In a conversation with the secretary general of the ministry of external affairs, N.R. Pillai, in 1955, secretary general told the high commissioner that while he had historically supported western aid, he found it increasingly difficult to defend this policy. Pillai also said that Nehru was feeling more “hurt” by criticism in western countries of the perception that India willingly accepted aid from the West but then opposed western foreign policy, such as a cartoon in the UK magazine *Punch* which showed Nehru with four hands, one of which was taking aid from the West and the other from the East.³⁴⁶

This dynamic was obviously more prominent in the US-India relationship than in the Canada-India relationship. However, one incident did occur which showed that Canadian officials were not immune to this type of thinking, despite Reid’s efforts to prevent it from growing within the Canadian government. In 1955 the Canadian and American governments observed with dismay the magnificent welcome that the government of India gave to the premier of the USSR, Nikolai Bulganin, and the First Secretary of the communist party, Nikita Khrushchev, in 1955. Following the visit, Pearson gave a press conference in New York in which he stated that he felt that India seemed to give more public credit to the tiny amount of aid

³⁴⁵ LAC, MG 31 E46, Escott Reid Papers, “Call by Mr. George V. Allen United States Ambassador United States Ambassador – Friday, August 14. 5:15 to 6:15 p.m.,” 17 August 1953, Volume 7, File 5, 3.

³⁴⁶ LAC, MG 31 E46, Escott Reid Papers, “Conversation with the Secretary General, 12:25 – 1:00, Goa,” Volume 8, File 3, 154.

provided by the USSR than to the large amounts of aid provided by western countries such as the U.S.³⁴⁷ The public nature of this grievance displeased the Indian government.³⁴⁸ Still, India treated the matter gently. Subimal Dutt, the foreign secretary, met with Reid not to “protest” the comments but to “clarify” that India did appreciate aid from the United States, but still felt free to criticize aspects of American foreign policy with which they disagreed. Reid counselled patience to Pearson since he had “touched Nehru on a sensitive spot.”³⁴⁹ While Nehru had been “boorish” in not bothering to thank American Congressmen for aid when he had visited the statesmen, he also reminded Pearson of the internal pressure Nehru felt: “He is so afraid of giving the impression that the acceptance of aid limits India’s freedom of action that he has given the impression that India is not grateful for the aid.”³⁵⁰ Yet Reid also must have been aware, probably through his direct contact with officials in the Ministry of Finance, that an openness to aid also existed in the GOI. He came to believe that, as he put it, “It is not only a question of giving more help; it is giving the help in the right way.”³⁵¹ The Indians “don’t like getting help

³⁴⁷ NAI, EA, AMS (FA) Section, File no. 9(3)/55 AMS, US and Soviet Economic Aid to India – Statement by Mr. L.B. Pearson, Canadian Secretary of State for External Affairs – Short Notice Question by Shri M.S. Gurupadaswamy in the Lok Sabha, regarding -, “Remarks by Mr. L.B. Pearson, Secretary of State for External Affairs of Canada following his speech to the United Nations Correspondents Association in New York on November 28, 1955,” 6-8.

³⁴⁸ A Shri M.S. Gurupadaswamy rose in the Lok Sabha to ask Prime Minister Nehru about the statement and for the government’s reaction on the matter. NAI, EA, AMS (FA) Section, File no. 9(3)/55 AMS, US and Soviet Economic Aid to India – Statement by Mr. L.B. Pearson, Canadian Secretary of State for External Affairs – Short Notice Question by Shri M.S. Gurupadaswamy in the Lok Sabha, regarding – “Lok Sabha, Short Notice Question, 30.11.55,” 1.

³⁴⁹ LAC, MG 31 E46, Escott Reid papers, “Your Telegram E796 of December 1, Your Remarks in New York,” 6 December 1955, Volume 8, File 3, 3.

³⁵⁰ Ibid. For his part, Nehru must have felt frustrated by Pearson’s remarks given that he had stated openly at a Commonwealth conference that India “gratefully” received aid from the US, Norway, under the Colombo Plan, and from the International Bank and the IMF at a Commonwealth prime ministers’ conference earlier. LAC, MG26 N1, Lester B. Pearson papers, Volume 23, File “Pearson, L.B. – Commonwealth Prime Ministers Conference 1955,” 17 February 1955, 7.

³⁵¹ LAC, MG 31 E46, Escott Reid papers, From High Commissioner for Canada in India to The Secretary of State for External Affairs, 28 March 1955, Volume 8, File 3, 2.

from abroad. They won't ask for it and they are ungracious about receiving it."³⁵² Therefore, the answer was to give aid in the right way.

Escott Reid's Recommendations

It did not take long for Reid to come to some general conclusions about how he would like to see Canadian aid proceed. By May 1953, only six months after taking up the position of high commissioner, he felt confident enough in his opinions about the aid program to begin advocating for a changed approach. In a 4 May summary of Cavell's recent visit to India, Reid warned that the Canadian focus on sending manufactured goods to India severely limited the scope of the program and imposed difficulties on India, writing that there was even a danger that the Indians could simply declare themselves unable to come up with any more projects to fund: "it became clear to us ... that the field for Canadian participation in development projects by the provision of equipment manufactured in Canada was, in fact, more limited than we had been inclined to think."³⁵³ Since Canadian goods were generally more expensive than world market prices, Reid questioned the value of such aid to India.³⁵⁴ This closely echoed Bhattacharya's sentiments, a sign that Reid took the Indian viewpoint seriously.

On 13 May, Reid sent a thirteen-page despatch to the secretary of state for External Affairs (SSEA), with an additional a five-page annex, outlining his recommendations for the organizational aspects of the Colombo Plan. The length and detail of the document shows Reid's high level of involvement with the program, and also the impact his observations of the American program had made in his views, and perhaps the views of this staff, on the direction of Canadian aid. Recommendations included: making the Canadian high commission in New Delhi

³⁵² Ibid.

³⁵³ LAC, RG 25, From the High Commissioner for Canada in India to the Secretary of State for External Affairs, no. 481, 4 May 1953, Volume 6577, File 11038-1-40, part 4, 3.

³⁵⁴ Ibid, 155.

the only line of communication between the Indian and Canadian governments on Colombo Plan matters; creating a new Indo-Canadian agreement in place of the previous “Statement of Principles” signed in September of 1951 with “a more detailed agreement along the lines of the Indo-American Technical Cooperation Agreement of January 5, 1952”; following “the practice of the United States and the Ford Foundation” in replacing the traditional method of an exchange of letters on Canadian aid projects with more formal and detailed operational agreements; signing all these agreements in New Delhi for “maximum publicity”; and adding additional staff to the mission to cope with the increased work pertaining to the Colombo Plan.³⁵⁵ Reid also complained that Colombo Plan matters had taken up so much of his time in the preceding months that he had been “unable to discharge my other responsibilities as High Commissioner.”³⁵⁶ There was no question that Reid focused a large part of his time solely on the Canadian aid program. He also attached a short personal letter to Dana Wilgress, who was then finishing his time as USSEA, bringing attention particularly to the idea of operational agreements and an expanded mission.

Reid’s bold strategy for changing the aid program did not pay off. He knew that the long despatch, with its many recommended changes to the program, might land hard in Ottawa, and come as a “shock” to those reading it.³⁵⁷ However, he also thought that the lengthy rationale he made for the alterations would persuade at least some of its recipients. When he received a letter in late June from Wilgress that declined to entertain the changes that Reid recommended, he took it as a sign that he did not make his reasoning clear enough: “the more I try to explain the

³⁵⁵ LAC, MG31 E46, Escott Reid papers, High Commissioner for Canada in India to Secretary of State for External Affairs, No. 506, 13 May 1953, Volume 7, File 5, 1-13.

³⁵⁶ *Ibid.*, 8.

³⁵⁷ LAC, RG 25, Memorandum for the Minister, “Colombo Plan – Additional Programme for India,” – attachment, “Memorandum to the Cabinet – “Colombo Plan—Additional Programme for India,” 4 September 1953, Volume 6577, File 11038-1-40, part 5, 1.

problems as I see it from here, the more misunderstandings I seem to create in Ottawa among my old friends and colleagues ... I feel sure that if we could meet up for one evening's talk we could clear up the misunderstandings."³⁵⁸ Reid then went on to explain that if Canada were to get value for its money in the Colombo Plan program, he needed increased staff, and publicity matters should be considered in a more rational way.³⁵⁹

On 28 July, Wilgress again responded negatively. On 3 September the high commissioner wrote to Charles Ritchie, who had taken over from Wilgress as acting USSEA, restating his position, and calling the correspondence with the former under-secretary "the most unsatisfactory... I have ever got involved in."³⁶⁰ While he blamed himself for the problem, recognizing that his correspondence to the department had been too long for a busy official to successfully absorb, Reid still believed that the problem was one of misunderstanding. He did not consider that officials in Ottawa understood his ideas and simply disagreed with them.³⁶¹

Still, Reid did not give up on this method of persuasion, and on 6 August sent a rather lengthy fourteen-page personal letter to A.E. Ritchie, asking for "advice" on some ideas before he officially proposed them to Ottawa. In this letter he introduced the idea of the "project approach" as a possible venue through which Canada could give aid. The famed environmentalist and development economist, Barbara Ward, and her husband, Commander Robert Jackson, had proposed the idea to Reid and he felt it might be one way to increase the number of projects that might be of interest to Canada; the whole project approach proposed that the foreign donor would pay for the entire cost of a project, rather than assuming only part of the

³⁵⁸ Ibid.

³⁵⁹ Ibid, 40-45.

³⁶⁰ LAC, RG 25, Escott Reid to Charles Ritchie, 3 September 1953, Volume 6577, File 11038-1-40, part 5, 1.

³⁶¹ It appears that no record of Wilgress' replies exists, however, judging from Reid's correspondence, it is clear that whatever Wilgress wrote did not meet the high commission's expectations.

cost along with the recipient government.³⁶² He argued in favour of the whole project approach as being possibly superior to that of the capital equipment approach, which simply provided some equipment to be used on one or more projects. Providing funds for the whole project, Reid asserted, would give Canada more flexibility and choice.³⁶³

He also introduced a new idea to Ritchie, one that would soon become the hallmark of his lobbying efforts on the aid program: the idea of a line of credit to India in addition to, or in place of, the grant aid that Canada already gave. Noting the gap between India's projected spending and revenue in the First Five Year Plan, Reid proposed "a line of credit ... in much the same way as we gave the United Kingdom a line of credit immediately after the war."³⁶⁴ Reid then made a suggestion that perhaps Colombo Plan technical assistance activities could be transferred to the UN. He ended on an ominous note, summarizing the argument of a new book he had recently received, Maurice Zinkin's *Asia and the West*: "the interests of the West would be gravely endangered if India were to follow China into communism or anarchy. India will probably go this way unless there is a steady, even though slow, rise in the standard of living of the mass of the people," and that the Five Year Plan was the minimum needed to accomplish this.³⁶⁵ This lengthy and somewhat meandering letter is representative of Reid's approach to aid. Informed by the ideas of "experts" such as Ward, his own perceptions influenced by critics like Zinkin, and his own ideas gained from his experience in India, he felt well placed to give important

³⁶² LAC, RG 25, Office of the High Commissioner for Canada in India to the Secretary of State for External Affairs, no. 107, 10 July 1953, Volume 6577, File 11038-1-40, File 5, 2-3. Barbara Ward, the Baroness Jackson of Lodsworth, was a British journalist, economist, and environmentalist who became intensely interested in the subject of development after living in West Africa and India for many years. She is author of many books, such as *Faith and Freedom* (New York: Image Books, 1958), *India and the West* (New York: W.W. Norton, 1961); *The Rich Nations and the Poor Nations* (New York: W.W. Norton, 1962); and *The Lopsided World* (New York: W.W. Norton, 1968).

³⁶³ *Ibid.*, 113-114.

³⁶⁴ LAC, MG31 E46, Escott Reid papers, Escott Reid to E.A. Ritchie, 6 August 1953, Volume 7, File 5, 8.

³⁶⁵ *Ibid.*, 119.

advice to officials operating in frosty, far-away Ottawa, who might not understand the real problems faced on the ground.

Conclusion

The distance between Reid and his audience in Ottawa was more than physical. Their priorities and the scope of their ambitions were different. Viewed from the perspective of Ottawa, where the DF, the Bank of Canada, and the Auditor General's office sat much closer, officials working in the DTC and the DEA had a much more guarded approach to the entire program. The objectives of the Canadian program were outlined clearly to Reid in a despatch to the high commissioner's office on 18 August 1953. In this document, the SSEA's office authorized Reid to begin negotiations on future projects, clearly warning Reid to ensure that the conversations remained "exploratory."³⁶⁶ They asked the high commissioner to keep in mind the following objectives: that aid should take the form of Canadian equipment, supplied from Canada; that each project was backed by a sound justification in "economic development terms"; to choose projects where "the identity of Canadian aid can be preserved"; and that specific proposals be made if any new counterpart funds were to be generated by these projects.³⁶⁷ The projects should be, in the opinion of the DEA, commercially appealing, rigorously sound, and visibly Canadian. It was a pragmatic and limited approach. Other than a shared concern that Canada get its due credit in India, by the summer of 1953 Reid and Ottawa were already thinking on fairly different trajectories about the purposes of Canadian aid.

³⁶⁶ LAC, RG 25, The Secretary of State for External Affairs to the Office of the High Commissioner for Canada, no. 180, 18 August 1953, Volume 6577, File 11038-1-40, part 5, 1.

³⁶⁷ Ibid.

Chapter 5: The Reid Years, Part 2 - Escott Reid Battles Ottawa

Reid made a positive impact on the aid program by developing relationships with those political and bureaucratic members of the GOI who oversaw the aid program, particularly in the Indian Ministry of Finance. Occasionally, he even used direct political pressure in order to ensure improved communication between Ottawa and New Delhi and faster results from aid expenditure. Reid's approach and recommendations, which included a wholesale reorganization of the Colombo Plan program to make available large lines of credit in place of the small grants that Canada contributed, elicited some interest. However, increasingly during his tenure these proposals met with opposition in Ottawa. His tendency to look for inspiration from, and partnerships with, other aid agencies and organizations, usually American, and his predisposition to follow his own thoughts about aid projects and make decisions prior to consultation with officials in Ottawa ruffled feathers.

In Ottawa, Canadian priorities surrounding aid were much more straightforward. Officials demanded efficiency, accountability, and fiscal responsibility from the aid program in India. It faced scrutiny in Ottawa; this was made clear, as this chapter will show, through the involvement of the auditor general's office on the issue of counterpart funds between 1953 and 1955. Ottawa also desired new markets for Canadian goods and the potential to improve Canadian industry and employment through the aid program. In particular, Nik Cavell believed that Colombo Plan spending should be distinctively Canadian, uncompromisingly bilateral, and combatted Reid's multilateral approach. Their very different views about aid led to a professional rivalry during their respective times as high commissioner and administrator, which will also be reviewed in this chapter.

Throughout his career in the civil service and as a diplomat, Reid's dogged determination served him for both good and ill. Arnold Heeney once wrote of Reid that he had a "natural disposition to carry the torch high in every direction simultaneously."³⁶⁸ However, this enthusiasm, combined with ambition, was often tainted by pretension and arrogance. He worked long hours, sometimes at the expense of his own health, and his high ideals occasionally guided him past the point of good sense. His long despatches were at times marked by alarmism. In the 1950s, good sense was perhaps the defining ideal of Canada's Department of External Affairs, and partially as a result of his own nature, and partially as a result of international political circumstances, Reid never made the impact as high commissioner that he strongly coveted.

Counterpart Funds: A View from Ottawa

Officials in Ottawa had their own reasons for thinking more narrowly about Canadian ODA. Although by 1953 the aid program had received a generalized political support, they were of course still obligated to use aid funds in a transparent and sensible way. This sensibility was encouraged by the scrutiny of their colleagues, particularly in the DF and in the auditor general's office. The clearest example of the pressures that officials in Ottawa felt, and how it manifested in their treatment of aid, may be found in the battles that the IETCD and the DEA had with the auditor general over counterpart funds. As mentioned in the previous chapter, every Colombo Plan expenditure had to be approved by cabinet. Therefore, each project had to be rigorously justified in terms of its benefits to Canada and India before it could be presented to cabinet. One area where this did not apply was that of counterpart fund expenditure which could be spent without cabinet approval. Although this might have initially been thought of as liberating, counterpart funds gave no end of trouble to both Canadian and Indian officials.

³⁶⁸ LAC, MG 30 E 144, Arnold Heeney papers, Arnold Heeney to N. A. Robertson, 16 February 1949, Volume 1, File 8, 1.

Secondly, counterpart funds posed serious accounting challenges. As stated previously, counterpart funds were generated by Canadian goods that had been freely granted to the Indian government but sold within India, either directly to the public or to a state government. These funds were to be set aside in a separate account, as directed by the Statement of Principles signed between Canada and India. Two problems appeared. One was the difficulty in getting the Indian government to provide regular, detailed statements about the accounts. The second was the problem that in theory, counterpart funds could go on *ad infinitum*. The counterpart funds generated by the initial aid could then potentially be used to generate more revenue, for example, via interest on a loan. Did Canada claim the revenue generated by this secondary use of counterpart funds, and should it try to control how those monies were spent? If this secondary project also generated funds, should Canada claim control over that too? These issues led the auditor general's office to question the use and possible abuses of counterpart funds in the summer of 1953, at a time when the DTC and DEA were seeking to gain approval to use counterpart funds toward funding the Mayurakshi dam project. On 24 August, Watson Sellar, the auditor general, sent a letter to the under-secretary of state for external affairs (USSEA) suggesting that better accounting practices be implemented in order to control the use of the funds. He also included the more serious statement that "This office entertains doubts ... of certain actions taken, and so will note the situation in the Report to the House."³⁶⁹ These doubts pertained to the use of Colombo Plan assistance to provide help in the form of wheat. The auditor general shared C.D. Howe's concern that wheat did not really benefit Indian economic development.³⁷⁰ As promised, Sellar cast doubt on the extent to which the Colombo Plan was meeting its targets in the 1953 report:

³⁶⁹ LAC, RG 25, Watson Sellar to H.H. Wrong, 24 August 1953, Volume 6578, File 11038-1-40, part 5.2, 1.

³⁷⁰ LAC, RG 25, "Memorandum," undated, Volume 6578, File 11038-1-40, part 5.2, 1.

Section 70 of the Financial Administration Act requires that attention be drawn to any case where an appropriation ‘was applied to a purpose or in a manner not authorized by Parliament’. The case now referred to involved the application given to Vote 114, which reads: ‘To Provide for and authorize grants or loans to governments of countries in South and South East Asia to assist in the economic development of such countries, and special administrative expenses in connection therewith. The Significant words are: “to assist in the economic development of such countries”’.³⁷¹

He then went on to explain the counterpart funds process, but noted that the Indian government had not, as yet, sent any kind of certificate that would prove that the rupees generated from the wheat sale had been used toward economic development: “For these reasons, the charge to Vote 687 [in] 1951-52 must still be regarded as having been made in connection with a purchase of wheat.” In other words, without the certified reports, there was no way to prove that the money supposedly spent on the Colombo Plan had actually been spent for the purpose of economic development and could therefore be in violation of the law. Certainly, Sellar’s 24 August letter to Wrong leaves some doubt about whether or not the expenditure could be considered legitimate.

A reply dated several months later on 5 January 1954 explained that the high commissioner had been working on the Indian government to submit certified reports on the funds, and promises had been made by India to provide annual reports. It also stated that counterpart funds in fact represented a “double contribution to development.”³⁷² An unsigned memo attached to the letter detailed the instances where parliament had been informed of all the expenditures associated with the counterpart funds.³⁷³

Skepticism about counterpart funds also came from the Department of Finance. On 22 February, Robert Bryce, then the clerk of the privy council but who had earlier been the assistant deputy minister of finance, wrote a letter to Ritchie critiquing the use of counterpart funds for the

³⁷¹ Office of the Auditor General, *1953 Report of the Auditor General to the House of Commons*, 14.

³⁷² LAC, RG 25, R.A. MacKay to Watson Sellar, 5 January 1954, Volume 6578, File 11038-1-40, part 5.2, 1-3.

³⁷³ LAC, RG 25, “Memorandum,” undated, Volume 6578, File 11038-1-40, part 5.2, 1-2.

Mayurakshi project: “the real effect of this application of counterpart funds must surely be simply to ease the budgetary problems of India and spare funds for other projects in regard to which we will have neither influence nor association.”³⁷⁴ A.E. Ritchie sent a four-page reply to Bryce, arguing that this reading of the situation was incorrect. Ritchie asserted that since counterpart funds went to the GOI’s special development fund, and not to general revenue, they accelerated India’s economic development “without additional inflation.”³⁷⁵ Ritchie also argued that Canada did not have an unlimited choice of projects to contribute to since they were confined by India’s priorities through the Five Year Plan and that Mayurakshi was a “pretty good (even an excellent) project.”³⁷⁶ Counterpart funds were somewhat ephemeral and out of the direct control of Canadians, and this did not sit well with finance officials and accountants used to hard numbers and concerned with strict accountability of taxpayer dollars.

With officials in Ottawa cognizant that the auditor general was looking over their shoulder, they communicated the necessity of careful accounting to Reid. By the end of 1953, the program had built up approximately C\$15 million in counterpart funds which needed to be used toward development projects in India. A resulting exchange between Ritchie, Plumtre and Reid clearly highlights the differences in approach toward aid by Ottawa and Reid. In a despatch to the DEA on 9 April 1954, Reid proposed a meeting with Deshmukh in order to speed up proposals coming from the Indian government. The high commissioner decided to highlight three criteria for the Indian Ministry of Finance, capturing Reid’s typical ambitions: they should increase the production of high priority goods and services and stimulate the expansion of the

³⁷⁴ LAC, RG 25, R.B. Bryce to A.E. Ritchie, 22 February 1954, Volume 6578, File 11038-1-2A-40, part 1.2, 1. Reid wrote at one point that Bryce “shared [deputy finance minister] Dr. W.C. Clark’s reservations about the main argument for the Colombo Plan – that foreign assistance could be of substantial value to South Asian countries in their efforts to raise their standards of living.” He did eventually support it for political reasons because it was a “wise investment in goodwill in India and Pakistan.” LAC, RG 25, Escott Reid, The High Commissioner to the Secretary of State for External Affairs, no. 507, 13 May 1953, Volume 6577, part 4.2, 2.

³⁷⁵ LAC, RG 25, A.E. Ritchie to R.B. Bryce, 1 March 1954, Volume 6578, File 11038-1-2A-40, part 1.2, 2.

³⁷⁶ Ibid, 1-3.

Indian economy; they should be of a type that would help to increase public support for aid in Canada; and, they should allow the Indian population to recognize the project as a “cooperative effort” between India and Canada.³⁷⁷ These criteria apparently did not resonate with Ritchie, as Plumptre felt it necessary to write that he felt “a bit more charitable towards Mr. Reid’s proposals than you seem to be,” in a reply to the economic division head’s comments on the suggestions.³⁷⁸ Plumptre advised Ritchie that Reid was correct to emphasize the political aspect of Canadian aid and to seek Deshmukh’s help in putting forward potential projects. However, Plumptre also asked Ritchie to emphasize the importance of receiving financial statements from the Indians on the use of those counterpart funds. In the end, Ritchie sent a reply to Reid that asked him to focus on five, somewhat duller, aspects which highlighted the “Canadianness” of the project and accountability:

(a) the extent to which the association of Canada’s name with the project (given its type, technical and administrative soundness, location, etc.) will have an immediate and lasting favourable impact on some sections or other of the Indian people ... (b) the degree of nominal participation by Canada which is required in order to have the best effect ... (c) the desirability of avoiding any impression that Canada is paying for the whole project ... (d) the interest which participation in the project might be expected to arouse in Canada; and (e) the problem of securing statements of expenditures attributed to our counterpart funds which will be satisfactory to the Canadian Auditor General.³⁷⁹

Reid could have hardly found these points inspiring in comparison to his own, and it is interesting to note that Ritchie does not even have a clear sense of which sector of the Indian population the aid program intended to target. From Ottawa’s perspective, it seems that any Indian would do, as long as Canada got the credit and all the accounts were in order.

³⁷⁷ LAC, RG 25, Escott Reid, The High Commissioner for Canada to the Secretary of State for External Affairs, no. 397, 9 April 1954, Volume 6578, File 11038-1-40, part 6.1, 2.

³⁷⁸ LAC, RG 25, A.F.W. Plumptre to A.E. Ritchie, 18 May 1954, Volume 6578, File 11038-1-40, part 6.1, 1.

³⁷⁹ LAC, RG 25, R.A. MacKay, The Secretary of State for External Affairs to the High Commissioner for Canada, New Delhi, no. E-373, 25 May 1954, Volume 6578, File 11038-1-40, part 6.1, 2.

The GOI of India did eventually deliver the promised accounts, but counterpart funds remained problematic.³⁸⁰ Much of Reid's time was taken up with finding and getting approval for appropriate expenditures. The Canadian government tried to negotiate with the GOI for greater control over the counterpart funds. Beginning in 1955, the Indian government began to resist these attempts, arguing that Canada could hardly expect any degree of control over projects to which Canada was merely providing a fraction of the total cost. Adding to this was the problem of time. For commodity assistance, counterpart funds were fairly straightforward, as the commodities were sold quickly and generated a fixed amount of money almost immediately. These could be accounted for much more easily. However, if counterpart funds were generated by a repayment of a loan from states to the central government, usually on generous, lengthier terms as dictated by the nature of aid, these funds would come in over a number of years. Add to that potential problems caused by inefficient bookkeeping or non-payment of the loans, and counterpart funds could become quite complicated. This type of counterpart funds were known as "notional," since they only existed in the realm of possibility rather than in fact.³⁸¹ Nik Cavell agreed with the Indians on this matter, believing these notional funds were "unreal" and that Canada had been and was still being "precious and unrealistic" about the amount of control the government could maintain over non-commodity counterpart funds.³⁸² The auditor general continued to oversee how the funds were operated, however, and in his 1955 annual report to parliament, again criticized the way the government used counterpart funds.³⁸³

³⁸⁰ LAC, RG 25, P.N. Subramanian to George Hampton, and attachment, 'The Special Development Account' of the Canadian Gift under the Colombo Plan as on 31st March, 1955," 16 July 1956, Volume 7339, File 11038-1-40, File 8.3.

³⁸¹ LAC, RG 25, A.E. Ritchie, The Secretary of State for External Affairs to the High Commissioner for Canada, New Delhi, no. E-871, 1 November 1955, Volume 7339, File 11038-1-40, part 8.2, 1-2.

³⁸² LAC, RG 25, Nik Cavell to A.E. Ritchie, 3 November 1955, Volume 7339, File 11038-1-40, part 8.2, 32.

³⁸³ LAC, RG 25, Jules Léger, "Memorandum for the Minister: Auditor General's Observations on Colombo Plan Operations," 18 January 1956, Volume 7339, no. 11038-1-40, part 8.3; Office of the Auditor General of Canada, *1955 Report of the Auditor General to the House of Commons*, 9. This was not the last time that the Auditor General

It is important to note that while Canadian officials stewed on what they felt to be inefficiencies on the part of the Indian government, GOI documents show that it was not only the Indian government that caused delays on matters of counterpart funds. Prem Narain wrote a memo to the Joint Secretary of the Ministry of Finance which stated that “the question of the utilisation of counterpart funds arising out of certain supplies from Canada ... has been under consideration for some time.”³⁸⁴ Although they had come up with some tentative plans with Canadian officials in February and March of 1955, nothing had progressed: “Since then we have been reminding regularly the Canadian High Commission for an early reply but have not heard anything. Obviously we cannot hold up schemes for want of confirmation or comments from the Canadians [sic] side.”³⁸⁵ The frustrations were on a two-way street.

In 1956, the IETCD, the DEA and the DF made a concerted effort to make a policy for counterpart funds that all parties could agree upon. In May 1956, C.V. Narasimhan, the Joint Secretary of the Indian Ministry of Finance visited Ottawa, leaving behind an aide memoire outlining the GOI’s view on the issue. Narasimhan reiterated that the Indian government believed that counterpart funds were only truly generated when commodities were sold, and that all other funds generated by Canadian aid were “notional” and that those receipts could not really be separated from the GOI’s consolidated fund. Once an agreement about how to spend such money was made, and once the certificate of disbursement had been issued to the Canadian government, the GOI should not be forced to account for the funds “again and again.”³⁸⁶

turned his eyes on the Colombo Plan’s programs in the 1950s. He mentioned the Plan in his reports in 1957, 1958, 1959 and 1960.

³⁸⁴ NAI, Ministry of Finance, Department of Economic Affairs, Economic Aid Branch, File no. 1(22) ECAI/56, 1956, Canadian Colombo Plan Aid – Rupee Counterpart Funds – Utilisation of --, Prem Narain to J.S., 8 May 1956.

³⁸⁵ Ibid.

³⁸⁶ LAC, RG 25, Nik Cavell to A.E. Ritchie and attachment: “Aid Memoire [sic] Re: Counterpart Funds,” 30/31 May Volume 7339, File 11038-1-40, part 8.3, 2-3.

Ritchie wrote to Narasimhan in June, agreeing with the general outline of his proposals, concurring that in the case of notional funds, “we would be satisfied with a general statement which would indicate that the Indian Government had designated certain amounts from their general Consolidated Fund as representing counterpart funds attributable to the sale or transfer of fabricated materials or equipment received from Canada under the Colombo Plan,” and that “counterpart funds shall be considered to arise only once” eliminating the potential for Canadian control over the funds in perpetuity.³⁸⁷ Although a few kinks remained to be worked out, such as what rate of exchange would be used for the certification of notional funds, in general, the now five-year old problem had been sorted out.

The story of counterpart funds might be somewhat dry, but it does demonstrate two important aspects of the foreign aid program in India from Ottawa’s perspective. First of all, spending money on foreign aid presented new and unique challenges to the Canadian government. Ultimately Canada was at the mercy of the recipient government, in this case India, to apply any funds generated from its aid to problems of economic development, and to be honest in its accounting of those funds. While Ottawa could demand a certain amount of accountability, at some point it had to let go. India legitimately had cause to ask the Canadian government to back off, as at some point the “gift” aspect of the funds did have to mean something. The second important lesson learned from the counterpart fund problem was that the aid program was being watched, and accountability was crucial in getting acceptance of aid expenditure not only from cabinet, but also from institutions like the auditor general’s office.

³⁸⁷ LAC, RG 25, A.E. Ritchie to C.V. Narasimhan, 11 June 1956, Volume 7339, File 11038-1-40, part 8.3, 1-2; John H. Nelson, the acting commercial secretary in the Canadian High Commission, wrote to P.N. Subramanian, the under-secretary in the Department of Economic Affairs in the Ministry of Finance, that the GOI could consider notional counterpart funds “abolished.” NAI, Ministry of Finance, Department of Economic Affairs, Economic Aid Branch, File no. 1(22) ECAI/56, 1956, Canadian Colombo Plan Aid – Rupee Counterpart funds – Utilisation of - , “Letter from John H. Nelson, Acting Commercial Secretary, HC Canada, to P.N. Subramanian, US, Department of Economic Affairs, M/O Finance,” 6 August 1957, 117-118.

Little wonder that Reid's views were miles apart, both literally and figuratively, from the officials for whom he worked in Ottawa.

The Model Dairy Colony

Another problem which occasionally came up was an enthusiasm that Reid attached to certain projects, which occasionally led him to misjudge Ottawa's support for particular programs. Worse, at times he indicated his belief that Ottawa might support a project before he had received any sort of confirmation that this would be the case. In December 1953, Reid sent a letter to the under-secretary of state for external affairs, but which was handled by A.E. Ritchie since aid was within his purview as head of the economic division. Reid recommended using Colombo Plan aid to fund the establishment of a model dairy colony outside of New Delhi, which had been recommended by a representative of the World Health Organization (WHO). However, his mission did not wait for tentative approval from the Group, and continued to meet on the issue. On 12 February 1954 the high commissioner submitted a despatch to the USSEA stating that at a meeting of representatives from the WHO, Delhi state, and the United Nations Children's Fund (UNICEF), "We intimated that the Canadian Government would probably give sympathetic consideration to any request for help along the lines indicated by [Delhi state Development Commissioner] Dr. Ramachandani which might be submitted to us through the Central Government."³⁸⁸ The recipient of the document in Ottawa, Jake Warren of the DEA, underlined this sentence and put large exclamation marks next to it. Word had gotten out in New Delhi and the commission also sent a clipping from the paper *The Statesman* from January 22 with the headline "Milk Supply Scheme of Delhi State: Canadian Aid Likely" and noted a similar report had appeared in the *Times of India*. Reid good-naturedly noted "We have a feeling

³⁸⁸ LAC, RG25, Office of the High Commissioner for Canada in India to Under-Secretary of State for External Affairs, No. 186, 12 February 1954, Volume 6578, File 11038-1-40, part 5.2, 2.

that the shock of an unsolicited offer of possible external aid has put a strain on Dr. Ramachandi's discretion and that most of the speculative reports which have appeared in the press have emanated from his office."³⁸⁹

Warren did not receive this news in as jovial a fashion. He wrote in a note to Ritchie that "The Mission seems to have got itself out on a bit of a limb I think that the project is one we could consider – but I am doubtful about its priority from the Indian point of view relative to other schemes." Ritchie, in a hand-written note on the despatch, concurred that it was "unfortunate" that Reid had encouraged the project so openly, but did not rule out funding either."³⁹⁰ On 19 February, Reid sent another despatch reporting of a meeting that he had had with a representative of UNICEF, noting the agreement among all the experts in UNICEF, WHO and Food and Agriculture Organization (FAO) that safe milk was one of the highest economic priorities in India. He felt that the commission had to take a more active role in promoting this cause. "Needless to say," he continued, "it would be helpful to us at this stage to have an indication from you whether or not a sound and well conceived project in this field was likely to receive a sympathetic consideration in Ottawa."³⁹¹ Next to this sentence, a hand-written note appears, almost certainly written by Warren: "Good God!"³⁹²

The negative reaction to Reid's activities probably has to do with Reid's approach, which took liberties in guessing the likely response to the project of officials in Ottawa before receiving any concrete reply. It is clear from the entire tone of Reid's despatch that based on his own opinions, and those of the various UN organizations he mentions, he supports the idea and believes that he has good reason to suspect that Ottawa will back his suggestion. He was wrong.

³⁸⁹ Ibid, 3.

³⁹⁰ Ibid, 1.

³⁹¹ LAC, RG 25, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, No. 202, Volume 6578, 19 February 1954, File 11038-1-40, part 5.2, 1.

³⁹² Ibid, 3.

In a letter to the high commission sent on 21 April, Ritchie makes it clear that while Ottawa would consider the proposal if it came from the central government, he had many concerns, including a suspicion that the Indian government would not attach much importance to this small project, compared with others requiring industrial capital equipment. He also wondered if the project might interfere with the local dairy business. While the high commissioner continued to recommend that project as late as 2 August, later in that month New Zealand formally decided to support the scheme and Reid abandoned his campaign.³⁹³

This was a marginal incident. However, it does illustrate the nature of Reid's work with the aid program and his relationship with officials in Ottawa. The high commissioner valued the opinions of the growing number of experts on economic development coming to India through the aegis of organizations like the FAO, UNICEF, and the WHO, and let their advice guide him in his work with the Canadian aid program as he looked for opportunities to Canada to work jointly with other organizations. He also had a tendency to anticipate Canadian decision-making regarding aid projects before receiving real input from Ottawa. The cool response he received from Ottawa also became typical of Reid's relationship with officials working with the aid file in Ottawa, who often replied to his impassioned despatches with non-committal responses.

A Line of Credit for India

Beginning with the letter to A.E. Ritchie in August 1953, Reid seems to have become convinced of the idea of a significant line of credit for India from Canada. The idea appealed to him for a number of reasons, the first simply being that the Indians wanted it. With a line of credit, Reid felt that problem of Nehru's and the GOI's sensitivity to receiving aid could be easily overcome. A loan was not a gift – it had to be repaid. C.D. Deshmukh had told Reid in a

³⁹³ LAC, RG 25, Under-Secretary of State to Office of the High Commissioner, No. 839, 6 August 1954, Volume 6578, File 11038-1-40, part 6.2, 3.

December 1954 meeting that India would be “happier” to accept a loan rather than grant aid “on political grounds.”³⁹⁴ Not only was a loan more palatable, it also had the advantage, from the Indian point of view, of allowing much greater control over how the funds were disbursed and allowed for greater potential for long-term planning.³⁹⁵ Deshmukh made his desire known, albeit in measured tones, to the Canadian government publicly as well when he travelled to Ottawa for consultative committee meetings in 1954, saying that:

So far as we are concerned we do not disparage any aid in the form of a grant as given at present, but we should not object if the assisting countries were to decide that the whole or part of the assistance in the future would take the part of loans, because we would always choose those development project which would either specifically or generally increase our capacity to repay foreign debts.³⁹⁶

Rather than the somewhat ad-hoc process by which Canada and India worked out aid projects within the confines of the Five Year Plan, a large loan would allow for planning for years into the future, and might allow for greater flexibility in terms of how the funds were spent. Finally, a line of credit would be particularly helpful in alleviating one of the greatest problems faced by India in the 1950s – a lack of foreign exchange. Deshmukh felt strongly enough about the potential for a line of credit that he raised the issue more than once with Reid.³⁹⁷ The high commissioner understood why the idea was appealing to the GOI and he agreed with the Indian finance minister that the idea was at least worth proposing.

By the mid-1950s, planning for the second five-year plan was well underway by Mahalanobis and his zoo. Outwardly it seemed that the problems India faced due to the

³⁹⁴ LAC, RG 25, Escott Reid, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 1474, 27 December 1954, Volume 6578, File 11038-1-40, part 6.2, 1.

³⁹⁵ Ibid.

³⁹⁶ NMML, Manuscript Collection, C.D. Deshmukh papers, 1st Installment, “Inaugural Meeting Colombo Consultative Committee, Ottawa, Canada, September 1954, S. No-44(74), Reply by the Honourable C.D. Deshmukh, Minister of Finance, Government of India,” Speeches/Writings by Him, Unpublished, S. No. 44 (Unpublished, 1950, 1952, 1953, 1954) Articles and Writings of Dr. C.D. Deshmukh during years 1950, 1953 & 1954, File No. 3, 8.

³⁹⁷ Ibid.

consequences of the Second World War were dissipating and financial conditions improving. India had been buoyed by conditions in 1953 and 1954, when food grain production reached 150 per cent of the target for the final plan year in 1956.³⁹⁸ While hindsight would suggest that this strength derived more from good monsoons rather than from the first Five-Year Plan, which Hanson deemed “not so much unsuccessful as irrelevant,” the Planning Commission, not surprisingly, took credit for the economy’s success.³⁹⁹ The combination of the optimism surrounding the Indian economy, and the ambition inherent in the Nehru-Mahalanobis strategy for development, prompted the planners to dream big.

Mahalanobis created a draft set of recommendations which the National Development Council adopted in 1955, and which set out several objectives, including: “to attain a rapid growth of the national economy by increasing the scope and importance of the public sector and in this way to advance to a socialistic pattern of society;” “to develop basic heavy industries for the manufacture of producer goods to strengthen the foundations of economic independence;” and, “to liquidate unemployment as quickly as possible and within a period not exceeding ten years.”⁴⁰⁰ These bold objectives, he believed, required an economic model that would encourage fast-paced economic growth. His model for growth depended fully on the in-country production of capital goods, that is, goods that provided inputs for heavy industry, such as steel.⁴⁰¹ The Second Plan, presented in 1956 to the Lok Sabha, India’s parliament, outlined ambitious production targets for the life of the plan, including a 191 percent increase in the production of

³⁹⁸ Hanson, *The Process of Planning*, 107.

³⁹⁹ *Ibid*, 115.

⁴⁰⁰ P.C. Mahalanobis, “Recommendation for the Formulation of the Second Five Year Plan,” in Bose and Mukherjee, *P.C. Mahalanobis*, 23.

⁴⁰¹ For an excellent and detailed synopsis of Mahalanobis’ model, please see Pulapre Balankrishnan, *Economic Growth in India: History and Prospect*, (New Delhi: Oxford University Press, 2010), 42-43.

iron ore, a 231 percent rise in the production of finished steel, and a 300 percent jump in the production of cement machinery.⁴⁰²

As shown in chapter 1, India was not totally devoid of indigenous industry, but the manufacturing sector mostly produced consumer goods. Further, the government was to begin the Plan with an expected current account shortfall of Rs 2.1 billion (US\$441 million)⁴⁰³ in the year 1956-7 and an aggregate deficit of Rs. 11.2 billion (US\$2.35 billion) over the life of the Plan.⁴⁰⁴ New Delhi noted this dilemma in its Second Five-Year Plan document, stating that “It has ... to be borne in mind that a country which starts on industrialisation has necessarily to import the required machinery and equipment from abroad in the early stages, and foreign exchange resources, therefore, present a problem which calls for special attention.”⁴⁰⁵ The government calculated that the total resources needed for the plan would be the staggering amount of Rs. 48 billion (US\$10 billion). Domestic revenue sources were to come from increased taxation, borrowings from the public in the form of small savings and loans, and revenues from the railways and investments. The foreign exchange component would be funded by drawing down Indian reserves or foreign exchange and Rs. 8 billion (US\$1.68 billion) would be raised externally in the form of loans and grants from “international agencies and friendly foreign governments.”⁴⁰⁶ This still left the government with a needed Rs. 12 billion (US\$2.5 billion) of deficit financing and a shortfall of Rs. 4 billion (US\$840 million) of funding for the

⁴⁰² Government of India Planning Commission, *Second Five Year Plan: Summary*, (New Delhi: Government of India Press, 1956), 26.

⁴⁰³ According to IMF data, the rupee, for exchange rate purposes, was officially pegged at 4.762 rupees for US\$1 between 1950 and 1966, when the rupee was devalued by Indira Gandhi after an (in)famous meeting with President Johnson. This is a problematic figure, of course, because the official value of the exchange rate does not necessarily reflect the real value of a currency (e.g. in terms of purchasing power). However, this data is the best that the present author could find. The figures above represent the value of the rupee calculated at this rate. Some figures have been rounded. IMF eLIBRARY – Data, “Time Series Query Builder,” International Monetary Fund, <http://elibrary-data.imf.org/QueryBuilder.aspx?s=322&key=1445284> (accessed March 23, 2012).

⁴⁰⁴ GOI Planning Commission, *Second Five Year Plan*, Ibid, 41.

⁴⁰⁵ Ibid, 33.

⁴⁰⁶ Ibid, 42.

Plan. The Planning Commission admitted that finding the necessary foreign exchange represented a work in progress, writing that “the foreign exchange requirements of the second five year plan are large. All possible avenues have, therefore, to be explored for securing the required inflow of resources.”⁴⁰⁷ Clearly, foreign exchange resources would be a continuing area of concern for the Nehru-Mahalanobis strategy for development.

Even before the Second Plan was released, it was clear to observers, including Reid, that the Second Five-Year plan would be far more ambitious than the first.⁴⁰⁸ The Indian ministry of finance apparently also began to prepare for the demands the plan would be placing on the budget, and under Deshmukh’s direction, began to look at foreign aid as a source for that revenue. In early 1955, Cavell and O.G. Stoner, who had been brought from his post as second secretary at the Canadian embassy in France to work in the Economic Division of the DEA in 1954, visited India on a tour of the Colombo Plan countries. In March 1955, Reid wrote a letter to Pearson outlining these issues, noting that during this visit, officials in the Indian ministry of finance had informally inquired about the possibility of a much larger loan to replace grant aid.⁴⁰⁹ Reid characteristically also pointed to the example of the United States, which according to Reid, had begun to move from grant aid to loans.⁴¹⁰ He also highlighted his belief that India represented a fundamentally different case from other major countries in South Asia, since it was “capable of absorbing large amounts of outside economic aid in its national economic developmental programme.”⁴¹¹

⁴⁰⁷ Ibid, 43.

⁴⁰⁸ Reid wrote that “These economic trends make for a far more courageous approach to development planning than was possible five years ago.” LAC, RG 25, Escott Reid, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 376, 2 April 1955, Volume 7339, File 11038-1-40, part 7.2, 1.

⁴⁰⁹ LAC, RG 25, Escott Reid to Lester Pearson, 25 March 1955, Volume 7339, File 11038-1-40, part 7.2, 1.

⁴¹⁰ Ibid.

⁴¹¹ Ibid.

Reid decided to plunge ahead into discussions about the potential for a loan from Canada. In late March and April he had a series of meetings with Indian politicians and officials, meeting with Deshmukh, T.T. Krishnamachari, minister of the Department of Commerce and Industry, as well as a Mr. Iengar who was secretary of the ministry of commerce and industry, a Mr. Patel, secretary of the ministry of finance, and a Mr. da Costa, editor of the *Eastern Economist*. They spoke about the foreign assistance demands that the second Five-Year Plan period might place on the Indian economy.⁴¹² Deshmukh stressed that despite outward appearances of a comfortable situation, he was uneasy with the levels of foreign exchange held by the government. During their talks, however, Reid probably raised false expectations:

Mr. Krishnamachari agreed that no one could yet be certain of the amount of foreign exchange which India might require to implement its next Five-Year Plan. I suggested to him that in these circumstances a line of credit might perhaps represent the most appropriate form which foreign assistance to India could take. He agreed that this was so provided that the repayment of interest and capital did not begin until the fourth Five-Year Plan or roughly in 1970.⁴¹³

A Canadian official wrote in the margin beside this paragraph “Somewhat in advance of Canadian thinking now.”⁴¹⁴ Reid’s enthusiasm for the loan was clear, but he did not have the authorization from his government to raise it as a serious possibility with Indian ministers just yet.

However, since these requests were coming repeatedly not just from the high commissioner, but also from the Indian ministry of finance, the Canadian government did take the question of whether or not to grant a line of credit seriously. As Reid began preparations for a visit to Canada for meetings and a vacation, the government did begin an investigation into the

⁴¹² LAC, RG 25, Escott Reid, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 376, 2 April 1955, Volume 7339, File 11038-1-40, part 7.2, 1.

⁴¹³ Ibid, 16.

⁴¹⁴ Ibid. The initials underneath this comment do not appear to be those of O.G. Stoner, however, it appears to be his handwriting.

issue. It did not take long for an answer to be proposed. On 31 May Jules Léger sent a memo partially drafted by O.G. Stoner outlining his perspective on the issue, which dismantled, wholesale, all of Reid's arguments in favour of a line of credit. Léger began the memo by rejecting Reid's fundamental proposition that India was somehow different, and a "safer bet," than other countries in the region. He raised the possibility that giving a loan to India would open a metaphorical can of worms, with Canada finding itself under demands, justifiably, from the other countries of the region asking for the same treatment.⁴¹⁵ He also rejected the premise that India was as financially sound as it appeared, writing, somewhat presciently, that "unfavourable weather conditions resulting in a bad crop could hand the whole economy and the development programme a serious setback."⁴¹⁶ In this case, India would find it impossible to service the loan. Léger made the point that the grant aid program had achieved "modest success" but that it might lose support if its commercial benefits for Canada were lost, as they might be with a loan. He did not believe that India would accept a tied loan since Canadian goods generally were priced higher than those on the world market. Finally, Léger dismissed the argument that a loan was more palatable for proud India: "we might want to consider whether we really wish to reinforce the position of those who would keep the ties with the west as loose and stately as possible."⁴¹⁷

In June, the DEA circulated a more detailed eight-page memo, drafted by Stoner. It carefully considered the request but ultimately rejected it in favour of more of the same, cautioning that the extension of loans might open a Pandora's box, encouraging a wholesale shift from grant to loan aid. While proposing that Section 21 of the Export Credit Insurance Act could

⁴¹⁵ LAC, RG 25, Jules Léger, Memorandum for the Minister, "Mr. Reid's Personal Letter concerning the Possibility of a Line of Credit for India," 31 May 1955, Volume 7339, part 7.2, 1.

⁴¹⁶ Ibid, 2.

⁴¹⁷ Ibid, 2-3.

be used to extend medium and short-term credit for the purchase of Canadian exports in a disaster scenario, such as a bad drought, the document recommended pursuing the Colombo Plan as it already was, albeit with more enthusiasm. He encouraged the department to look at the scaling up of grant aid, donating more surplus commodities, and to actively support the continuation of the program past its six year expiry date.⁴¹⁸ Before Reid's plane even landed in Canada, the DEA shut the coffin lid on the idea of a line of credit for India.

In Ottawa, Reid pleaded his case, but not surprisingly did not make any headway. As Greg Donaghy writes, Marcel Cadieux had just returned from meetings of the International Control Commission in Vietnam, and was unhappy with what he felt was a false "neutralism" practiced by the Indians on the subject of communism, and was not open to the idea.⁴¹⁹ When Reid raised the issue with the Colombo Plan Group he was told by Wynne Plumptre that "Canada felt that loans should be largely undertaken by existing international organizations, i.e., The International Bank."⁴²⁰ He had a slightly more sympathetic hearing when he met with J.E. Coyne, governor of the Bank of Canada, in September. Coyne assured Reid that in the case of a crisis Canada might consider the issue again, but that in the meantime it was best not to get up Deshmukh's hopes because no Canadian loan was forthcoming.⁴²¹ Reid temporarily stopped lobbying on the issue following his visit to Canada. However, he never stopped believing in a large loan for India's development, and when a financial crisis began to in through India as his term neared its end in 1957, he took up the issue again. As will be shown in chapter 7, Reid was

⁴¹⁸ LAC, RG 25, A.E. Ritchie to The Under-Secretary of State for External Affairs and attachment, "Economic Aid to India," 23 June 1955, Volume 7339, File 11038-1-40, part 8.1, 1-10.

⁴¹⁹ Greg Donaghy, "The Most Important Place in the World: Escott Reid in India, 1952-1957," in Greg Donaghy and Stéphane Roussel, *Escott Reid: Diplomat and Scholar*, (Montreal-Kingston: McGill-Queen's University Press, 2004),76-77.

⁴²⁰ LAC, RG 25, "Minutes of the Colombo Group Meeting held at 10 a.m., July 6, in the Main Conference Room of the East Block," Volume 7339, File 11038-1-40, part 8.1, 3-4.

⁴²¹ LAC, RG 25, O.G. Stoner, Economic Division to A.E. Ritchie, 12 September 1955, Volume 7339, File 11038-1-40, part 8.1, 1.

ahead of his time, as Canada did eventually succumb to international pressure to extend large loans to India through the World Bank's Aid-India Consortium.

Cavell vs. Reid

Escott Reid and Nik Cavell shared a particular rivalry during their respective times as high commissioner and Colombo Plan administrator. This rivalry is worth highlighting because it is so representative of the yawning gap between Reid's views on the aid program and those held in Ottawa. Both began from the position that the Canadian aid should win friends in Asia by bringing West and East closer together and helping to fight off the threat of communism in the area. However, they differed on how to achieve it. The different positions that Cavell and Reid occupied, as administrator and high commissioner respectively, influenced their approaches. Nik Cavell advocated for a uniquely Canadian program, which emphasized the bilateral nature of Colombo Plan programs and focused on achievable, concrete results.⁴²² As already noted, Escott Reid campaigned for an approach that promoted multilateral relationships and drew on the expertise of other aid organizations such as the UN agencies, as well as his own opinions gained from being "on the ground." These remote positions led to a basic philosophic difference about whether or not the aid program should be "distinctively Canadian."

The organization of the Colombo Plan in government demonstrates much about the expectations, goals and motivations behind Canada's ODA program in the 1950s. Brought up in the UK, Cavell had first-hand knowledge of the South and Southeast Asian region, where in younger days, he had served in the cavalry branch of the Indian army. Prior to joining the

⁴²² Officially, the Colombo Plan was a multilateral initiative. Its seven founding members, Australia, Canada, Ceylon, India, New Zealand, Pakistan, and the United Kingdom, formed a Commonwealth Consultative Committee which met yearly to coordinate the Plan's activities and policies, and a Secretariat in Colombo also helped with coordination. However, in reality, the Consultative Committee meetings and the Secretariat had little direct impact on the actual functioning of the Plan. Individual members met on a country-to-country basis to devise aid projects. The Colombo Plan quickly expanded to include non-Commonwealth members, including, crucially, the United States.

federal government, he had worked in business for decades, both in the UK and in Canada. The choice of an experienced businessman, rather than say, a social scientist, to lead the program shows an expectation that the program would require technical and managerial skills to oversee the transfer of goods and services from one country to the other. However, while the DTC certainly prioritized hard skills over considerations of the larger, social goals of development in their choice of Cavell, this is not to say that he, individually, gave no consideration to the broader implications of the aid program.

While considerations of Canadian commerce were undoubtedly important to the way that he, and other officials in Ottawa, viewed the aid program, it was not the only consideration. As his 1953 letter to John Deutsch, quoted in chapter three, underscores, Cavell felt Canadian aid had a higher purpose. He genuinely worried that a failure of aid in India might end in “chaos” and the end of the country’s democratic experiment.⁴²³ Cavell and Reid, then, shared similar motivations and a belief that maintaining India’s Five-Year Plans and its democracy was a crucial goal for the Canadian aid program. However, their vision about how to achieve this goal differed strongly, and as a result, they regularly clashed over how Canadian aid should be used. As Cavell’s point of view usually coincided more with general opinion in Ottawa, he usually won these battles.

In 1954, the problem of getting projects submitted to the Canadian government from India continued to challenge officials in Ottawa and New Delhi. Even with the high commission so actively involved, over-worked Indian civil servants struggled to meet the demands placed on the aid program by fiscal deadlines. In April, Reid proposed the idea of meeting with the finance minister, C.D. Deshmukh, to pressure that ministry to propose potential development projects to the Canadian Colombo Plan, especially for the use of counterpart funds. The DEA authorized

⁴²³ LAC, RG 25, Nik Cavell to John Deutsch, 27 March 1953, Volume 6577, File 11038-1-40, part 4, 1-2.

him to approach the minister, with the caveat that haste to choose projects should not “override considerations of care and caution in the selection of the projects themselves.”⁴²⁴ By June, Reid’s efforts had paid off, and India submitted proposals for two years of potential Colombo Plan projects. In interpreting the proposals to the under-secretary’s office, Reid singled out one project in particular, a scheme to build hydro-electric dams in the Chambal river valley in the state of Rajasthan, which he urged should be “given the highest priority.”⁴²⁵ He noted that the Americans had previously helped fund construction equipment for the dams.⁴²⁶

The Colombo Plan Group read Reid’s letter in early July, but the fruits of his labour did not receive a positive response. A report came back to Reid telling of the Group’s “apparent lack of enthusiasm” for Canadian participation in the Chambal project.⁴²⁷ Cavell had not been impressed with the management of Chambal during his visit. Crucially, it also was a project which required sharing responsibility with the United States, which the Group was not keen on without some assurance that Canada could take up some part of the project completely independently. The Group assured Reid that they had not closed the door on Chambal, but did inform him that he should not expect a positive outcome.⁴²⁸ Ritchie also reported that the Colombo Plan Group responded negatively to the proposal of a similar dam project proposed for the Rihand Valley in Uttar Pradesh. They reacted positively to a suggestion for the provision of

⁴²⁴ LAC, RG 25, Secretary of State for External Affairs to High Commissioner for Canada: New Delhi, No. E-373, 25 May 1954, Vol. 6578, File 11038-1-40, part 6.1, 3.

⁴²⁵ LAC, RG 25, Office of the High Commissioner to USSEA, No. 603, 9 June 1954, Vol. 6578, File 11038-1-40, part 6.1, 3.

⁴²⁶ Ibid.

⁴²⁷ LAC, RG 25, USSEA to High Commissioner for Canada, New Delhi, E-469, 6 July 1954, Vol. 6578, File 11038-1-40, part 6.1, 2.

⁴²⁸ LAC, RG 25, USSEA to High Commissioner for Canada, New Delhi, E-469, 6 July 1954, Vol. 6578, File 11038-1-40, part 6.1, 2.

small thermal and diesel power sets which Canada manufactured and would be “Tangible proof of Canadian assistance.”⁴²⁹ It seemed that Reid’s grand plans were out.

Perhaps, however, those opposing the high commissioner’s recommendations had a better grasp on the reality of working in the subcontinent. Cavell, for example, noted to Ritchie that

Escott is putting forward the Chambal Project and Rihand. You may have noticed that in the last meeting I was distinctly chilly to both and I feel very strongly that we are not interested in any projects where we have day-to-day co-operation with the F.O.A. [the U.S. Foreign Operations Administration].⁴³⁰

Cavell cited as justification for this position an apparently difficult experience that the IETCD had in a joint project with the FOA in a Colombo Plan project at a cement plant in Pakistan. Cavell believed that joint cooperation would be impossible with a large and technically advanced project such as a hydro-electric dam,: “This is something we should avoid at all costs and I would like to suggest that you will make it quite clear to Escott that we are not interested so that he will not be tempted to give our Indian friends any hope that such co-operation would find favour in sight.”⁴³¹

This response disappointed Reid. He conveyed this to the Canadian government, writing that he felt the projects were “sound” and were suitable for Canadian involvement.⁴³² He also warned the Colombo Group against being overly choosy, writing that it might be unrealistic to assume that Canada would have an unlimited number of projects from which to choose in the penultimate year of the First Five Year Plan.⁴³³ He continued to promote the idea of supporting the Chambal project in a despatch dated 2 September. Indeed, he had gone so far as to meet with

⁴²⁹ Ibid, 2.

⁴³⁰ LAC, RG25, Nik Cavell to A.E. Ritchie, 14 July 1954, Vol. 6578, File 11038-1-40, part 6.1, 1. The Foreign Operations Administration was the IETCD’s counterpart in the US government.

⁴³¹ Ibid, 2.

⁴³² LAC, RG25, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, No. 839, 6 August 1954, Vol. 6578, 11038-1-40, part 6.2, 1.

⁴³³ Ibid.

representatives of the US Technical Cooperation Mission in order to coordinate and discuss the progress of their respective programs:

You might be interested to know that our United States colleagues here are considerably less skeptical about the Chambal project than their opposite numbers in the Foreign Operations Administration in Washington ... They feel that Chambal is one of the most worthwhile projects included in the Five Year Plan. Its costs are low in proportion to the benefits expected, so much so that the irrigation costs per acre at Chambal are between one-sixth and one-tenth of the costs at the comparable Columbia Basin Project in the United States.⁴³⁴

However, this information made little dent in Cavell's views, who wrote to Ritchie on 30 September in another attempt to shut down progress on the project. Cavell said that it was becoming obvious that Chambal would have to be undertaken with other agencies, and "We have learnt by painful experience the headaches that this causes, and with this the Indians here [in Ottawa] entirely agree. My personal and very strong inclination is to keep out of such entanglements if possible, and that means leaving both Chambal and Rihand alone."⁴³⁵ By December, Cavell's view had won out and Reid was left to backtrack. The high commissioner wrote home that while the GOI still thought it was "intrinsically a good project ... the Indians are now prepared to withdraw their request for Canadian participation and put forward an alternative project."⁴³⁶ Reid then dropped the issue.

As these discussions were taking place, another hydro-electric project was also producing tensions between Reid and officials in Ottawa, and particularly with Cavell. Throughout 1953, Canada had participated in negotiations regarding the construction of the Umtru dam in state of Assam. In September, cabinet agreed in principle to contribute C\$1.2 million to the project. In

⁴³⁴ LAC, RG25, Office of the High Commissioner for Canada, New Delhi to Secretary of State for External Affairs, No. 961, 2 September 1954, Vol. 6578, 11038-1-40, part 6.2, 1.

⁴³⁵ LAC, RG25, Nik Cavell to A.E. Ritchie, 30 September 1954, Vol. 6578, 11038-1-40, part 6.2, 2.

⁴³⁶ LAC, RG25, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, No. 1444, 20 December 1954, Vol. 6578, 11038-1-40, part 6.2, 4.

November, Cavell arranged for Denis Stairs, an engineer from the Montreal Engineering Company, to visit the project to assess its quality and suitability for Canadian support. Reid reported that Stairs found the project in good order and that the “project as such was sound and the engineering was beyond reproach.”⁴³⁷ Stairs recommended a few changes but it was his view “that the scope for hydro-electric development in Assam was tremendous.”⁴³⁸

While all seemed to agree on the appropriateness of the Umtru project for Canadian aid, a disagreement did arise about how to manage the project. On 15 April 1954, Reid sent a despatch questioning one of the judgements of Stairs’ findings in Assam based on recommendations by the International Bank for Reconstruction and Development (IBRD) regarding hydro-electric projects in Pakistan. Reid explained that according to IBRD policy, aid would not be given to hydro-electric projects in Pakistan unless they were supervised by outside, authorized, consulting engineers. He compared this with Denis Stairs’ recommendation that Canadian engineers should “act on an advisory basis,” rather than supervise, the Umtru project.⁴³⁹ He encouraged the government to follow the Bank’s example and ensure that the Canadian firms working on the project would have sufficient control over the construction of the dam. In May, Reid’s letter found its way to Cavell, who, in a note to Ritchie, rejected Reid’s assumption that the IBRD’s experience proved relevant to Canada.⁴⁴⁰ Cavell worried that following the IBRD’s practices would undermine the uniqueness of what he felt was the Canadian approach: “I have always felt that in its Colombo Plan relations with South-East Asian countries Canada can best serve the

⁴³⁷ LAC, RG25, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, No. 1249, 21 December 1953, Vol. 6579, File 11038-1-2B-40, part 1.1, 2.

⁴³⁸ Ibid.

⁴³⁹ LAC, RG25, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, No. 418, 15 April 1954, Vol. 6579, File 11038-1-2B-40, part 1.1, 1.

⁴⁴⁰ LAC, RG25, Nik Cavell to A.E. Ritchie, 7 May 1954, Vol. 6579, File 11038-1-2B-40, part 1.1, 1.

overall objective by putting forward a distinctively Canadian view.”⁴⁴¹ Cavell noted that the Indian government appreciated Canada’s neutrality:

I have always tried to give them the impression that we had no desire to coerce them or impose any particular point of view upon them, but wished only to assist them as best we could in our own Canadian way ... Should we then take the view that our High Commissioner takes and force upon Assam a contract which in our Consulting Engineer’s opinion they would resent and which, he thinks, is entirely unnecessary?⁴⁴²

Ritchie agreed with Cavell that Canada had operated with a “distinctive” view and would continue to do so in the future.⁴⁴³ However, he did say that he believed that ignoring the IBRD’s work was not advisable either. He wrote a letter to Reid that largely echoed Cavell’s concerns, although in a noticeably more diplomatic fashion, noting that “it is useful to draw on the experience of the Bank and other agencies ... On the other hand, there is much to be said for the maintenance of a distinctively Canadian approach in our Colombo Plan relations.”⁴⁴⁴ It was possible that Ritchie and Cavell were more sensitive to Indian sensibilities than was Reid in terms of avoiding “giving any appearance of coercion” in the allocation of aid projects and their administration.⁴⁴⁵ Certainly, they were correct in pointing out the difficulties that might emerge if Canadian engineers attempted to control too closely the Assam Engineering Authority.

Despite this, the DEA did scope out the IBRD’s policies regarding the supervision of hydro-electric projects. For this, they contacted Jake Warren, who at that time was Canada’s alternate director at the IBRD, to explain the policy. In a letter to Louis Rasminsky, deputy governor of the Bank of Canada and Canada’s executive director at the IBRD, Warren confirmed that the Bank’s policy in Pakistan was to have a Western engineering firm directly supervise the

⁴⁴¹ Ibid.

⁴⁴² Ibid.

⁴⁴³ LAC, RG25, A.E. Ritchie to Nik Cavell, 19 May 1954, Vol. 6579, File 11038-1-2B-40, part 1.1, 1.

⁴⁴⁴ LAC, RG25, Acting Under-Secretary of State for External Affairs to Office of the High Commissioner for Canada, No. 367, 20 May 1954, Vol. 6579, File 11038-1-2B-40, part 1.1, 1.

⁴⁴⁵ Ibid.

work. He did qualify this information with the caveat that in India there were more competent engineering firms than in Pakistan, and that the Bank policy varied on a case to case basis.⁴⁴⁶ Predictably, Cavell reacted strongly and negatively to this with a long letter to Ritchie recommending that “we should cut out any further reference to the High Commissioner in India, to the International Bank or to Mr. Warren in connection with the manner in which we propose to carry out the Umtru project.”⁴⁴⁷ Cavell emphasized that Denis Stairs was among the top engineers in Canada, and questioned the advice of laymen against that of the expert, warning that it was “ridiculous” to hire the best and then not follow his advice.⁴⁴⁸ Cavell then directly attacked Reid’s propensity to follow the lead of other development organizations:

Our High Commissioner in India is alarmed because we are not doing exactly what the International Bank does, but I suggest that the operations of the Bank are not analogous to our operations at all ... We do not lend money – we supply the project from Canada and whilst, as you know, we have always maintained the closest co-operation with the Bank and actually have had very amicable relations with them, we cannot slavishly follow their practices as Mr. Reid suggests we should.⁴⁴⁹

O.G. Stoner of the DEA advised Ritchie in a handwritten note that Cavell’s hand-wringing was not really warranted. There was no harm, in Stoner’s opinion, of making inquiries into IBRD policy, and Canada would continue to follow Stairs’ advice as well as maintain “a distinctively Canadian approach.”⁴⁵⁰ Reid took a parting shot on this issue in December, just prior to the final exchange of letters, writing that he had “as you know advocated from the outset that Canadian engineers exercise considerably closer control over construction of the project,” but that he

⁴⁴⁶ LAC, RG25, J.H. Warren to Lou Rasminsky, 28 May 1954, Vol. 6579, 11038-1-2B-40, part 1.2, 2.

⁴⁴⁷ LAC, RG25, Nik Cavell to A.E. Ritchie, 11 June 1954, Vol. 6579, 11038-1-2B-40, part 1.2, 1.

⁴⁴⁸ Ibid.

⁴⁴⁹ Ibid, 2.

⁴⁵⁰ Ibid.

unless was directed to re-open the question, he would proceed with the final agreement.⁴⁵¹ Reid likely knew the issue would not be revisited, but wanted to make his views known for the record.

Another discussion over the nature of Canadian aid took place in 1955, over the construction of a fertilizer plant. Like many, Reid had been convinced virtually since his arrival in New Delhi that India's villages and agricultural industry were key to solving the overwhelming development problems the country faced.⁴⁵² When the opportunity arose for Canada to support a fertilizer plant through the Colombo Plan, Reid seized it. On 5 January 1955, the high commissioner sent a despatch to Ottawa highlighting India's ongoing preparation for the new Five-Year Plan, the need to organize in advance so that Canadian aid could effectively contribute to the new Plan, and the importance of chemical fertilizers to agriculture in India. As background material, Reid referenced an article that had recently appeared in *Foreign Agriculture* entitled "Soil Productivity and Fertilizer Requirements in India," penned by the Chief of Asia and Middle East Analysis Branch of the Foreign Agriculture Service, a US government organization. The article theorized that an increase in the amount of chemical fertilizers used in India would have a huge impact on yields and food productivity.⁴⁵³ Reid wrote that he had promoted the concept to the Indian government: "In our discussions with officials of the Ministry of Finance we have indicated that we would be willing to explore the feasibility of Canadian participation in the construction of a fertilizer plant."⁴⁵⁴ He followed this with another, dated the same day, recommending that if Canada were to construct a fertilizer plant, it should be

⁴⁵¹ LAC, RG25, Office of the High Commissioner for Canada to the Secretary of State for External Affairs, No. 629, 7 December 1954, Volume 6579, File 11038-1-2B-40, part 2, 1.

⁴⁵² LAC, Escott Reid papers, MG31 E46, High Commissioner for Canada in India to the Secretary of State for External Affairs, No. 425, 17 April 1953, Volume 7, part 5, 1.

⁴⁵³ Fertilizer played a large role in what is known as the "Green Revolution" in India; a massive modernization of the Indian agricultural system. For a closer examination of the U.S. role in the Green Revolution, see Cullather, *The Hungry World*.

⁴⁵⁴ LAC, RG25, High Commissioner for Canada in India to the Secretary for External Affairs, No. 10, 5 January 1955, Volume 7339, File 11038-1-40, part 7.1, 3.

wholly done by a Canadian firm and completely paid for by Canada, and turned over to the Indian government upon completion. Reid believed that by taking over the costs of the entire project, Canada would help relieve India's stressed administration and distract attention from the recent announcement of a Soviet-built steel plant. Reid followed these despatches with another on 28 January that quoted *The Economist* about the benefits of the "whole-project" approach. On 26 February the secretary of state for external affairs' office replied in a non-committal fashion, noting that they would not make any decisions until after Cavell's upcoming visit to India.

In March, Cavell and Stoner travelled to India, meeting with the Planning Commission and Indian officials in the Ministry of Finance about potential aid projects for Canada to support. They also toured Canadian projects underway. Their report noted that Cavell did not believe that the right equipment for a fertilizer plant would be available in Canada, and that prices for any equipment that could be found would be higher than that from Britain.⁴⁵⁵ Nevertheless, the report did not rule out the idea of a fertilizer plant, provided the GOI valued it highly enough. Reid wrote in his report of the visit that Cavell did not view the fertilizer plant favourably, writing that the administrator did not believe that Canada could build it at a reasonable cost.

As the year progressed, Canadian officials researched the feasibility of the plant and other suggested projects. During Reid's meeting with the Colombo Plan Group during his trip home in 1955 he again proposed the idea of a Canadian-built fertilizer plant. However, officials learned in the meeting that support of the plan necessarily excluded any other project ideas. Because the Indian proposals included projects that ranged between C\$18 million and C\$25 million, Canada would either have to fund the fertilizer plant or one of the hydro-electric projects suggested by

⁴⁵⁵ LAC, RG25, R.G. Cavell, Office of the High Commissioner for Canada to the Secretary of State for External Affairs, No. 11, 1 March 1955, attachment: "Proposed Projects for Capital Assistance," Volume 7339, 11038-1-40, part 7.1, 4.

India, including a promising dam project in southern India named Kundah. Minutes recorded that the Group did not like this choice, and would have preferred a diverse list of small projects so that Canadian funding could be more dispersed.⁴⁵⁶ However, Canadian officials could only work with the proposals that the Indian government made, and the either/or nature of the decision once again pitted Reid's views against those of Cavell.

In August, Cavell wrote a letter to Ritchie with the results of the IETCD's investigations into the possible costs of a fertilizer plant. They commissioned a report from Canadian Vickers and found that the plant could be built within the C\$25 million cost considered feasible by the Canadian government.⁴⁵⁷ However, Cavell did not warm to the idea despite this new information. He ended the letter with these warnings: "Are we prepared at this stage to enter into such a large undertaking with the future of the Colombo Plan somewhat uncertain? [referring to the fact that the Plan was then four years into a six-year commitment and no provisions had yet been made for its extension] We would be dealing with a Canadian company which has never operated abroad."⁴⁵⁸ On this basis Ritchie sent a letter to the high commissioner in New Delhi requesting more information from the Indian government about where the Indian government wished the plant to be constructed, the type of fertilizer needed, and estimates of local costs. Ritchie also stated he would ask Denis Stairs to visit Kundah to make an assessment of that project.⁴⁵⁹ He sent a request to the Canadian ambassador in Washington to get information from the IBRD about its experience assisting the construction of a fertilizer plant in Sindri.

In a confidential and revealing letter to the acting high commissioner in New Delhi, Bruce Williams, Reid urged the Delhi mission to do all that was needed to make the project

⁴⁵⁶ LAC, RG25, Minutes of the Colombo Group Meeting, 6 July 1955, Volume 7339, File 11038-1-40, part 8.1, 3.

⁴⁵⁷ LAC, RG25, Nik Cavell to A.E. Ritchie, 15 August 1955, Volume 7339, File 11038-1-40, part 8.1, 1.

⁴⁵⁸ Ibid.

⁴⁵⁹ LAC, RG25, Under-Secretary of State for External Affairs to the Office of the High Commissioner for Canada, No. E-701, 7 September 1955, New Delhi, Volume 7339, File 11038-1-40, part 8.1, 2.

succeed. He also made his opinions clear about the limited approach, in his view, that Cavell took to aid and development:

Cavell ... is determined that our assistance to India should take no other form than hydro-electric turbines and generators. He is fighting a last-ditch fight against the proposal that we give a fertilizer plant. I think, however, that it is possible we may give such a plant and that it may be constructed in India by the same firm which constructed the Sindri plant. The important thing is for us to get the Indian authorities to ask us to construct the fertilizer plant at the very best possible spot in India where there is the best possible assurance of cheap power and raw materials.⁴⁶⁰

However, Reid's assessment that Cavell's efforts were "last-ditch" turned out to be misguided. By the middle of September the Canadian embassy in Washington responded to Ritchie's request, meeting with two representatives of the IBRD. It sent a telegram to Ottawa reporting that in one IBRD official's opinion, fertilizer was a crucial part of India's development plan, but estimated that the fertilizer plant that India needed would cost double the C\$25 million of Vickers' estimate.⁴⁶¹ This would be the equivalent of two years of Canadian Colombo Plan aid for all of South and Southeast Asia. Acting High Commissioner Williams sent a despatch notifying Ottawa that C.V. Narasimhan of the Indian Ministry of Finance "strongly" favoured Kundah, and that in fact the dam had been approved by the planning commission with the idea of Canadian assistance in mind.⁴⁶² On 3 October, the DEA informed the high commissioner's office that that Colombo Plan Group had decided in favour of funding Kundah.⁴⁶³

Cavell was happy about that, perhaps in part because he had so decisively triumphed over

Reid:

⁴⁶⁰ LAC, RG25, Escott Reid to Bruce Williams, 14 September 1955, Volume 7339, File 11038-1-40, part 8.1, 2.

⁴⁶¹ LAC, RG25, Permanent Delegation to External Ottawa, No. 554, 16 September 1955, Volume 7339, File 11038-1-40, part 8.1, 1. A later communication from Washington stated that the Sindri plant cost between US \$35 and \$40 million. RG 25, Embassy Washington to External Ottawa, No. 1161, 29 September 1955, Vol. 7339, File 11038-1-40, pt. 8.1, 1.

⁴⁶² LAC, RG25, High Commissioner to the Secretary of State for External Affairs, No. 679, 23 September 1955, Volume 7339, File 10038-1-40, part 8.1, 1.

⁴⁶³ LAC, RG25, Under-Secretary of State for External Affairs to Office of the High Commissioner for Canada, No. E-769, 3 October 1955, Volume 7339, File 11038-1-40, part 8.2, 1.

I have been inalterably opposed to providing a Canadian fertilizer factory because (a) it would not be Canadian, and (b) we know virtually nothing about it and would have to get American advice and help all the time which would virtually make it an American project. The recent reports that we have received from Vickers were prepared in the States, and I think still think it would be a bad project for us to undertake and one which we should bitterly regret before we were through with it. Kundah, on the other hand, is something we can do, and do well.⁴⁶⁴

Once again, Cavell approached this project with the criteria that Canadian aid should be distinctively Canadian. Whereas Reid valued American expertise and favoured cooperation with American aid agencies, Cavell preferred to choose projects that could be independently managed in Canada and eschewed cooperation with the US or other aid organizations. He believed cooperation with other agencies would introduce unnecessary complications. Moreover, from Cavell's perspective, Canadian aid should focus on Canadian expertise, even if, as Reid pejoratively pointed out, it meant that hydro-electric projects would form the bulk of Canadian Colombo Plan assistance. Reid, on the other hand, tended to examine Canadian aid from a macro perspective. He favoured the fertilizer project because agriculture was so important to India's overall development. If Canada did not necessarily have everything needed to complete the project, expertise could be found elsewhere. What mattered most to the high commissioner was finding aid projects that would bring the biggest benefits to the Indian economy.

In all of these examples, Cavell's perspective won the day. Unlike the numerous organizations emerging out of Washington and New York, the Canadian aid program during Reid's time as high commissioner had limited resources which determined its limited objectives. Reid lived in the milieu of diplomacy, constantly surrounded by the enormity of problems, both political and economic, facing India. He frequently met with intellectuals passing through India. He sought the opinions of experts from international organizations and read widely from both

⁴⁶⁴ LAC, RG25, Nik Cavell to A.E. Ritchie, 3 November 1955, No. E-769, Volume 7339, File 11038-1-40, part 8.2, 1.

Asian and western publications. He corresponded and met with the highest levels of the Indian government.

By contrast, Cavell and other officials in Ottawa were faced daily with the opinions of cabinet, whose views they had to carefully consider before proposing any expenditure. While Cavell was not simply an instrument of Trade and Commerce, there is no doubt that Canadian commercial concerns had to be front and centre in the Colombo Plan program by virtue of the IETCD's location. From Cavell's position in Ottawa, it made sense to find projects that were both desired by the Indian government and matched well with the expertise provided by Canadian business. It was not Canada's role to decide what projects India should prioritize for their own economic development. Officials in Ottawa were concerned with accountability and value for money. Projects had to come in on budget and on time. These considerations narrowed the perspective through which officials like Cavell viewed the aid program and drove the philosophic differences that Cavell had with Reid. Keeping Canadian aid Canadian kept it simpler, and in his opinion, made it more effective.

Conclusion

If Canadian officials agreed with Reid that India was a unique case, a democratic bastion against the forces of communism in South and Southeast Asia that should be understood and supported through Canadian aid at all costs, their actions did not reflect this. Certainly, as Greg Donaghy writes, "Through his letter, telegrams, and despatches, Reid forcefully compelled Pearson and his officials to engage India, its problems and perspectives. For Canada, Escott Reid put India on the map."⁴⁶⁵ Despite his success in doing so, however, Reid was never able to make India a top foreign policy priority for Canada, nor did he realize his ambition of securing

⁴⁶⁵ Donaghy, "'The Most Important Place in the World': Escott Reid in India, 1952-1957," Donaghy and Roussel, eds., *Escott Reid*, 81.

larger sums of aid for the country, nor in changing the nature of the aid program to become more strongly multilateral, nor in integrating loan-giving into the Plan.

Reid thought about Canadian aid from a dramatically different viewpoint than did official Ottawa. Perhaps it was his first-hand and continuing exposure to Indian poverty and contact with Indian officials and politicians, perhaps it was his extensive reading and collaboration with development experts such as Barbara Ward, or perhaps it was his natural inclination, but Reid saw the Canadian aid program within a *developmental* framework.⁴⁶⁶ He took seriously the Indian government's views on the political implications of aid, understood Nehru's and other's discomfort, and tried to accommodate that at a time when many in the West dismissed it as ingratitude. He tended to support aid programs based on his opinion about their efficacy in addressing the problems of Indian development before he thought about their potential impact on Canadian business. His concern with gaining adequate publicity for Canada in India stemmed from a real belief that Canadian ODA had a role to play in upholding Indian democracy and defeating communist influences. In contrast, officials in Ottawa, while perhaps believing in this last higher goal on an ideological level, were far more concerned with the day-to-day realities of the aid program. From their viewpoint, aid needed to be distinctively Canadian, both in terms of its profile within India, but also on the practical and commercial matter of Canadian content. Accountability was also a major concern. The problems the government faced with the counterpart funds issue alerted officials working on the aid program that the auditor general carefully monitored their work. Reid's enthusiasm, tenacity, and tendency to make judgements

⁴⁶⁶ Although Reid held some deeply romantic views of the Indian countryside, remembering it is as "full of colour, of fragrance, and of music," he was also affected by its bare realities: "The village has no park, no children's playground. It has no doctor, no dentist, no midwife ... According to a district medical officer I spoke to, fifty to seventy per cent of the villagers suffer from the eye disease of trachoma and there are five to ten blind people in each village." LAC, Reid Papers, MG31 E46, Escott Reid, "My First Study Tour of Indian Villages: Report by Escott Reid," 21 February 1953, Volume 3, 156.

on Ottawa's behalf probably also grated on the nerves of some. It certainly seems to have annoyed Cavell.

It should be noted, however, that Reid's failures were failures of his own personal ambitions. As high commissioner, Reid strongly nurtured the India-Canada relationship and his strong enthusiasm for Canadian ODA in India did make an impact. His tenacity about the issue of a line of credit did force the Department of External Affairs to review the aid program and to make a decisive choice to continue supporting the Colombo Plan past its initial six-year term, and to push for greater allocations for grant aid for India and the Plan in general; and as the following chapters will demonstrate, while Reid's credibility in Ottawa continued to decline during his final two years in India, in the long-term, many of these ambitions were eventually realized.

As Reid's time as high commissioner in India wound down, his enthusiasm for the country of India, and his consideration of its geo-political importance, never waned. If anything, it increased in fervour. However, his final year there was not destined to be happy, at least from a professional point of view. He did not make the progress on any aid issue he hoped to champion during his 1955 trip to Canada. Somewhat embarrassingly, the text of an off-the-record speech he gave at the Canadian Institute of International Affairs was published, word for word, in the *Christian Science Monitor*, and he was forced to write Nehru to apologize.⁴⁶⁷ Not

⁴⁶⁷ A copy of this letter, and Nehru's internal response to it, is in the National Archives of India. Reid's strong confidence in his knowledge of Nehru, and Indian history, is undermined by Nehru's reaction: "When I first read the report of his speech, the thing that surprised me most (and I think I commented on it) was his impression that Indians did not expect independence when it came and indeed some people here thought that the probable date would be 1970. I really do not know from whom Mr. Escott Reid has got these impressions. Hardly anyone within my large circle of acquaintances ever thought so. We first thought we would gain independence in the twenties. In fact, we were almost sure of it ... I remember telling Lord Linlithgow in the summer of 1938 that I gave him and his country an outside limit of ten years more in India." NAI, Jawaharlal Nehru, Minute, Prime Minister's Secretariat, 21 February 1956, External Affairs, AMS Section, File No. 26(1)-AMS/56, "Text of speeches given by H.E. Escott Reid, Canadian High Commissioner in India – Prime Minister's Minute About Expectation of Independence by Indians."

surprisingly, Cavell quickly reported this indiscretion to Ritchie.⁴⁶⁸ Certainly, as has been described earlier, officials in the DEA and the DTC had been irritated by Reid's behaviour concerning aid at times. However, other issues outside of the aid file also led Ottawa to question Reid's judgement. For example, Reid's description of Louis St-Laurent's 1954 visit to India in exceptionally glowing terms, noting it was no less than an "immense success and a personal triumph" for the prime minister and "deepened the understanding and friendship between the two Prime Ministers" came as a surprise to Charles Ritchie, who had accompanied St-Laurent on the trip.⁴⁶⁹ Ritchie found St-Laurent "put off" by Nehru and found relations between the two statesmen strained.⁴⁷⁰

The fall and summer of 1956 saw Reid, according to Donaghy, "at his very worst."⁴⁷¹ In sum, Reid, who had been in ill health, and over-worked as usual, responded poorly to the diplomatic crises brought on by the Suez Canal dispute and the Hungarian crisis. Convinced of Nehru's even-handedness, Reid was bewildered at the statesman's slow and apathetic response to the obvious and serious human rights' violations that Soviets committed in Hungary, even as the prime minister railed strongly against the British and French imperialism that drove the Suez dispute.⁴⁷² Reid also had the idea that because the Anglo-Indian diplomatic relationship had suffered so greatly because of Suez, Canada could somehow fulfill and new role as the sole interpreter of the West to India, passing information through the Canadian high commission to

⁴⁶⁸ LAC, RG 25, Nik Cavell to A.E. Ritchie, 2 February 1956, Volume 7339, File 11038-1-40, part 8.3, 1.

⁴⁶⁹ LAC, MG 26 N1, Pearson papers, Escott Reid to L.B. Pearson, 8 March 1954, Volume 12, File "Nominal Files Pre-1958, Reid, Escott – Canada – External Affairs 1951-57," 1.

⁴⁷⁰ Donaghy, "'The Most Important Place in the World': Escott Reid in India, 1952-1957," Donaghy and Roussel, eds., *Escott Reid*, 72.

⁴⁷¹ *Ibid*, 78.

⁴⁷² LAC, MG 31 E46, Reid papers, Domcan New York to The Secretary of State for External Affairs, No. 684, 6 November 1956, Volume 8, File 5, 1-2; LAC, MG 31 E 46, Reid papers, Domcan New Delhi to The Secretary of State for External Affairs, No. 686, 6 November 1956, Volume 8, File 5, 1.

the Indian government.⁴⁷³ The sprawling 44 page commentary Reid sent to Ottawa on Nehru's upcoming visit was at times strange. In addition to the sensible statistical and informational aspects of the commentary, and beating on familiar drums such as the value of a line of credit and the dangerous path before the West should India fall to communism, Reid made suggestions and conclusions that must have read as disturbingly out of touch in Ottawa. At one point, while discussing the recent improvement in Indian-US relations under Eisenhower, Reid asks "Could not Mr. Eisenhower now firmly establish himself as the national President of a government of national unity with a cabinet and administration composed equally of Republicans and Democrats – and composed only of liberal Republicans and liberal Democrats."⁴⁷⁴ Surely those reading this particular sentence must have questioned Reid's judgement on political matters.

Recognizing that his performance during the Suez and Hungarian crises had not been read as level-headed in Ottawa, Reid wrote a personal appeal to Pearson. While he admitted that he had been overworked and had made some mistakes in the prior six months, Reid defended what he knew many in Ottawa saw as his extreme emotionalism, writing that "it is not my heart that rules my head, but it is my heart which stimulates my head to higher levels of sustained intellectual effort, and that my excitement during such a crisis is not so much emotional as intellectual."⁴⁷⁵ Nonetheless, his hopes for a post in Washington or London, the most prestigious in Canadian diplomacy, were dashed. After leaving India, Reid became ambassador to West Germany, still a prominent position to be sure, but one that he undoubtedly saw as second-best.

⁴⁷³ LAC, MG 31 E46, Reid papers, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 1679, 24 November 1956, Vol. 8, File 5, 1-2.

⁴⁷⁴ LAC, MG 31 E46, Reid papers, Office of the High Commissioner for Canada to The Under Secretary of State for External Affairs, Subject: "Mr. Nehru's Visit to Ottawa: Commentary – Part I," and attachment, No. 1709, 28 November 1956, Vol. 9, File 1, 48.

⁴⁷⁵ *Ibid*, 46-47.

Reid's final year in India, and his subsequent appointment to Germany, may not have been what he hoped for in earlier days. However, he looked fondly on his time as high commissioner for the rest of his life. In a farewell essay dated 3 May 1957 exploring India's social, economic, and political situation, Reid put his ideas about where India and its leader stood in the worldwide geo-political hierarchy bluntly: "India is the most important country in Asia next to Russia and China. Nehru is not the spokesman and symbol of India; he is the most important statesman in the whole of non-Communist Asia."⁴⁷⁶ Again and again, in so many different ways, Reid tried to emphasize this message. While he may not have been as successful as he would have liked in convincing Ottawa of his views, as his time in India drew to a close a financial crisis was just beginning to brew that would begin to align the Canadian government with some of the messages he had been giving all along.

⁴⁷⁶ LAC, MG 31 E46, Reid papers, Escott Reid, "Farewell Essay," 3 May 1957, Vol9, File1, 15.

Chapter 6: Atoms for Profit and Dams for Kilowatts

Much has already been said about the Canada-India reactor. Robert Bothwell, Iris Lonergan, Brian Buckley, and Duane Bratt have each written on the subject.⁴⁷⁷ Lonergan wrote a M.A. thesis about the Canada-India negotiations for the reactor. It is not necessary, therefore, to repeat what has already been said. In addition to briefly outlining the history of the negotiations that took place over the reactor in 1955 and 1956, and the unintended consequences that resulted, this chapter will attempt to examine the nuclear reactor project specifically from the point of view of the history of the Canadian aid program. It came about in a very different way than other Canadian-Indian aid projects during that era. Due to the political and commercial importance of the research reactor, the agreement between Canada and India occurred at the executive level, and diplomacy was a crucial factor in making the agreement work.

In order to contrast the example of the reactor with another project that operated concurrently, this chapter will also examine the Mayurakshi project, or what became known as “The Canada Dam.” Although Mayurakshi represented a large share of the total aid budget to India and was an important project for Canada’s aid relationship with India, it simply did not have the same level of executive oversight or interest as the reactor, especially since the majority of the Canadian costs were covered by counterpart funds. The example of Mayurakshi will be shown as an “average” Canadian aid project. This will be compared with the example of the

⁴⁷⁷ See Robert Bothwell, *Eldorado: Canada’s National Uranium Company*, (Toronto: University of Toronto Press, 1984); Robert Bothwell, *Nucleus: The History of Atomic Energy of Canada Limited*, (Toronto: University of Toronto Press, 1988); Iris Lonergan, “The Negotiations between Canada and India for the Supply of the NRX Nuclear Research Reactor: A Case Study in Participatory Internationalism,” master’s thesis, Carleton University, 1989; Brian Buckley, *Canada’s Early Nuclear Policy: Fate, Chance, and Character*, (Montreal & Kingston: McGill-Queen’s University Press, 2000); Duane Bratt, *The Politics of CANDU Exports*, (Toronto: University of Toronto Press, 2006).

reactor, which was exceptional in terms of approach and method for securing an aid project in India.

The Mayurakshi Project

In 1955, as negotiations for the NRX reactor were just beginning, the Mayurakshi dam project was nearing completing. It had been three years in the making, and cost the Canadian government approximately C\$20 million, a large part of the total Colombo Plan budget.⁴⁷⁸ It must be emphasized, however, that this high price tag was mostly covered through counterpart funds generated through the sale of surplus Canadian wheat, and therefore hardly represented a major sacrifice on the part of Canadian taxpayers. The idea of building a dam on the Mayurakshi river and reservoir at Massanjore in West Bengal pre-dated the independent Indian government, resonating in planners' minds as far back as 1927; actual construction of the project began in 1948.⁴⁷⁹ It was a multi-purpose scheme, as the dam was designed to provide water for both 600,000 acres of irrigation as well as 4,000 KW of power, and would also provide some control over the flooding that the region occasionally experienced.⁴⁸⁰

It was a large project, with the dam rising 2345 ft. and the reservoir covering 24 square miles.⁴⁸¹ For both the Canadian and Indian governments the project was an appealing one for joint cooperation. It was a high priority item within the First Five Year Plan, and dam-building was an area where Canada had clear expertise. It was also an easy way in which to use those

⁴⁷⁸ Although this is a figure used by the Canadian government, it is misleading, given that a large part of the total sum was actually used to pay for Canadian commodities such as wheat, which then generated counterpart funds that were used for the dam project.

⁴⁷⁹ LAC, RG25, R.R. Saksena to A.D.P. Heeney and attachment, "Copy of a letter No. D.9830-BII/51 dated 26th October 1951 from M.V. Rangachari, Esq., Joint Secy. to the Government of India, Ministry of Finance, to the Comptroller and Auditor General of India, New Delhi," 18 March 1952, Vol. 6577, File 11038-1-40, part 2, 3.

⁴⁸⁰ LAC, MG27-IIIB20, C.D. Howe Papers, "The Colombo Plan for Co-operative Economic Development in South and South-East Asia: Progress Report by the Consultative Committee," October 1953, Vol. 87, File S.48-27 (Colombo Plan), 14.

⁴⁸¹ LAC, RG25, R.R. Saksena to A.D.P. Heeney and attachment, "Copy of a letter No. D.9830-BII/51 dated 26th October 1951 from M.V. Rangachari, Esq., Joint Secy. to the Government of India, Ministry of Finance, to the Comptroller and Auditor General of India, New Delhi," 18 March 1952, Vol. 6577, File 11038-1-40, part 2, 3.

problematic counterpart funds, as many of the materials for building the dam could be purchased within India. The project was probably seriously proposed in 1951, and by early 1952, following a favourable review of the project by the IBRD, A.F.W. Plumptre confirmed that Canada would use counterpart funds arising from the C\$10 million gift of wheat in the first year's appropriations for further construction of the dam project.⁴⁸² Canadian officials were likely even more delighted when the GOI requested that Canada provide C\$3 million worth of Canadian-manufactured generating and transmission equipment for Mayurakshi. However, while the decision to support the project may have been an easy one, enough documentation has survived to show that the project itself was a long and difficult process for everyone involved.

Mayurakshi was fully managed by the state of West Bengal, and if they had any knowledge of the Canadian-Indian negotiations over electrical equipment, they did not support it. The gnarly problem of state/centre communication again reared its head when West Bengal refused to accept the offer of Canadian-made equipment. Although the present author found no record of communication of this internal discussion in India, it is likely that West Bengal and the dam authorities were nonplussed at a lack of appropriate consultation. There is also evidence that the state had to scrap existing tenders in order to accept the aid from the Canadian government, and that West Bengal preferred to get the equipment from West Germany.⁴⁸³ The problem was resolved when the chief engineer of the Electricity Development Department of West Bengal and a financial adviser travelled to Canada in March 1953 in order to approve the equipment and negotiate a delivery date.⁴⁸⁴ Cavell wrote that “the Central Government had

⁴⁸² LAC, RG25, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 134, Vol. 6577, File 11038-1-40, part 2, 3.

⁴⁸³ LAC, RG 25, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 118, 3 February 1953, Vol. 6578, File 11038-1-2A-40, part 1.1, 1; LAC, RG 25, Nik Cavell to S.W. Andrews, 10 November 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁴⁸⁴ Further existence of the lack of communication between the state and central government was that Ministry of Finance officials were unaware that the Chief Engineer was travelling to Ottawa until Canadian officials contacted

almost to beat West Bengal into taking \$3 million from us for Mayurakshi electrical equipment.”⁴⁸⁵ Although free to the central government, the aid was not free to West Bengal, as they had to pay the GOI for the equipment. It was a no-win situation from the perspective of West Bengal. Therefore, state officials behaved like buyers, not like aid recipients, when it came to dealing with the Canadian government.

By July, Canada and India had drawn up a contract in order to supply the equipment, which included the conditions not only for the purchase of the equipment, but its installation as well. Wilgress wrote Reid in New Delhi to warn him of an issue which the Canadian government felt might cause problems down the road. Canada wished for one engineering firm to supervise the work in Canada, as well as in India. However, West Bengal refused to be subservient to a Canadian engineer given that the state held final responsibility for the dam’s outcomes. They compromised, and the governments decided that two engineers, one Canadian, and one Indian, would supervise the installation of the generating equipment. Wilgress was not hopeful about this solution: “The two engineers will be expected to work in friendly cooperation. One can, of course, imagine that situations will arise when the Engineers will differ and this will obviously make the position of the Contractor difficult. We will have to face this eventuality when it arises.”⁴⁸⁶ In December, the Colombo Group recommended that further counterpart funds be allocated to the Mayurakshi project, reasoning that the dam deserved further support due to the large amount Canada had already invested.⁴⁸⁷ It is at least partly likely that further

them. LAC, RG 25, The High Commissioner for Canada in India to The Secretary of State for External Affairs, No. 118, 3 February 1953, Vol. 6578, File 11038-1-2A-40, part 1.1, 1.

⁴⁸⁵ LAC, RG 25, Nik Cavell to John Deutsch, 27 March 1953, Volume 6577, File 11038-1-40, part 4, 2.

⁴⁸⁶ LAC, RG 25, L.D. Wilgress, The Under-Secretary of State for External Affairs to Office of the High Commissioner for Canada, New Delhi, India, No. 419, 8 July 1953, Vol. 6578, File 11038-1-2A-40, part 1.1, 2.

⁴⁸⁷ LAC, RG 25, “Colombo Group Meeting - 3:00 P.M. – December 10, 1953 in Room 175, East Block,” Vol. 6578, File 11038-1-40, part 5.2, 1.

investment in the Mayurakshi project was simply easier than finding additional projects from overworked Ministry officials.

The bidding and selection process took months. The Canadian Commercial Corporation issued the general requisition for tenders 10 June 1953, and closed it on it on 24 August. The Canada government gave the lowest bids to the Indian high commissioner in September, and in October the Indian government gave its approval. The bids then had to be approved by ministers of the DTC, DF and the DEA, a process which took another three weeks. Finally, the bidders were notified of their success by Christmas of that year, and official purchase orders were issued in February 1954.⁴⁸⁸ The President of the CCC acknowledged that the process had been unacceptably slow, and in this case, the Canadian government could hardly blame the famously over-worked Indian civil servants for the delays.⁴⁸⁹ The Allis-Chalmers Company and the English Electric Company won tenders to supply equipment, and H.G. Acres & Company Ltd. from Niagara Falls became the consulting engineers on the project.

Despite the tardy action on the part of the Canadian government, it wanted quick action on the part of the companies, pressuring them to advance the shipping dates by three months so that the equipment could arrive in India in March, 1955. The Indian government wanted a March delivery date because it preceded the monsoon with enough time to allow for installation. If the equipment was not delivered by March, it would push the installation to November. As Reid wrote to the USSEA's office:

A delay in the installation of the turbines until November, 1955 would mean a delay in the production of power until January 1956 and a consequent loss in revenue. This would expose the West Bengal authorities to the criticism that they agreed to order the turbines

⁴⁸⁸ LAC, RG 25, M.B. Mallet to R.A.H. Hayes, 23 September 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 2.

⁴⁸⁹ LAC, RG 25, F.E. Pratt to W.D. Low, 30 November 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

from Canada when, as it will be alleged, earlier delivery could have been obtained from alternative suppliers.⁴⁹⁰

Cavell appealed to H.G. Acres & Company to speed up the work, referring to the livelihood of “thousands of cultivators” and small industries that depended on the power, not to mention the loss of face: “the day will assuredly come when everything will be ready except the Canadian equipment.”⁴⁹¹ This would cause negative press for Canadian aid within India. Despite this pressure, the dates could not be moved. S.W. Andrews, the president of H.G. Acres wrote to the Canadian government that it was impossible to better the originally scheduled dates, and that “no pressure or influence from the outside can help matters in any way.”⁴⁹²

In November, Reid visited the dam site to investigate its progress. The report he sent back to Ottawa remarks on one aspect of the dam which was not considered to be significant from his point of view, but is significant in hindsight. This was the displacement of tribal Santhal villages in order to make room for the reservoir. In the 1990s, the decision to displace almost 2,100 families to make way for the Sardar Sarovar dam in the Narmada Valley caused huge protest movements to form against the project. Internationally famous author Arundhati Roy brought international attention to the issue.⁴⁹³ By contrast, Reid’s treatment of the subject in the description of his visit to one of the village sites that had been constructed for the relocated villagers is remarkably flippant. Indian officials guiding the high commissioner did not try to hide the fact that the relocated Santhals were unhappy, not only with the houses that had been

⁴⁹⁰ LAC, RG 25, Escott Reid, Office of the High Commissioner for Canada to The Under-Secretary of State for External Affairs, 4 November 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁴⁹¹ LAC, RG 25, Nik Cavell to S.W. Andrews, 10 November 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁴⁹² LAC, RG 25, W.D. Low and D.A. Golden to Heads of D.D.P. Branches and Divisions and To C.C.C., “Procedure to be Followed with Respect to Colombo Plan Requirements – Hydro Electric and Similar Projects,” 15 November 1954, Vol. 6579, File 11038-1-2A-40, part 2.1, 115.

⁴⁹³ Himanshu Upadhyaya, “Breaches in Narmada Command,” *Economic and Political Weekly* 43, no. 30 (July 26-Aug 1, 2008): 21; Chittaroopa Palit, “Monsoon Risings: Mega-Dam Resistance in the Narmada Valley,” in Kamala Visweswaran, ed., *Perspectives on Modern South Asia: A Reader in Culture, History, and Representation* (West Sussex: Wiley-Blackwell, 2011), 331-337.

built, but also because the village was not close enough to the water source that they had previously used for their crops:

The crops of the displaced villagers had failed because of the drought. The villagers could not understand why, when D.V.C. [Damodar Valley Corporation] had so much water in its reservoir, it did not give them water. They also complained that whereas previously their lands had been low lying and they could bring water to their fields by a slight lift, now they had to lift it a long way.⁴⁹⁴

Reid noted that the government had given up on building houses for the Santhals, and instead increased their compensation to allow the villagers to build their own.⁴⁹⁵ He was told that they would eventually be given access to irrigation from the dam, and that the wasteland they were being placed on was arable and in the process of being “reclaimed” by the Indian government in a two year process of plowing and growing green manure.⁴⁹⁶ This explanation put to rest any possible concerns he had about the villagers’ temporary lack of access to water.

A heavy dose of paternalism and even racism permeates Reid’s interpretation of the relocation. He writes of the Santhals that they are “a charming happy-go-lucky people. About their only vice is that when the men have any extra money they spend it on drink. They have a thin veneer of Hinduism over their animist religion.”⁴⁹⁷ The Santhals rejected the houses, Reid reports, because of a belief that they contained “evil spirits.”⁴⁹⁸ The only negative aspect of the relocation, Reid found, was that not enough education was being done with the villagers to ensure that they understood the modern agricultural techniques that irrigated farmland required.⁴⁹⁹ Reid’s greatest concern about the impact of the relocation did not really concern the villagers, however; he worried that if the villager’s complaints were aired in the press it might

⁴⁹⁴ LAC, RG 25, Escott Reid, The Secretary of State for External Affairs to The High Commissioner to India, 17 November 1954, Vol. 6578, File 11038-1-2A-40, part 1.2, 2.

⁴⁹⁵ Ibid.

⁴⁹⁶ Ibid, 3-4.

⁴⁹⁷ Ibid, 3.

⁴⁹⁸ Ibid.

⁴⁹⁹ Ibid, 5.

give Canadian aid a bad name. Still, all in all, he felt that the way the project was handling rehabilitation was adequate and that there was “not much danger of the Project being given unfavourable publicity in India and abroad.”⁵⁰⁰

The historical context of this relocation is important to bear in mind. As historian Alan Rudolph Marcus reminds us in his book *Relocating Eden: the Images and Politics of Inuit Exile in the Canadian Arctic*, during the 1950s, the Canadian government relocated another ethnic group frequently described as “happy-go-lucky” to the desert of the high Arctic in abhorrent conditions.⁵⁰¹ In comparison to that relocation, West Bengal’s attention to the needs of the Santhal peoples at least appears, from Reid’s reports, fairly progressive. Unfortunately, there is no archival record speaking to an evaluation of the effect that the dam relocation had on the local population nor, it is reasonable to assume, was one undertaken. One M.A. thesis has found that over time the dam has had a net positive effect on the region, including the benefits of flood control, land improvement, electricity availability, drinking water, and irrigation.⁵⁰² However, it does not include any historical research on the impact of the relocation at the time it occurred, nor any assessment of the sociological impact on the people it affected. Also, this relocation was only one among many that occurred over the decades in India. According to one figure, as many as 16.4 million people have been displaced in India due to dam development.⁵⁰³ For both the GOI and the Canadian government, then, this type of relocation would not have stood out in any

⁵⁰⁰ Ibid, 3. One newspaper article in *The Hindu* showed a picture of Santhal women carrying large baskets on their heads with the caption: “Labour for the project is provided by sturdy Santhal women. They have shown great aptitude for the somewhat arduous jobs.”

⁵⁰¹ Alan Rudolph Marcus, *Relocating Eden: The Images and Politics of Inuit Exile in the Canadian Arctic*, (Hanover: University Press of New England, 1995).

⁵⁰² Priyam, *Post-Environmental*, 77.

⁵⁰³ International Displacement Monitoring Centre, “India: Large Numbers of IDPs are Unassisted and in Need of Protection: A Profile of the Internal Displacement Situation,” 3 May 2007, International Displacement Monitoring Centre, [http://www.internal-displacement.org/8025708F004BE3B1/%28httpInfoFiles%29/F534363615059690C12572D0002E401E/\\$file/India%20-May%202007.pdf](http://www.internal-displacement.org/8025708F004BE3B1/%28httpInfoFiles%29/F534363615059690C12572D0002E401E/$file/India%20-May%202007.pdf) (accessed August 23, 2013).

way in the early 1950s. Reid's underwhelming reaction to his visit of the newly constructed village is not out of the ordinary, given these circumstances.

In April, Canada shipped the turbines to India, and the generators were not yet ready but the manufacturers promised to deliver them by June.⁵⁰⁴ On 9 June 1955, the administrator of Mayurakshi, R. Banerjee, asked for a firm timeline for the installation of the Canadian equipment as work finished on the grid, power line and dam. By late August he was still unsure how many Canadian engineers would be going to India.⁵⁰⁵ Given that Banerjee was expected to provide good accommodations and transportation for the engineers in a non-metropolitan area, this may have caused him some frustration. On 19 September, the first engineer, Charles Wakeham, finally arrived in Calcutta, and another followed soon thereafter.⁵⁰⁶ On 7 October the Canadian government received a disturbing letter from H.G. Acres & Company with a report from Harry Boardman, the second engineer to arrive. He alleged that there were no skilled labour or tools on the site and little had been done since his arrival. As well, it was impossible to get into the power house because of bamboo scaffolding, there was no road access to the dam, and the equipment that had been shipped to the dam site had been damaged or was in poor repair due to carelessness. This was quite a list.⁵⁰⁷ It all came as a bit of a shock, since there had been hopes that Lester Pearson would be able to visit the dam site during a visit to India in November. Stoner believed that although the Indian authorities had to shoulder a large part of the blame for these conditions, the Canadian companies should have had their engineers on site during the time of delivery, and not after, suggesting that the Canadian officials were not entirely satisfied with

⁵⁰⁴ LAC, RG 25, A.E. Ritchie, The Under-Secretary of State for External Affairs to the Office of the High Commissioner for Canada, No. E344, 29 April 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁵⁰⁵ LAC, RG 25, R. Banerjee to B.M. Williams, No. 2076Auf-E, 15 June 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 50; LAC, RG 25, R. Banerjee to B.M. Williams, No. 3009 AMP, 23/24 August 1955, File 11038-1-2A-40, part 2.1, 1.

⁵⁰⁶ LAC, RG 25, From The Secretary of State for External Affairs to The High Commissioner for Canada, No. 617, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁵⁰⁷ LAC, RG 25, C.L. Echlin to P.W. Shill, 7 October 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

the work of their consulting engineers.⁵⁰⁸ These issues were not unusual in the context of development work in India in the mid-1950s.

Reid, concerned with the prospect of the minister's upcoming visit, immediately contacted the deputy minister of external affairs in India. Yet he might have regretted the decision to bring the matter to such a high level so soon, since when he finally spoke face-to-face with Boardman at the Mayurakshi site, he discovered that the Canadian "had never reported that the construction was faulty and that there was nothing in any of the reports which he had sent which could be an occasion for any substantial concern."⁵⁰⁹ In the meantime, the government had also had "a more optimistic report" from Wakeham as well.⁵¹⁰ As a result of the confusion, Reid had to then contact the Mayurakshi officials and the GOI to apologize "profusely" for the upset this situation had caused.⁵¹¹ He ended his despatch in this way: "I do not know what morals should be drawn from this incident. I only hope that a similar one will never occur in connection with any Canadian project in India."⁵¹² Stoner was offended by Reid's tone, putting in a handwritten note under this sentence that Reid's assessment of the situation was "unfair" since they were only passing on what they had been told by the company, and that in his opinion the mission had handled the situation "untactfully."⁵¹³ It is difficult to know exactly what caused the miscommunication. Perhaps jumpy officials at the mission and in Ottawa, already somewhat nervous about the outcome of the project, misinterpreted the meaning of the engineers, who may not have intended to give such a dire impression of the project. It did serve to make an already tense situation between all the stakeholders more fraught. After the troublesome experience of

⁵⁰⁸ LAC, RG 25, O.G. Stoner to Nik Cavell, 20 October 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁵⁰⁹ LAC, RG 25, Office of the High Commissioner to The Under-Secretary of State for External Affairs, No. 1468, 29 November 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 2.

⁵¹⁰ LAC, RG 25, Frank E. Pratt to O.G. Stoner, 14 November 1955, Vol. 6579, File 11038-1-2A-40, part 2.1, 1.

⁵¹¹ Ibid.

⁵¹² Ibid.

⁵¹³ Ibid.

the BSTC project, those working in the aid administration may have wondered if any aid project could be carried off successfully in India.

Despite this tension on all sides, Pearson did make it to the opening of the Massanjore dam on 1 November, as did Prime Minister Nehru, although in some ways this was a chimera, since none of the generating equipment was actually ready. The Indian government announced that the dam would be named “The Canada Dam,” which was the first time in India that a structure, built with external aid, was named after the donor country. Given Nehru’s touchy feelings on the subject of donor aid, this was quite an honour for Canada. The opening of the dam was reported in both the French and English press in Canada, including one headline in the *Globe and Mail* that reported “Built by Prairie Wheat: Pearson Opens Bengal Canada Dam.”⁵¹⁴ A plaque noting Canada’s contributions to the dam continues to sit at the site to this day.

After Pearson left, however, distrust continued to exist between the Canadian mission and the Mayurakshi officials as well. In November C.E. McGaughey, a mission official, wrote to the high commission to give his bad opinion of Banerjee. McGaughey pointed to the dam administrator’s assurance, given several times, that trees had been removed from the reservoir. When McGaughey made known his desire to walk along the lake and view the work in progress, Banerjee discouraged him because of the “extra-ordinarily belligerent bears” that roamed the area. While Banerjee was away, McGaughey did walk the area and found “no sign of tree cutting operations, or incidentally, of bears.”⁵¹⁵ The official also suspected that Banerjee was spying on the Canadian engineers’ telegraphic and written communications, and felt he had a poor attitude toward the Canadian engineers, likely resulting from the earlier decision to take

⁵¹⁴ LAC, MG 26 N1, Pearson Papers, Press Clipping: “Built by Prairie Wheat: Pearson Opens Bengal Canada Dam,” 2 November 1955, Vol. 70, File “Visit to USSR, Asia, Egypt – Clippings Files 4-5.”

⁵¹⁵ LAC, RG 25, The High Commissioner for Canada to The Secretary of State for External Affairs, No. 1540, and attachment, Memorandum for the High Commissioner, 16 November 1955, Vol. 6579, File 11038-1-2A-40, part 2.2, 2.

Canadian, rather than German, equipment.⁵¹⁶ The Canadian engineers also encountered frustrations, such as a lack of transportation, help and proper tools, although a representative from H.G. Acres & Company that visited the project felt that the “Indians are trying their best” and that the inadequacy of support was largely due to the lack of availability of expertise and equipment in the area and that the dam itself was “a job well done.”⁵¹⁷ They also had disagreements with the Indian supervising engineer who, according to Acres personnel, looked to the Canadians to supply equipment that had not been on the original list, or that could be acquired locally.⁵¹⁸ In September 1956, company officials were poised to give a clear certificate to the entire project, but in October they were forced to withdraw that when one of the generators did not test to specifications. Finally, on 14 December 1956, an official from the Canadian high commission in New Delhi came to Massanjore to attend the official opening of the now-complete project.⁵¹⁹

Old wounds lingered, not only between West Bengal and Canada, but also between the Canadian government and the companies involved. On 9 January 1957, Nik Cavell reported on meetings with members of the West Bengal government. He found them “very bitter about the delay in putting the Mayurakshi machine right.”⁵²⁰ Cavell blamed the Canadian subsidiary of English Electric and the consulting engineers in particular, finding them lax and unconcerned about politically crucial matters. Cavell lost his temper: “I have now blown them all up and told them what I thought of their organization. It so happens that Sir George Nelson [Chairman of English Electric] is an old friend of mind and I have threatened them with reporting the whole

⁵¹⁶ Ibid, 127-129.

⁵¹⁷ LAC, RG 25, Secretary of State for External Affairs to High Commissioner for Canada, New Delhi, No. E49 and attachment, 24 January 1956, Vol. 6579, File 11038-1-2A-40, part 2.2, 2.

⁵¹⁸ LAC, RG 25, Jasper H. Inge to R.G. Cavell, 24 May 1956, Vol. 6579, File 11038-1-2A-40, part 2.2, 1.

⁵¹⁹ LAC, RG 25, “Notes for Speech by Mr. George Hampson, Messanjore, West Bengal, December 16, 1956,” 14 December 1956, Vol. 6579, File 11038-1-2A-40, part 2.2, 1.

⁵²⁰ LAC, RG 25, Nik Cavell to Frank E. Pratt, 9 January 1957, Vol. 6579, File 11038-1-2A-40, part 2.2, 1.

thing to him when I pass through London.”⁵²¹ It is uncertain whether or not he actually carried out this threat. Nonetheless, H.G. Acres & Company continued to blame the Indian engineers for any potential faults and insisted that West Bengal was not listening to Canadian advice. They made it plain in their final report that should any future problems occur with the dam, they would not bear any responsibility.⁵²² Although H.G. Acres felt that overall project was “a successful project well carried out,” and Prime Minister Nehru called it “a visible and enduring link of friendship between Canada and India,” under the surface, the Mayurakshi dam project was a very challenging and difficult project for all sides.⁵²³

However, for all the bumps and difficulties, Mayurakshi does represent a “typical” Canadian-Indian aid project of the 1950s. Canadian and Indian officials identified an area where Canada could supply desired goods, in this case, both through the contribution of rupees for local costs via counterpart funds, and through the provision of Canadian-manufactured goods. The project had already been identified by the GOI as an economic priority for the country, which was also important for Canadian officials. It had positive commercial benefits for Canada, since the country accepted, even with some hesitation on the part of local officials, goods manufactured within Canada and the expertise of a Canadian engineering firm. It managed a few positive headlines in both the Canadian and Indian press. As the following section will demonstrate, in comparison, the NRX project followed a process that was anything but “typical.”

The Canada-India Reactor

⁵²¹ Ibid.

⁵²² LAC, RG 25, R.W. Rosenthal to L.E. Couillard, 29 January 1957, Vol. 6579, File 11038-1-2A-40, part 2.2, 22; LAC, RG 25, Escott Reid, The High Commissioner for Canada, New Delhi to the Secretary of State for External Affairs, No. 322, 5 March 1957, Vol. 6579, File 11038-1-2A-40, part 2.2, 1.

⁵²³ LAC, RG 25, Jasper H. Inge to R.G. Cavell, 24 May 1956, Vol. 6579, File 11038-1-2A-40, part 2.2, 1; LAC, MG 26 N1, Pearson papers, Press Clipping: “Pearson Opens India Dam as Canada Link,” 2 November 1955, Vol. 70, File “Visit to USSR, Asia, Egypt – Clippings Files 4-5.”

Although Canada's involvement in nuclear energy was borne out of war-time necessities, the Canadian government decided to continue to research the development of nuclear power for peacetime use, despite its prohibitive costs.⁵²⁴ The powerful "minister of everything," C.D. Howe was highly involved in this, and all decisions regarding Canada's early nuclear power industry.⁵²⁵ By 1945, Atomic Energy of Canada Limited (AECL), the Canadian Crown corporation in charge of Canada's nuclear program, in cooperation with the British government, built ZEEP, the first successful reactor constructed outside of the United States.⁵²⁶ By 1947, the NRX (National Research X-perimental) research reactor came online. Initially projected to cost C\$1.2 million in 1944, the final amount eventually soared to approximately C\$10 million.⁵²⁷ However, this did not dissuade AECL from pursuing further research in order to build a marketable reactor for the purposes of generating electricity. Upon finishing NRX, the corporation was already planning for the newest reactor, the NRU (National Research Universal). Although still a research reactor, the NRU represented a significant technological leap forward, both in terms of bringing Canada closer to making a functional reactor for electricity, and also for generating medical isotopes, and it went active on 3 November 1957.⁵²⁸

By the mid 1950s, then, Canada had invested a lot in its nuclear power industry. It was an expensive and potentially dangerous business, as AECL found out during three separate and serious accidents in 1947, 1950, and 1952. The accident in 1950 killed one man and injured four others, while the one in 1952 required an expensive salvage effort to save the NRX.⁵²⁹ Canada focused on creating an independent nuclear reactor design for a number of reasons. It had a large

⁵²⁴ Robert Bothwell covers this history very comprehensively in his book *Nucleus: The History of Atomic Energy of Canada Limited*, 3-105.

⁵²⁵ Ibid.

⁵²⁶ Ibid, 62-69.

⁵²⁷ Ibid, 101.

⁵²⁸ Atomic Energy of Canada Limited, "NRU: What Does it Do?"

<http://www.nrucanada.ca/en/home/insidenru/nruwhatdoesitdo.aspx>, (accessed September 19, 2013).

⁵²⁹ Bothwell, *Nucleus*, 123, 155, Bratt, *Politics of CANDU*, 6.

supply of uranium, and if it could sell a reactor that used unenriched uranium, it could secure exports for that fuel and avoid the need to use expensive American enrichment facilities.⁵³⁰

Producing an independent design would also help Canada stand alone in what was becoming a competitive industry. As political scientists Duane Bratt asserts, the Canadian government had no interest in the business becoming a “branch plant” of the American nuclear industry.⁵³¹

Getting Canadian technology out in the world in order to develop an export industry was an important consideration for the government. It needed to begin recouping on the large investment it had made in the Canadian nuclear industry.

Using the Canadian aid program in order to achieve this result initially appeared to be an obvious solution. According to Bothwell, early in 1955 Nik Cavell proposed the idea in order to add “flair” to the otherwise apparently dull business of supplying commodities and facilitating hydro generation in India. A research reactor might capture the public imagination in both Canada and India in a way that previous projects, such as Mayurakshi, had not.⁵³² During a lunch with William Bennett, AECL’s president, Cavell asked if the corporation could supply a nuclear research reactor to India.⁵³³ Although Bennett was initially cautious, the idea soon gained momentum. If AECL supplied a simple copy of the NRX reactor, it would be a low-cost endeavour with few security concerns since the design had already been declassified, or so they theorized. India had already set up an Atomic Energy Commission (AEC) in 1948, and had the technical capability to receive a reactor, largely due to the expertise and leadership of its most eminent Cambridge-educated physicist, Homi Bhabha.⁵³⁴ Bhabha, who was personally supported by Nehru, also had a Canadian connection, since he studied at Cambridge with the

⁵³⁰ Bratt, *Politics of CANDU*, 16; Bothwell, *Nucleus*, 346.

⁵³¹ Bratt, *Politics of CANDU*, 15.

⁵³² Bothwell, *Nucleus*, 352.

⁵³³ Bothwell, *Nucleus*, 352.

⁵³⁴ Guha, *India After Gandhi*, 223.

Vice-President of AECL, Wilfred Bennett Lewis.⁵³⁵ Discussions with the department and with Bennett led Jules Léger to officially propose the idea to Pearson in a lengthy memorandum on 21 March 1955.

Léger made sure to defend the idea in terms of Cold War politics, citing rumours that the Soviet Union had been helping China to develop atomic energy.⁵³⁶ He also suggested that by helping an Asian country to develop a peaceful nuclear program, Canada could stem negative publicity about the evils of western nuclear weapons within the region.⁵³⁷ India would be more likely, and less embarrassed, to accept the sensitive technology from Canada, the USSEA believed. However, Léger largely sold the idea in terms of Canadian commerce. Canada could not afford to delay the development of an export market waiting on a theoretical international nuclear control organization.⁵³⁸ Canadian companies were vying for the opportunity to get involved in nuclear power, and such a project would build expertise among those wanting to enter the market: “it is evident that before very long the development of atomic energy is going to become—if it has not already—very keenly competitive. Our technical people and our firms are anxious to gain some experience in order that they may be able to meet such competition in Canada and probably also in foreign countries.”⁵³⁹ In a hand-written note below the text of the memorandum, Léger wrote that the project could “politically ... do more to strengthen our

⁵³⁵ LAC, RG 25, Jules Léger, Memorandum for the Prime Minister, Your Meeting with Dr. Bhabha, 7 October 1955, Vol. 7342, File 11038-1-13-40, part 1.2, 1; For more on the history of India’s nuclear program, see Robert S. Anderson, *Nucleus and Nation: Scientists, International Networks, and Power in India* (Chicago: University of Chicago Press, 2010) and Itty Abraham, *The Making of the Indian Atomic Bomb: Science, Secrecy and the Postcolonial State* (Hyderabad: Orient Longman Limited, 1999).

⁵³⁶ LAC, RG 25, A.E. Ritchie, Memorandum for the Under-Secretary – Possible Atomic Project and Mr. Reid’s Departure from New Delhi, 25 March 1955, and attachment: Memorandum for the Minister, Atomic Energy and the Colombo Plan, 21 March 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵³⁷ Ibid.

⁵³⁸ Ibid, 2.

⁵³⁹ Ibid, 3.

relations with India than anything I could think of” and asked for a special appropriation in addition to regular Colombo Plan funding for the reactor.⁵⁴⁰

Compared to other aid projects, this idea progressed quickly to the executive level. That the executive became so closely involved at all was certainly a different facet of this particular project. Perfunctory memoranda that sought approval for Colombo expenditure regularly went before cabinet, but this project had a different level of urgency and seriousness attached to it. The government made decisions quickly, particularly since Reid was planning to leave the country on 8 April for his trip to North America.⁵⁴¹ By the end of March, Pearson had presented the idea to cabinet and Escott Reid had already been given the green light to engage in exploratory conversations with ministers in the union council.⁵⁴² On 1 April, Reid gave an informal letter to the Secretary General of the MEA, N.R. Pillai, informing Nehru of the plan.⁵⁴³ Pillai responded positively to the offer, and confirmed earlier impressions that it would, politically speaking, be easier for India to accept nuclear technology from Canada than from the UK or the United States.⁵⁴⁴ Meanwhile, Lewis wrote a personal letter to Bhabha with the suggestion that Canada might be able to “help” with a heavy water research reactor, somewhat disingenuously suggesting that the idea had come from his reading of “the newspapers” about the AEC’s plans.⁵⁴⁵

Despite early signals that the reactor would be acceptable, acting high commissioner Bruce Williams reported on 19 April that the Indian government could not fully embrace the idea until Bhabha had come to inspect NRX personally, as there was some question that the reactor

⁵⁴⁰ Ibid, 8.

⁵⁴¹ Ibid, 1.

⁵⁴² The equivalent of a cabinet in India is the union council of ministers.

⁵⁴³ LAC, RG 25, The Office of the High Commissioner to the Secretary of State for External Affairs, No. 218, 5 April 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵⁴⁴ Ibid.

⁵⁴⁵ LAC, RG 25, W.B. Lewis to H.J. Bhabha, 5 April 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

might be out of date. Pillai, speaking off the record, indicated that the decision would be easy if the reactor were an outright gift. If, however, the reactor was to be paid for out of normal Colombo funds at the expense of other projects, it would be a more difficult decision for the government. Officials within the GOI also questioned the idea of bringing other Colombo Plan country scientists to train at the facility, as Canada suggested. The Indian government already had discussions with the UK about sharing research and the confidentiality of sensitive information might be compromised should other scientists be allowed access to the facilities.⁵⁴⁶ India had begun to bargain. In the months to come, Bhabha proved to be a savvy negotiator.

The Canadian government was ready to proceed, but India continued to hesitate. When Bhabha spoke to Pillai about the possibility of a visit, the physicist was non-committal. To Lewis, Bhabha wrote that he had been investigating the possibility of getting the most up-to-date reactor being developed in the UK and was not that keen on the older NRX model.⁵⁴⁷ Meanwhile, the Canadians continued to do what they could to make the offer appealing, without wishing to give the impression that they were forcing damaged, or older, goods on the Indians.⁵⁴⁸ On 13 June, Léger again wrote in a memo to Pearson that there were “very strong political and commercial reasons for making a more definite and liberal offer to the Indian Government” before Nehru returned from a trip abroad and the upcoming Geneva summit in July.⁵⁴⁹ As a result, Pearson sent a letter to Howe and Walter Harris, the finance minister, to see if they might be open to allotting an additional sum toward the reactor, above and beyond the regular Colombo

⁵⁴⁶ LAC, RG 25, The Office of the High Commissioner to the Secretary of State for External Affairs, No. 259, 19 April 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 2.

⁵⁴⁷ LAC, RG 25, The Office of the High Commissioner to the Secretary of State for External Affairs, No. 299, 3 May 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵⁴⁸ Ritchie wrote “we would presumably not wish to thrust our particular type of reactor on the Indians.” LAC, RG 25, A.E. Ritchie, Memorandum for File: Proposed offer of an Atomic Reactor to India, 4 May 1955, Vol. 7342, File 11038-1-13-40, 1.1, 2.

⁵⁴⁹ LAC, RG 25, Jules Léger, Memorandum for the Minister: Atomic Energy and the Colombo Plan, 13 June 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

Plan contribution.⁵⁵⁰ Not surprisingly, Howe concurred with this idea for reasons of commercial competitiveness: “I agree with you that it is greatly in the interest of Canada’s trade position in the Middle East that Canada provide an atomic reactor under the terms offered to India rather than allow the United States or United Kingdom to do so.”⁵⁵¹ Although Harris had initially only agreed to support the reactor if the money was taken from existing Colombo Plan appropriations, he also cautiously accepted the “broad outline” of the proposal, with certain caveats based on the need for more information about exact costs.⁵⁵² Pearson again took the idea to cabinet, and on 11 July, it approved three proposals: that Canada make an official offer to Nehru; that scientists from other countries should be allowed to use the facilities if built; and that the project be taken into account in the decision to extend the Colombo Plan beyond its six-year lifespan.⁵⁵³

On 18 July, Bruce Williams took a personal message from St Laurent to Nehru containing the official offer. An upcoming conference in Geneva about the possibility of establishing an international atomic energy agency lent further urgency to the decision. An announcement prior to or during the summit could lend it symbolic importance.⁵⁵⁴ This led to the tricky question of when to inform their diplomatic allies but nuclear competitors, the UK and the US. Léger suspected that the UK government was already aware of the idea because of India’s atomic cooperation with that country.⁵⁵⁵ While the Washington embassy communicated

⁵⁵⁰ LAC, RG 25, Lester Pearson to W.E. Harris, 14 June 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1-4; LAC, RG 25, Lester Pearson to C.D. Howe, 14 June 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1-4.

⁵⁵¹ LAC, MG 27-III B20, C.D. Howe Papers, C.D. Howe to L.B. Pearson, 15 June 1955, Vol. 10, File S-8-2 “Atomic Energy – (18) – 1954-1956,” 1.

⁵⁵² LAC, RG 25, Memorandum for the Prime Minister: Atomic Energy and Canada’s Colombo Plan Contribution, 29 March 1955 and attachment, Vol.7342, File 11038-1-13-40, part 1.1, 3; LAC, RG 25, W.E. Harris to L.B. Pearson, 28 June 1955, Vol.7342, File 11038-1-13-40, part 1.1, 1.

⁵⁵³ LAC, RG 25, “Record of the Cabinet Decision – Meeting of July 11th, 1955 – Possible Provision of an NRX reactor to India under the Colombo Plan,” 21 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵⁵⁴ LAC, RG 25, The Secretary of State for External Affairs to The High Commissioner for London, No. E-1080, 18 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1-2; LAC, RG 25, The Canadian Embassy, Washington, to The Secretary of State for External Affairs, No. WA-1242, 18 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵⁵⁵ LAC, RG 25, The Secretary of State for External Affairs to The High Commissioner for Canada, London, No. E-1080, 18 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

it was unconcerned about the reaction of the U.S. government, the Canadian high commission in the UK worried about diplomatic consequences in London. Apparently the decision to ship Canadian steam locomotives under the Colombo Plan into a traditional British export market in India remained a sore spot in the UK government, and Canada's acting high commissioner in London felt that the announcement of a Canadian atomic reactor in India would not be greeted with "unreserved enthusiasm." He recommended telling the UK about their plans as soon as it was confirmed.⁵⁵⁶ The care with which Canada tended its diplomatic relationships again singled out the uniqueness of the atomic reactor project.

Once again, however, the Indian government was not on the same timeline as the Canadian. They did not receive an official reply from Nehru until 31 July, days after the summit ended.⁵⁵⁷ Moreover, while Nehru "warmly welcomed" the proposal, he also stated that he had been advised – the adviser most certainly being Bhabha – to convey that they preferred the newer NRU model that Canada recently developed.⁵⁵⁸ The justification for this preference was a technical one; Bombay did not have the fresh, cold waters of northern Ontario with which to cool the reactor. The solution to this problem was a heat exchanger that used heavy water, and this, the letter reasoned, would be akin to the NRU process rather than the NRX.⁵⁵⁹ Nehru also offered to pay the extra costs of the NRU reactor. When Canadian officials met with Bhabha in Geneva in August, they found him more open to the NRX reactor provided this cooling problem

⁵⁵⁶ LAC, RG 25, The Canadian Embassy, Washington, to The Secretary of State for External Affairs, No. WA-1242, 18 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1; LAC, RG 25, The Office of the High Commissioner for Canada, London to The Under-Secretary of State for External Affairs, No. 1283, 27 July 1955, Vol. 7342, File 11038-1-13-40, part 1.1, 1.

⁵⁵⁷ LAC, RG 25, M.A. Rauf to Prime Minister Louis Stephen St. Laurent and attachment, "Message from the Prime Minister of India to the Prime Minister of Canada dated 31st July, 1955," 3 August 1955, Vol. 7342, File 11038-1-13-40, part 1.2, 1-2.

⁵⁵⁸ Ibid.

⁵⁵⁹ Ibid, 3.

could be addressed, but also learned that in addition to the UK's reactor, Bhabha was also looking into acquiring an American swimming pool type reactor.⁵⁶⁰ The pressure mounted.

By late August another problem emerged. The NRX reactor produced a by-product, plutonium, which could be used in the development of nuclear weapons. The hurry with which Canada pursued this project began to show a rather significant error in judgement. In their haste to get an agreement with the Indian government, officials had ignored a literally potentially explosive situation. As of yet, no international control organization existed that spelled out regulations for plutonium. That meant that Canada and India had to find a solution between themselves, and Canadian officials apparently had no inkling of the political minefield that this problem would create. On 16 September, they issued a press release which announced that "Canada had offered an NRX atomic reactor to India under the Colombo Plan and that this offer had been accepted by India."⁵⁶¹ The government was forced into issuing the press release prematurely due to leaks in the press about the reactor.⁵⁶²

For the next several months, however, the Indians showed the strength of their hand by bargaining as much as possible, all revolving around maintaining the sovereignty they felt due. Bhabha was determined that the gift aspect of the project would not impose on India's national sovereignty or on his own scientific freedom. The imposition of the reactor's use as a scientific training ground for other countries' scientists irked the Indians, who wanted greater control over which countries they did and did not let in to the site.⁵⁶³ However, it was the issue of fuel by-

⁵⁶⁰ LAC, RG 25, The Office of the Permanent Delegate of Canada to The Secretary of State for External Affairs, No. 141, 12 August 1955, Vol. 7342, File 11038-1-13-40, part 1.2, 1.

⁵⁶¹ LAC, RG 25, The Secretary of State for External Affairs to The High Commissioner for Canada, No. E-241, 19 September 1955, Vol.7342, File 11038-1-13-40, part 1.2, 1.

⁵⁶² LAC, RG 25, The Secretary of State for External Affairs to The High Commissioner for Canada to the United Kingdom, London, No. 1450, 8 September 1955, Vol. 7342, File 11038-1-40, part 1.2, 1; LAC, RG 25, A.E. Ritchie to W. J. Bennett, 30 September 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

⁵⁶³ LAC, RG 25, High Commissioner, New Delhi to The Secretary of State for External Affairs, No. 639, 12 September 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

products which proved to be the biggest hindrance in concluding a final detailed agreement with the Indians. The full consequences of this problem did not make an impact until after the public announcement. Having been the suitors, and still thinking of the potential commercial benefits, it would be almost impossible for Canada to back out of the negotiations, despite the obvious problems that the spent fuel might present in the future. The Indians continued to drive a hard bargain.

Bhabha asked Canada to supply the fuel rods and replacements, as part of the Colombo Plan gift, a request which Plumptre felt was “not only looking a gift horse in the mouth but insisting that we supply a complete set of gold-filled teeth for the beast as well – together with replacements as the teeth wore out!”⁵⁶⁴ Canada wished to maintain control over the fuel rods, and wanted a guarantee that India would purchase the fuel from Canada.⁵⁶⁵ For political reasons, Bhabha continued to strongly reject the idea that Canada could continue to control the fuel, and its by-products, once it came into India.⁵⁶⁶ Canada proposed a solution that saw a lease of the fuel rods to India, with a return of the fuel elements to Canada after they were spent.⁵⁶⁷ While trying to take a tougher position with the Indians, the real views of Canada came out in discussions with the U.S. government about the reactor project: “We have ... made it clear that in the Canadian view the larger considerations tend to outweigh any risk involved. We admitted the difficulty of such a precedent but suggested that this might be overcome satisfactorily by a provision emphasizing the interim character of the arrangement pending agreement upon a new

⁵⁶⁴ LAC, RG 25, A.F.W. Plumptre to W. J. Bennett, 3 October 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

⁵⁶⁵ LAC, RG 25, A.F. W. Plumptre, “Memo for File: Atomic Reactor for India,” 3 October 1955, Vol. 7342, File 11038-1-40, part 1.2, 1-2.

⁵⁶⁶ LAC, RG 25, The Secretary of State for External Affairs to Canadian Delegation to Consultative Committee of Colombo Plan Conference, No. E10, 5 October 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

⁵⁶⁷ LAC, RG 25, The Secretary of State for External Affairs to The High Commissioner for Canada, No. E-662, 7 October 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

international regime.”⁵⁶⁸ Canada simply was not that worried, or at least, the risk/benefit ratio was balanced favourably enough for the DEA to proceed with negotiations. Yet the idea that the problem could be resolved given the “interim” nature of an agreement – that is, until an international atomic energy agency could be set up – went awry when India began to signal its hesitation to join such a agency in November.

During his visit to India in November, Pearson hoped to press forward on the fuel issue for what had become known as the Canada-India Reactor (CIR), without success. As the high commissioner admitted in a despatch to Ottawa, Pearson and Reid were “[out] of our depth in a discussion of this nature.”⁵⁶⁹ In addition to this failure, Bhabha sent out a memo on 9 November which spelled out the two provisions for India’s acceptance of an international regulatory agency. He requested that no nation or group of nations have a privileged position in the agency, and that the sovereignty of all nations be respected equally.⁵⁷⁰ As Heeney, then ambassador in Washington, pointed out to the DEA, it was “totally unrealistic” to expect that the US, the USSR, and the UK, being the only atomic powers in the world, would accept the same controls and conditions on their atomic programs as other non-nuclear countries.⁵⁷¹ The idea that Canada could expect the fuel issue to go away once the atomic energy agency was up and running was threatened by the possibility that India would not join the agency.

On 21 November, Léger sent a confidential memorandum to Pearson addressing these issues. What comes through most clearly in this memo was that the CIR could not fail without

⁵⁶⁸ LAC, RG 25, Embassy Washington to External Ottawa, 13 October 1955, Vol. 7342, File 11038-1-40, part 1.2, 1.

⁵⁶⁹ LAC, RG 25, High Commissioner, New Delhi to External Ottawa, No. 771, 9 November 1955, Vol.7342, File 11038-1-40, part 2, 3.

⁵⁷⁰ LAC, RG 25, High Commissioner, New Delhi to External Ottawa, No. 772, 9 November 1955, Vol. 7342, File 11038-1-40, part 2, 1.

⁵⁷¹ LAC, RG 25, Embassy Washington to External Ottawa, 15 November 1955, Vol. 7342, File 11038-1-40, part 2, 1.

risking “grave political consequences.”⁵⁷² Not only would this be highly embarrassing and damaging to the Canada-India relationship, it might have the effect of making India even more intractable regarding the international atomic agency.⁵⁷³ Léger suggested a compromise, adding that Canada should set down some guidelines going forward. He suggested that the most important guideline should be the first refusal rights for the supply of fuel, again highlighting the importance that the government attached to this possible future export market.⁵⁷⁴ He also suggested that Canada should make it clear that Canada would only supply fuel under the terms of any future international agency.⁵⁷⁵

After much back and forth, in which India barely budged from its original position, they reached a final agreement in March. The critical article regarding fuel read in this way:

It is the intention of both Governments that the fuel elements for the initial fuel charge and for the continuing requirements of the reactor will be supplied from Canada save to the extent that India provides them from sources within India [this sentence was added to allow for the case that India might find and develop their own uranium sources]. Arrangements for the provision of the fuel elements to India from Canada will be agreed upon by the two Governments before the reactor is ready to operate; if an international agency acceptable to both Governments has come into being or is in prospect at that time, the terms of such agreement will be in keeping with the principles of that agency.⁵⁷⁶

Most of the accommodation had been done in favour of Bhabha’s demands; there was no mention of the fuel by-products at all. In this agreement India was not bound to the provisions of a future agency at all, nor was there any agreement as to what to do should India not accept the terms of the future agency. India had bargained, and won.

⁵⁷² LAC, RG 25, Jules Léger, Memorandum for the Minister and attachment: “Memorandum: Provision of Fuel for the Canada – India Reactor Project,” 21 November 1955, Vol. 7342, File 11038-1-40, part 2, 2.

⁵⁷³ Ibid, 18.

⁵⁷⁴ Ibid, 6.

⁵⁷⁵ Ibid.

⁵⁷⁶ NAI, “Agreement on the Canada-India Colombo Plan Atomic Reactor Project, New Delhi, 28 April 1956,” in Ministry of External Affairs, Government of India, *India: Bilateral Treaties and Agreements, Volume 2: 1953-1957*, (New Delhi, 1994), 502.

Some have portrayed this series of events as massively irresponsible. Ryan Touhey has described the belief that a minister of external affairs, informed by those in his department, could competently negotiate this matter as “stunningly naïve.”⁵⁷⁷ Certainly in hindsight, it is hard to disagree with this assessment. However, it is also important to bear in mind the historical context. Nehru, unlike Gandhi, was not a pacifist, and as the war with Pakistan showed, would resort to force if he felt it was necessary.⁵⁷⁸ However, despite this, he was strongly supportive of peace and very strongly opposed to nuclear weapons. He consistently made the case for nuclear disarmament to the international community. Bound together for Nehru were concepts of anti-colonialism, non-alignment, and world peace, expressed in the policy of *Panch Sheel*, the five principles of peaceful coexistence.⁵⁷⁹ Being both the minister of external affairs and the prime minister, Nehru’s beliefs were strongly associated with Indian foreign policy as a whole. Eager to complete the project for commercial reasons and embrace positive “propaganda value” in the words of the Graham McInnes, head of the Commonwealth division, those working on behalf of the project in both the DTC and the DEA did not fully appreciate the potential risks that a future, and changed, political situation in India presented to the CIR project.⁵⁸⁰

Conclusion

Originally the Colombo Plan had been conceived on a six-year timeline. In 1956, just as the program was supposed to be ending, Canada had finished one major hydro project with India, and had agreed to the establishment of another large nuclear energy project. The Colombo Plan

⁵⁷⁷ Touhey, *Dealing with the Peacock*, 212.

⁵⁷⁸ The first Indo-Pakistani war had been fought between October 1947 and December 1948, over the issue of the accession of the princely state of Kashmir and Jammu to India.

⁵⁷⁹ These were “mutual respect for each other’s territorial integrity and sovereignty, non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence”. Bipan Chandra, Mridula Mukherjee, and Aditya Mukherjee, *India Since Independence*, (New York: Penguin, 2008), 191. New Delhi and Beijing signed an agreement on the Tibet region which used *Panch Sheel* as its founding principles in 1954. Benjamin Zachariah, *Nehru*, New York: Routledge, 2004.

⁵⁸⁰ LAC, RG 25, Commonwealth & Middle East/G.C. McInnes to Mr. Ritchie – Economic Division, Subject: Canada-India Reactor and Daud Khal Cement Plant, 19 January 1956, Vol. 7342, File 11038-1-40, part 2.2, 1.

Group met on 16 October to talk about the future of the Plan, and came to an easy consensus: “It was emphasized that the value of the Plan could not now be questioned. In fact, there appeared new and more cogent reasons for participating than the reasons given in support of the programme six years ago.”⁵⁸¹ Although they did not spell out what these reasons were, the CIR reactor in particular must have weighed heavily in their minds.

The two projects came about in totally different ways. Mayurakshi was a “typical” project, although somewhat larger than had been achieved previously. The CIR, on the other hand, was a complete anomaly, for never before had the Canadian government, at the executive level, so forcefully lobbied the Indian government to give it aid. Ottawa agreed that it would lend its support to the extension of the Colombo program, and it is easy to see why. The Mayurakshi project, though beset by difficulties, had provided good publicity in Canada and work for Canadian companies. While the Canada-India Reactor would eventually lead to serious problems, for the time being it had achieved the result of developing a potential export market for an emerging Canadian nuclear industry. Viewed from a distance, both projects were win-win. They helped India’s goal of industrialization, and Canada’s commercial competitiveness.

However, if the end of the Colombo Plan might have prompted some deeper inquiry into its nature, it did not. Officials, in deciding to carry on with the Plan, considered the role of counterpart funds, how much Canada should be involved in the management of projects, the problem of competitiveness of Canadian goods on the international market, and their approach to commodities within the Plan.⁵⁸² The closest they came to considering their motives for the Plan is contained in this one sentence from the minutes of a Colombo Plan Group meeting: “In general it could be said that the principal objectives of the Government in contributing to the

⁵⁸¹ LAC, RG 19, “A meeting to review Colombo Plan policies and practices was held in the Privy Council Committee Room on Tuesday, October 16th, 1956, at 11:30 am,” Volume 3868, File 8321-03, 1.

⁵⁸² Ibid.

Plan were endorsed. Our main motive in extending aid, within our means, was to help Asian members of the Plan develop along the lines which we ourselves had, without attaching to our assistance any considerations of an ideological nature.”⁵⁸³ The blandness of this statement is interesting. That Colombo Plan officials stated that they “had no considerations of an ideological nature” is in some ways surprising, as clearly the prevention of communism was an underlying motive behind the Plan, once again revealing the paradoxical nature of the Cold War context in which it operated. Nobody from the Indian government, or any of the other Colombo Plan countries, was in attendance at this meeting, and the minutes were marked “confidential,” so there was no need to hide this objective from anyone. Was it that officials working on the Colombo Plan had begun to take the Indian point of view on political matters into consideration, and perhaps, even adopt them? Or did they, even in private, wish to distinguish their assistance from that of the US, evidence, perhaps, of Cavell’s influence in the Colombo Plan Group?

Government officials considered that Canada’s economic success was *the* model of growth and development. It was such an obvious point that this is the only clear statement in government documents of that belief. Mayurakshi was an inherently Indian project, planned and executed by the GOI, and so it was perhaps understandable that Canadian officials did not think too deeply upon how it contributed to India’s developmental goals. That was the role of the Indian government. However, the CIR was a Canadian-initiated project, the first of its kind. Again, the context is critical. Nuclear technology, and its possible role in the electricity generation system, was cutting edge technology, thought to be the future for any advanced, industrialized nation. Helping India to achieve nuclear power capability was helping it to “develop along the lines that we ourselves had.”

⁵⁸³ LAC, RG 19, “Colombo Plan – 2nd Meeting, October 24,” 24 October 1956, Volume 3868, File 8321-03, 1.

The Liberal government had guided these initial priorities, and made Canadian aid policy in concert with the work of officials in the DEA, the DF and the DTC. However, what it did not realize in 1955 and 1956, as it worked to make the CIR a reality, was that its days were soon numbered, and that a new government would soon be setting its own priorities for the aid program.

Chapter 7: “An Enormous Surplus of Wheat” – Diefenbaker and a New Era of Bilateralism and Multilateralism

For students of Canadian political history, the year 1957 represents the end of an era. On 10 June 1957, John Diefenbaker, leader of the Progressive Conservative Party, won a minority government and ended the 22 year reign of the Liberals in federal politics. The following year, Diefenbaker solidified his position with an astounding win of 208 out of 265 seats in parliament. For this, and others reasons, 1957 also represents the end of an era for students of the Canadian foreign aid relationship with India. Reid departed as high commissioner in the spring of 1957, and was replaced by Chester Ronning, a man whose history with the Asian continent dated back to his own childhood in China.⁵⁸⁴ The trend of change continued in the following year, as Nik Cavell departed for Ceylon to become Canada’s high commissioner in that country, and Dr. O.E. Ault, an official already working within the DTC, became the Colombo Plan’s administrator.

Neither made as large an impact on the Colombo Plan as had their predecessors: Cavell had nurtured the Plan from its infancy, whereas Ault walked into an already functioning program; and Ronning was a level-headed man, not given to the same flights of emotionalism as Reid. He also came into his role as a Colombo Plan skeptic, only growing to appreciate it over time.⁵⁸⁵ Finally, 1957 also signalled the end of the GOI’s hopes for the Second Five Year Plan, and with it, the end of hope for a self-sufficient India, at least for the foreseeable future. As the year went on, it became more and more clear that India was headed toward a very serious

⁵⁸⁴ Brian L. Evans. *The Remarkable Chester Ronning: Proud Son of China* (Edmonton: University of Alberta Press, 2013), 1-25.

⁵⁸⁵ In minutes of a meeting Ronning held in Ottawa in June of 1959 it was recorded that “At the time he arrived in India Mr. Ronning stated that he had very deep misgivings about the effect the Colombo Plan was having and would have on India’s economic development, and whether it could do the job it had set out to achieve” but had come see to the value of such capital projects as the Kundah dam project first-hand. LAC, RG 25, “Minutes of the 7th Meeting of the Interdepartmental Committee on External Aid Policy,” 18 June 1959, Volume 4297, File 11038-6-C-40, part 1, 2.

economic crisis which would seriously affect the ability of the government to implement the ambitious industrialization scheme it had hoped to achieve.

Major transitions occurred in the aid program occurred during the Diefenbaker era. The newly-elected prime minister had little understanding of the problems of international economic development or the parameters of the Canadian aid program, although he did appreciate its importance to the Commonwealth and had been a supporter of the Colombo Plan throughout the 1950s. The program underwent a total reorganization, which will be explored in the next chapter, almost entirely without input from the Diefenbaker cabinet. However, some significant changes did occur, directly or more often, indirectly, as a result of the prime minister's leadership.

Diefenbaker and his ministers were intensely interested in aid as it pertained to a single issue – wheat – and as a result of this, and the effects of the Indian financial crisis, the Canadian government negotiated a loan to India so that the country could buy Canadian wheat, the first such deal in the post-war era with a developing country.⁵⁸⁶ The prime minister's agitation for a NATO World Food Bank did not achieve the results he had initially envisioned. However, his public calls for a multilateral food program, particularly at the UN in 1959, did support other initiatives being championed in the United States which eventually led to the creation of the World Food Programme. Also, his invitation to the Commonwealth to hold a Trade and Economic conference in Canada in 1958 prompted the Canadian government to come up with some innovations on the aid file, which resulted in a new scholarship program, a larger financial commitment to the Colombo Plan as well as a multi-year commitment to the program, and the extension of the Colombo Plan into new areas in Africa and the Caribbean. Finally, due to the

⁵⁸⁶ By the later 1950s, Diefenbaker represented the riding of Prince Albert, home to many wheat growers. As well, wheat remained king in Western Canada, an area that held special resonance for the prime minister.

relationship that Canada had with India, Canada was drawn into participating in the Aid-India Consortium in 1958, a World Bank/US-led initiative that represented Canada's first major financial commitment to a multilateral aid program outside of the Bretton Woods organizations.

Diefenbaker Becomes Prime Minister

Diefenbaker's election as prime minister on 10 June 1957, ended 22 years of Liberal rule in Canada. The story of Diefenbaker's unease with a bureaucracy so accustomed to Liberal government, particularly in the case of the DEA and his dread of the so-called "Pearsonalities" he felt occupied that department, is well told in Canadian historiography.⁵⁸⁷ According to historians John Hilliker and Donald Barry, Diefenbaker's inexperience with teamwork and his position as an outsider even within his own party meant that he was never able to fully collaborate with the civil service and the DEA in particular.⁵⁸⁸ Eventually, Diefenbaker settled into a routine on the foreign affairs portfolio that saw him personally engage in issues that interested him, with Basil Robinson at his disposal in his own office to work on those issues.⁵⁸⁹ Meanwhile Robinson and the clerk of the privy council and secretary to the cabinet, Robert Bryce, acted as the go-between for Diefenbaker and the long-suffering, chain-smoking undersecretary of state for external affairs, Norman Robertson.⁵⁹⁰ At first, Diefenbaker became SSEA, until the heavy travel demands of that position finally provoked him into choosing Sidney Smith, a Tory and president of the University of Toronto, to take over that position in September

⁵⁸⁷ See, for example, John F. Hilliker, "The Politicians and the "Pearsonalities": The Diefenbaker Government and the Conduct of Canadian External Relations," *Historical Papers/Communications historiques* 19, no. 1 (1984): 151-167; H. Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (Toronto: University of Toronto Press, 1989), 89, 97, 100-101; John F. Hilliker, "The Politicians and the "Pearsonalities": The Diefenbaker Government and the Conduct of Canadian External Relations," *Historical Papers/Communications historiques* 19, no. 1 (1984): 151-167; Denis Smith, *Rogue Tory: The Life and Legend of John G. Diefenbaker* (Toronto: MacFarlane Walter and Ross, 1995), 250, 298-99; J.L. Granatstein, *A Man of Influence: Norman A. Robertson and Canadian Statecraft, 1929-1968* (Toronto: Deneau Publishers, 1981), 322-328; Hilliker and Barry, *Canada's Department of External Affairs, Vol. II*, 135-143.

⁵⁸⁸ Hilliker and Barry, *Canada's Department of External Affairs, Vol. II*, 135.

⁵⁸⁹ Robinson, *Diefenbaker's World*, 36.

⁵⁹⁰ Robertson did not succeed Jules Léger as USSEA until the fall of 1958. Granatstein, *A Man of Influence*, 323-325.

of 1957.⁵⁹¹ However, Smith's inexperience with matters of foreign affairs meant that he never fully took ownership of the role.⁵⁹² His sudden death in March of 1959 ended any possibility that he would grow into the position over time. Until Howard Green took over and settled into his role as SSEA following Smith's death, this meant there were two somewhat separate bodies acting within the Diefenbaker administration on behalf of the aid file: Diefenbaker himself and the DEA under Robertson in collaboration with the DTC and the DF. The formerly fairly straightforward chain of command that existed through Pearson's close collaboration with officials in the DEA, and the former SSEA's advocacy for Colombo Plan matters in cabinet and to the prime minister, was no more.

However, this did not put the Colombo Plan in jeopardy. On the contrary, there were two factors that made it appealing for Diefenbaker: the first was his feeling for the oppressed, which he easily transposed from the sometimes parochial matters of his Saskatchewan law office to the weightier matters of foreign affairs; the second was his affection for the Commonwealth as an expression of what he saw as the common bond of superior British values and British law throughout the world. As Canada stood outside the sterling relationship that economically bounded the other members together, the Colombo Plan was the only large and concrete link that the country had with its sister nations. Not surprisingly, Diefenbaker supported the Plan wholeheartedly, and looked for ways to strengthen it. However, this support for the Plan did not mean that he really understood it.

Diefenbaker had only been prime minister for two weeks when he attended his first Commonwealth prime minister's conference in London, an opportunity he greatly relished.⁵⁹³ It gave him a chance to realise his election promises for closer collaboration with the

⁵⁹¹ Smith, *Rogue Tory*, 261.

⁵⁹² *Ibid.*

⁵⁹³ Smith, *Rogue Tory*, 250-251.

Commonwealth. The previous year, the United Kingdom had begun to inquire about the possibilities of setting up a Commonwealth development agency and Commonwealth development fund or bank.⁵⁹⁴ The briefing documents that Diefenbaker received from the DEA, prepared prior to the election and quite probably with a different audience in mind, made its position on this idea fairly clear; a Commonwealth fund or bank would simply duplicate the work of the IBRD, only on a smaller and probably less effective scale.⁵⁹⁵ However, with the election of the assertively pro-Commonwealth Diefenbaker, all ideas were back on the table. This was especially true after he proposed that Canada host a Commonwealth trade conference in addition to the finance minister's meeting already planned for that September in Mont Tremblant, a move designed to harken back to the British Empire Economic Conference of 1932.⁵⁹⁶ When Diefenbaker capped off the trip with an ill-fated, off-the-cuff announcement at an impromptu press conference held on the tarmac at Uplands Airport in Ottawa that Canada would attempt to divert 15 percent of its trade away from the US in favour of the United Kingdom, his government's intentions for closer economic collaboration with the leading member of the Commonwealth could not have been made more transparent.⁵⁹⁷

In economic matters, the Diefenbaker administration preoccupied itself with closer cooperation with the Commonwealth, and concerns about the "bogyman" of the US and its dominant presence in the Canadian economy. On the aid file, one problem in particular dominated the cabinet. This was the ever-more burdensome issue of wheat, or rather, the excess

⁵⁹⁴ University of Saskatchewan University Archives and Special Collections [hereafter USkUASC], DCC, Diefenbaker papers, "Appendix 17 – Commonwealth Development (Item VII)," 14 June 1957, Volume 99, File MG 01/XII/F/67.1, "Commonwealth Prime Ministers Conference – 1957 – Memos re: Agenda 26-28 June 1957,"1; Ibid, "Aide Memoire: Commonwealth Development," 5 February 1957, 1.

USkUASC, DCC, Diefenbaker papers Diefenbaker, "Annex 2 – Commonwealth Development, Aide Memoire: Commonwealth Development," Volume 99, File MG 01/XII/F/67.1, "Commonwealth Prime Ministers Conference – 1957 – Memos re: Agenda 26-28 June 1957,"1; Ibid, "Aide Memoire: Commonwealth Development," 1 May 1957, 1.

⁵⁹⁶ Muirhead, *Dancing Around*, 184.

⁵⁹⁷ Smith, *Rogue Tory*, 252

of wheat as it piled up, unsold, in elevators across the prairies. During the Second World War, wheat had become more than a mere food commodity. A world-wide shortage of grain at the end of the war rated as a security concern for the US government.⁵⁹⁸ Wheat, and its finished product in the 1950s, commercially-produced white bread, were even imbued with cultural meanings that celebrated its healthfulness and importance in North American Cold War society.⁵⁹⁹ Advancements in agricultural technology made large surpluses possible, and instead of practicing production controls as they had done before the Second World War, the United States allowed massive wheat surpluses to accumulate as a buffer against a potential hot war.⁶⁰⁰ These economic, cultural and technological shifts affected Canada as well, and during the 1950s and 1960s, the US and Canada controlled between 60 and 70 percent of the world's wheat exports.⁶⁰¹

As already noted above, the Canadian government dealt with some of these surpluses through the Colombo Plan. Indeed, in the early 1950s, India was happy to receive wheat imports, and although the counterpart funds generated from the sale of Canadian wheat sales went toward economic development projects, using the Colombo Plan to dispose of Canadian wheat was a grey area that drew the ire of the auditor general. However, the sums that Canada exported through the Plan appeared quite meagre in comparison to the United States. The Agricultural Trade and Development and Assistance Act of 1954, better known as Public Law (PL) 480 gave the US a method of disposing of massive quantities of wheat via aid by accepting local, soft currencies for sales of wheat, a policy that no other country could feasibly manage at

⁵⁹⁸ Wilson, *Grain Marketing in Canada*, 365.

⁵⁹⁹ Aaron Bobrow-Strain, "Making White Bread by the Bomb's Early Light: Anxiety, Abundance, and Industrial Food Power in the Early Cold War," *Food and Foodways: Explorations in the History and Culture of Human Nourishment* 19, no. 1-2 (February 2011): 74-97.

⁶⁰⁰ Wilson, *Grain Marketing*, 365.

⁶⁰¹ Mark W. Charlton, *The Making of Canadian Food Aid Policy*, (Montreal & Kingston: McGill-Queen's University press, 1992), 16.

that time.⁶⁰² It also allowed for credit sales at concession rates and lengthy repayment periods, barter for payment, and even financed the shipping costs.⁶⁰³ By 1958, the US was shipping about half of its total wheat exports under PL 480, an amount almost as large as Canada's total wheat exports.⁶⁰⁴ Not surprisingly, these policies aggravated the Canadian government and the prairie farmers, whose export opportunities were being limited by the US. As a result, Canada lobbied both the US directly and the Food and Agriculture Organizations (FAO) of the United Nations to cease this practice. In 1954, the FAO created a set of *Principles of Surplus Disposal Recommended by F.A.O. and Guiding Lines* in order to set some parameters around commodity disposal. However, this made little impact on American PL 480 behaviour.⁶⁰⁵

As Diefenbaker owed his election win in large part to the massive support he earned across the prairies, he and his cabinet paid keen attention to these problems. The Liberals had underestimated the extent to which discontent among western farmers could translate into election defeat, and Diefenbaker had capitalized on this.⁶⁰⁶ Once in office, helping the prairie farmer had to be an important political objective for the new prime minister, and the aid program was an obvious place to begin. While Canada could never hope to match the type of activity on this front that the US managed under PL 480, it was one area where Canada could relieve the burden of costly wheat surpluses, and Diefenbaker set out to tackle this problem. Sometimes another's misfortune can be a blessing, and while no one in the Diefenbaker government

⁶⁰² Wilson, *Grain Marketing*, 366-7.

⁶⁰³ Ibid.

⁶⁰⁴ In 1958-59, the US exported 6,282 thousand tonnes of wheat through Title I of PL 480, whereas Canada's total wheat exports amounted to 7,575 thousand tonnes. See Table 24-3 in Wilson, *Grain Marketing*, 368.

⁶⁰⁵ Ibid, 369.

⁶⁰⁶ One observer wrote that "While most other Canadians have been growing rich, the farmers have not; in predominantly agricultural areas an appeal not to shoot Santa must have sent many a struggling farmer to the polling booth with an itching trigger finger," a reference to C.D. Howe's politically unwise statement during the campaign to not shoot Santa as Canadians "never had it so good." However, the writer also noted that it would be hard to know what the Conservatives could do with the wheat surplus that had not already been tried by the Liberals. G.G.W., "Political Change in Canada: The Conservatives Take Over," *The World Today* 13, no. 7 (July 1957): 296-297.

celebrated the financial catastrophe that beset India in 1957, and which lasted into 1958, it did give the new administration an opportunity to show, in a very concrete way, its concern for western farmers.

The Indian Financial Crisis of 1957

As outlined in chapter 5, the Nehru-Mahalanobis strategy for development, expressed in the Second Five Year Plan, left India with a US\$840 million foreign exchange shortfall. Despite this expectation, resistance to the acquisition of foreign aid to cover that shortfall also continued. When T.T. Krishnamachari took over as finance minister from C.D. Deshmukh in 1956, he did so having the year before already publicly stated his personal opposition to “asking for foreign aid.”⁶⁰⁷ Not only did the Plan have an uncovered gap of foreign exchange, it did not fully fund domestic expenditures either, and tentative plans within the Planning Commission to increase taxation were rejected by the Finance Ministry and the states.⁶⁰⁸ The voices of optimism overwhelmed those who, with clearer eyes, saw the immense shortcomings of the Plan. Only a few members of the Planning Commission, such as K.C. Neogy and B.R. Shenoy, came to the conclusion that the Plan was unsustainable, but they received no support from the National Development Council.⁶⁰⁹

The few critics of the Plan had legitimate concerns. The extreme focus on the development of heavy industry might have made sense for politicians and economists inspired by the Soviet example of rapid industrialization. However, as later critics have noted, the Mahalanobis model treated planning as an accounting scheme, and assumed the type of tightly controlled inputs and outputs that characterized a command economy. But India was not a

⁶⁰⁷ Hanson, *The Process of Planning*, 132.

⁶⁰⁸ *Ibid*, 136.

⁶⁰⁹ *Ibid*, 140; A. Vaidyanathan, “The Indian Economy since Independence: 1947-70,” in Kumar and Desai, *The Cambridge Economic History of India, Volume 2*, 955.

command economy, and although the state clearly staked out a strong role for itself, India still had a vast private sector which responded to market forces.⁶¹⁰ Although the Plan addressed a large array of social and economic fields, including education, health, and rural development, the numbers spoke for themselves. In a country where nearly the entire population lived in a rural setting, the Second Five Year Plan prepared for an investment of Rs. 338 crores into agricultural and community development, in comparison with a Rs. 670 crores investment into large and medium-sized industries and mining.⁶¹¹ Although it promised a “larger emphasis on basic education,” its planned investment in elementary education actually decreased by Rs. 4 crores whereas planned investment in university education went up by Rs. 42 crores and investment in technical and vocational education went up Rs. 25 crores.⁶¹² This all added up to an imbalanced focus on a small, mostly urban and educated percentage of the population.

It did not take long for the accounting-book perfection of the Second Five Year Plan to come face to face with reality. The First Five Year Plan had been buoyed by better than average crops. This luck did not carry over to the Second Plan and by 1957, the country suffered from both a poor monsoon and flooding, resulting in bad harvests and consequent rapid inflation, forcing the GOI to draw heavily on its foreign exchange reserves.⁶¹³ In addition to the bad food situation, the Second Plan’s failure to account for the private sector’s role in the economy also made an impact. In order to spur heavy industry, the GOI had taken a liberal approach to the granting of import licenses, but these got ahead of the economy’s ability to fund these imports. How exactly this came about is not entirely clear, although in a letter from C.D. Deshmukh to

⁶¹⁰ Balakrishnan, *Economic Growth in India*, 46.

⁶¹¹ Planning Commission, Government of India, *2nd Five Year Plan*, “The Plan in Outline,” <http://planningcommission.nic.in/plans/planrel/fiveyr/2nd/2planch3.html> (accessed April 19, 2014).

⁶¹² Planning Commission, Government of India, *2nd Five Year Plan*, “Education,” <http://planningcommission.nic.in/plans/planrel/fiveyr/2nd/2planch23.html> (accessed April 19, 2014).

⁶¹³ Maria Misra, *Vishnu’s Crowded Temple: India Since the Great Rebellion*, (New Haven: Yale University Press, 2008), 278. NMML, Manuscript Collection, C.D. Deshmukh papers, J. Nehru to C.D. Deshmukh, 13 January 1958, Subject File 88, Sterling Balances: Correspondence with Prime Minister, 1958, 1.

Nehru early in 1958, the former distanced himself from responsibility for the licenses and blamed the new finance minister and former minister of commerce and industry, Krishnamachari, as well as B.K. Nehru for not informing the former minister of the extent of the licensing problem.⁶¹⁴

The third factor in precipitating the crisis was defense. Another gaping hole in the Second Five Year Plan was its failure to account for the large, and ever-growing, defense budget. As Cold War realities manifested themselves, the military lobbied for greater funding and the proportion of the budget that India spent on defence grew. Despite warnings to the prime minister from President Rajendra Prasad in 1955 and Deshmukh in 1956 that the government could not afford a large increase in defence expenditure, the military's perspective increasingly won out.⁶¹⁵ India and Pakistan had already fought a war over Kashmir in 1947, and throughout the 1950s further conflict over this area remained a real possibility for both countries. The US government supported Pakistan through the Mutual Aid agreement signed by Secretary of State John Foster Dulles in February of 1954, which provided US\$80 million a year of defense support to the Pakistani government.⁶¹⁶ The Plan blithely ignored all of these realities. Later, the finance

⁶¹⁴ NMML, Manuscript Collection, C.D. Deshmukh papers, C.D. Deshmukh to J. Nehru, 4 January 1958, Subject File 88, Sterling Balances: Correspondence with Prime Minister, 1958, 1. Not surprisingly, Nehru did not appreciate having his nephew used as a scapegoat, and chastised Deshmukh for the impropriety of criticizing a civil servant in his reply to the former finance minister. J. Nehru to C.D. Deshmukh, 13 January 1958, Ibid.

⁶¹⁵ As Rajendra Prasad wrote to Nehru, "You may recollect that during the British days before the Second World War, all our non-official members without any distinction of party, used to criticize the British Government for the Military Budget and some sort of arrangement was reached by which they had agreed to accept some figure round about 40 crores out of a Budget of 200 crores. Now, instead of 200 crores, we have a Budget of over 400 crores. Military expenditure has gone up constantly increasing, and this year the Military Budget I believe is something like 204 crores ... That naturally raises a question whether in our profession of non-violence we are genuine." NMML, Manuscript Collection, C.D. Deshmukh papers, Rajendra Prasad to Shri C.D. Deshmukh, August 11, 1955, Subject File 22, 1950-1956, Correspondence as Finance Minister, 106, 107.

⁶¹⁶ Guha, *India After Gandhi*, 168.

minister concluded that “no allowance was made for Defence on the ground that Defence was outside the Plan,” succinctly revealing the Commission’s flawed and circular logic.⁶¹⁷

Krishnamachari blamed the Second Plan for the financial problems: “The foreign exchange crisis is a result of the Plan itself. The estimates of deficit as calculated by the Planning Commission were underestimated from the beginning because the foreign exchange costs of the projects sought to be executed were not fully worked out.”⁶¹⁸ The Planning Commission itself came to a similar conclusion, admitting to Nehru that in addition to the burden of crop failures and the needs of the defense budget, the “rise in imports and the consequent drain on the foreign exchange resources is chiefly attributable to the attempt to carry out the Second Five Year Plan.”⁶¹⁹ This could not be but a dramatic disappointment although one, in hindsight, that is difficult to reconcile given that those in the Planning Commission knew the facts of the Indian economy.

The reality of the situation was not lost on Nehru, who reluctantly reconsidered his position on aid. In 1957, his correspondence began to reflect an understanding that the crisis was of a dramatic enough nature that India would not be able to see it through without a substantial influx of aid, especially from the US.⁶²⁰ He wrote to Vijaya Pandit, India’s high commissioner in the UK:

The United States is the only country, apart perhaps from Western Germany, which can help us substantially. We have now to think in terms of hundreds of crores. Because of

⁶¹⁷ NMML, Manuscript Collection, T.T. Krishnamachari papers, T.T. Krishnamachari to Jawaharlal Nehru, January 11, 1958, T.T. Krishnamachari, Correspondence, Jawaharlal Nehru, 1958-61, 6.

⁶¹⁸ NMML, Manuscript Collection, T. T. Krishnamachari papers, T.T. Krishnamachari to Jawaharlal Nehru, January 11, 1958, T.T. Krishnamachari, Correspondence, Jawaharlal Nehru, 1958-61, 6.

⁶¹⁹ NMML, Manuscript Collection, C.D. Deshmukh papers, J. Nehru to C.D. Deshmukh, 13 January 1958, Subject File 88, Sterling Balances: Correspondence with Prime Minister, 1958, 7.

⁶²⁰ Jawaharlal Nehru, “To K.D. Malaviya,” in *Selected Works of Jawaharlal Nehru, Second Series*, Mushirul Hasan, ed., Vol. 39 (New Delhi: Oxford University Press, 2005), 123.

this foreign exchange difficulty we have been cutting our plans and projects down to the bone, and sometimes a bit of the bone is taken off too.⁶²¹

As a result, the Indian government, and T.T. Krishnamachari in particular, changed their positions radically, and began to actively pursue new aid flows in order to pull the country out of the crisis. In August, Norman Robertson, then the Canadian ambassador to the US, reported that the State Department believed that India needed more assistance, including wheat, than even the US could provide.⁶²² In October, he indicated the extent to which the Indians had changed their tactics when he wrote that the “USA is concerned and somewhat embarrassed by the scale and seriousness of the Indian requests for economic assistance.”⁶²³

Politically, this was excellent timing for the new Diefenbaker government. While the Liberal government had been measured and restrained in its use of wheat through the aid program for reasons outlined earlier, even when pushed to do so by the Indian government, the new administration had no such compunctions. It prepared a memorandum for the Commonwealth finance ministers that stated it was “prepared to use some of its present wheat surplus to enlarge substantially the scale of assistance now being made available to Commonwealth countries under the Colombo Plan.”⁶²⁴ The circumstances around why a deal was made in the form of a loan rather than under regular Colombo Plan allotments will be discussed in the next chapter. By November, when Douglas Harkness, the minister of agriculture, visited Rome for an FAO meeting, he went with authorization from the Canadian

⁶²¹ “Jawaharlal Nehru, “To Vijaya Lakshmi Pandit,” in *ibid*, 110.

⁶²² LAC, RG 25, Norman Robertson, Washdc to External, 1 August 1957, Volume 6618, File 11302-B-40, pt. 2.1, 6.

⁶²³ LAC, RG 25, Norman Robertson, Washdc to External, 14 October 1957, Volume 6618, File 11302-B-40, pt 2.1, 1.

⁶²⁴ It should be noted that this quotation is from a draft memorandum for the meeting prepared in July. Whether or not this was the exact nature of the final text given to the finance ministers at the meeting, its presence in this draft remains a strong indication of the Diefenbaker government’s thinking on the issue. USkUASC, DCC, Diefenbaker papers, “Draft – Memorandum for Commonwealth Finance Minister,” 12 July 1957, Volume 538, File 812.1, 6.

government to tell his Indian counterpart, Panjabrao Deshmukh, that Canada would consider a five year loan to India for the purchase of wheat.

Some within the relevant departments expressed concern about the advisability of such a loan. On 25 November, Mitchell Sharp wrote a memo to J.M. Macdonnell, then acting minister of Trade and Commerce, to outline the pros and cons of such a loan. On the positive side, Sharp wrote, the loan would relieve distress for a “worthy” cause, would strengthen the Commonwealth, and would not bring Canada into conflict with either the US or Australia in terms of stepping on any trade-related toes.⁶²⁵ On the negative side, he questioned or not India was a good risk for such a loan, and more significantly, he questioned whether or not this action would “establish a dangerous precedent.”⁶²⁶ Undoubtedly, Sharp concluded, lending to India would send a signal to other countries that Canada was able to provide loans to Colombo Plan countries, something the Liberal government had resisted. Indeed, Wynne Plumptre was one important skeptic who strongly opposed a wheat loan.⁶²⁷

However, the Diefenbaker administration did not fear such a precedent, and the DEA notified the high commission in New Delhi that the Canadian government was “anxious” to finish the sale, and would even offer a greater than five-year term on the loan in order to get the deal done.⁶²⁸ In December, the Canadian government began negotiations with representatives from the GOI. New Delhi asked for 215,000 tons of Number 4 Northern on a seven year term, and Canada offered a rate of interest at approximately 4 ½ percent. The Canadian government

⁶²⁵In September of 1957 Australia did protest the use of wheat as normal Colombo Plan aid on the grounds that it interfered with their commercial sales to India, LAC, RG 19, “Memorandum to the Cabinet – Wheat as Colombo Plan Aid,” 13 September 1957, Volume 4273, File 8055-05-4, 2.

⁶²⁶LAC, RG 25, Mitchell W. Sharp, “Wheat Loan to India,” 25 November 1957, Volume 6618, File 11302-B-40, pt. 2.1, 2.

⁶²⁷In 1958, Plumptre wrote to Fleming that “as I indicated at the time, I was never really happy about the decision made by the Canadian Government earlier this year to provide wheat for Colombo Plan countries on a loan basis.”

⁶²⁸LAC, RG 25, External to New Delhi, 26 November 1957, Volume 6618, File 11302-B-40, part 2.1, 2; LAC, RG 25, A.F.W. Plumptre to the Minister, 24 July 1958 Volume 7027, File 6000-R-50, part 1.1, 43.

found the requested quantity “disappointing” and asked the officials from the GOI to enlarge the request since the terms were very favourable, which they promised to do.⁶²⁹ By the end of 1958, Canada loaned India C\$24.18 million for wheat sales, in addition to their wheat grant worth C\$8 million, and again in 1959, Canada concluded a loan worth C\$8.82 million in addition to a C\$10 million wheat grant.⁶³⁰ In the end, worries about India as a bad risk proved justified, and during India’s next major financial crisis in the mid-1960s, Canada decided to forgive these loans to help the ailing country.⁶³¹ The decision to offer a loan was a political rather than an economic one.

However convenient the financial crisis turned out to be as an incentive to find additional reasons to send wheat to India, it was a short-term solution to Canada’s wheat problem. Diefenbaker searched for more permanent solutions. In 1958, during his world tour, Diefenbaker visited India. In addition to meetings with Nehru and being bestowed with an honorary degree from Delhi University, he also visited the Supreme Court, gave a speech in the Indian *Lok Sabha*, and participated in a rather questionable tiger hunt. Diefenbaker also met with the Planning Commission.⁶³² He had been warned about Indian sensitivities by the DEA, and asked, when making his speeches, not to emphasize the British connection in discussing the Commonwealth, nor to launch any attacks against communism, and finally, to refer to Canadian

⁶²⁹ Robertson felt that the 4 ½ percent interest rate might not look good enough, since the Soviet government charged a nominal rate of just over 2 percent. LAC, RG 25, Norman Robertson, Washdc to External, 16 December 1957, Volume 6618, File 11302-B-40, part 2.1, 1.

⁶³⁰ Central Secretariat Library, Ministry of Finance, *External Assistance, 1961* (New Delhi: Government of India, 1961), 35.

⁶³¹ LAC, RG 25, “A.J. Barry to the Under-Secretary of State for External Affairs, Attachment - Financial Agreement between the Government of Canada and the Government of India,” 20 April 1967, Volume 5140, File 8130-09-2/I39-2, part 3, 1.

⁶³² Fortunately, the tigers of India were no worse off after the hunt, as the expedition failed to kill one. LAC, RG 25, Chester Ronning, The Office of the High Commissioner to the Under-Secretary of State for External Affairs, 4 December 1958, Volume 7826, File 12687-F-40, part 1.3, 4. The honorary degree was arranged hastily, with the request only going from the Indian Ministry of Education to Delhi University on the 25th of October, less than a month before Diefenbaker was set to arrive in the country. NAI, Ministry of Education, U.5 Section, File No. F.20-72/58, Proposal to Confer a Doctorate Degree Rt. Hon’ble John Diefenbaker, P.M. of Canada on his state visit to India, N.S. Junankar to Dr. V.K.R.V. Rao, Vice-Chancellor, University of Delhi, 25 October 1958.

Colombo Plan aid only “briefly and in modest terms” and to focus on praising India’s own development efforts.⁶³³ The records of Diefenbaker’s speeches and meetings show that he was largely listened to the DEA’s advice, although Nehru became somewhat defensive when Diefenbaker asked him about the size of India’s defense budget.⁶³⁴ The DEA and the Canadian high commission likely would have advised against Diefenbaker touching on this topic, since Nehru was particularly sensitive to the feeling that India should not make changes to its internal policies and decision-making based on donor attitudes. The DEA might also have questioned the propriety of Diefenbaker’s direct lobbying of the Planning Commission on behalf of Canadian wheat. According to the meeting minutes:

Explaining the background, the Prime Minister said that he had been very much in favour of the Colombo Plan since its inception in 1950 ... There was, however a major problem which he wished to bring to the attention of the Planning Commission. Canada had an enormous surplus of wheat which could cost as much as \$30 to 40 million in storage. Unlike the United States which exported only 19% of its wheat production, Canada had to export as much as 80%. Public opinion in Canada felt that the increased assistance given under the Colombo Plan should especially take the form of wheat and that countries within the Commonwealth should appreciate the problems with which Canada was faced in connection with its wheat surplus. The United States had made extensive bilateral arrangements for disposing of its surplus and was in a position to offer facilities and concessions which were beyond the means of Canada. In this connection, the Prime Minister also referred to the budgetary deficit, the foreign exchange gap and unemployment in Canada.⁶³⁵

⁶³³ LAC, RG 25, From Delhi to External, 18 October 1958, Volume 7826, File 12687-F-40, part 1, 1-2.

⁶³⁴ LAC, RG 25, From Office of the High Commissioner for Canada – New Delhi to the Secretary of State for External Affairs, Attachment – “Record of the Prime Minister’s Conversation with Mr. Nehru, New Delhi, November 19, 1958,” 29 November 1958, Volume 7826, File 12687-F-40, part 1.3, 4. The fact that Nehru disliked the aid process did leave an impression on Diefenbaker’s mind, as he wrote in his memoirs. During their discussion about the numbers of outside experts that various projects required, Diefenbaker said that he approved of greater funding through the International Bank: “To this Nehru rejoined that people didn’t like to be bossed by large numbers of foreigners, no matter how generous.” John G. Diefenbaker, *One Canada: Memoirs of the Right Honourable John G. Diefenbaker, Volume II: Years of Achievement*, (Toronto: Macmillan of Canada, 1977), 109.

⁶³⁵ LAC, MG 31 E83, H. Basil Robinson papers, “Planning Commission – Summary record of a meeting of the Planning Commission held at 3 p.m. on Saturday, November 22 to meet the Prime Minister of Canada,” Volume 1, File “October – December 1958 – Prime Minister’s Tour,” 4.

It is difficult to know how members of the Planning Commission felt about this appeal. One might guess that the prime minister of one of the wealthiest countries in the world with a population of a mere 18 million, complaining about unemployment and a foreign exchange gap to the members of the group responsible for raising over half of its approximately 433 million persons out of poverty during a severe financial crisis may have appeared somewhat farcical, if not offensive. This was a dramatic example of Diefenbaker's failure to grasp not only the nuances of the Nehru administration's approach, but also the problem of economic development in general. However, regardless of the advisability of this approach, the message was loud and clear. Canada had lots of wheat and it was happy to find ways to get rid of it.

Another approach that Diefenbaker took to the problem of surplus wheat was his idea for a World Food Bank (WFB), although it did not specifically implicate India. In his memoirs, Diefenbaker credits the inspiration for the idea of the WFB to his father, who felt that Christian theology, and the lessons of the biblical story of Joseph who encouraged the Pharaoh to set aside seven years of surplus for an oncoming drought, could be applied to international affairs.⁶³⁶ This may very well have been the case personally for the prime minister, but ideas for the improvement of food aid policy were very much in the air in the late 1950s. According to political scientist Mark W. Charlton, the idea for a WFB was presented to Diefenbaker by the Canadian Federation of Agriculture.⁶³⁷ Within the US government, Senator Hubert Humphrey and a group of like-minded colleagues had been working since 1954 to transform the PL 480 provisions from a dumping ground to a developmentally-minded program, which could be used as an aid resource.⁶³⁸ In 1956, he was commissioned by the Senate to study PL 480, and he

⁶³⁶ Diefenbaker, *One Canada, Years of Achievement*, 140.

⁶³⁷ Charlton, *The Making of Canadian Food Aid Policy*, 21.

⁶³⁸ Michael B. Wallerstein, *Food for War – Food for Peace: United States Food Aid in a Global Context* (Cambridge: The MIT Press, 1980), 38.

released a report, “Food and Fiber as a Force for Freedom” in 1958 which advocated for the extension of the program and the creation of a “Peace Food Administrator” in the White House.⁶³⁹ In 1959, he introduced “A Bill to promote the foreign policy of the United States and help essential world conditions of peace by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.”⁶⁴⁰ During this time, the State Department also conducted a review of American food aid policies.⁶⁴¹

However, Diefenbaker does deserve credit for first bringing the idea of multilateral cooperation in food aid to the world stage. He did so in his first year in office at the NATO heads of government meeting in December 1957, pitching the WFB as both a strategic policy to build up food reserves in the event of a Third World War, and also as a developmental initiative to build up developing economies as a bulwark against communism. Using India as an example, Diefenbaker argued that a secure food supply was an important contributor to political stability.⁶⁴² The idea stalled at NATO, but in 1959, following the State Department review of aid policies and Humphrey’s bill in the Senate, the Eisenhower administration began to reconsider multilateral approaches to its food aid program.⁶⁴³ During his special farm message to Congress in January 1959, Eisenhower, at the urging of an adviser, recommended the extension of PL 480

⁶³⁹ Ibid.

⁶⁴⁰ Ibid.

⁶⁴¹ Ibid.

⁶⁴² Diefenbaker, *One Canada, The Years of Achievement*, 140.

⁶⁴³ In October 1958 “Cabinet approved that the Canadian representative to the NATO Senior Civil Emergency Planning Committee be authorized to offer Canadian flour to NATO countries for emergency stockpiling.” The proposal only received modest interest from NATO countries. DCER, Gordon Churchill, “Provision of Wheat Flour for Emergency Stockpiling in NATO Countries, Document No. 202/59,” 2 July 1959, No. 112, Volume 26, Chapter II, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/department/history-histoire/dcer/details-en.asp@intRefid=10930> (accessed 18 April 2014); Wallerstein, *Food for War*, 39.

programs.⁶⁴⁴ In February of 1959, the US embassy contacted the DTC to notify the Canadian government that plans were in the works in Washington to hold a “Food for Peace conference,” a three-day meeting in order to consider these issues.⁶⁴⁵

In considering whether or not to participate in the conference, Merril W. Menzies, an adviser to the prime minister’s office, warned that despite their best intentions, “surplus disposal remains the basic purpose of their proposal.”⁶⁴⁶ The DF came to a similar conclusion, worrying that the program might lead to the perpetuation, rather than the removal, of surplus production in North America.⁶⁴⁷ Despite these concerns, the government concluded that it was better to be at the table defending Canada’s interests than not, and so agreed to participate in the May meetings.⁶⁴⁸

In preparation for the meeting, Canadian officials were forced to think through the abstract idea that Diefenbaker had earlier proposed at NATO. Roy Faibish, the private secretary and special assistant to the minister of Northern Affairs and Natural Resources sent a letter to Menzies suggesting Canada propose that all surplus disposal should be handled through an international agency like the FAO, although he did worry that the US might reject a plan which

⁶⁴⁴ Ibid. Eisenhower stated: “As we move to realistic farm programs, we must continue our vigorous efforts further to expand markets and find additional outlets for our farm products, both at home and abroad. In these efforts, there is an immediate and direct bearing on the cause of world peace. Food can be a powerful instrument for all the free world in building a durable peace. We and other surplus-producing nations must do our very best to make the fullest constructive use of our abundance of agricultural products to this end. These past four years our special export programs have provided friendly food-deficit nations with four billion dollars worth of farm products that we have in abundance. I am setting steps in motion to explore anew with other surplus-producing nations all practical means of utilizing the various agricultural surpluses of each in the interest of reinforcing peace and the well-being of friendly peoples throughout the world in short, using food for peace.” John Woolley and Gerhard Peters, eds., “23 – Special Farm Message to Congress on Agriculture, 29 January 1959,” The American Presidency Project, <http://www.presidency.ucsb.edu/ws/?pid=11523> (accessed April 20, 2014).

⁶⁴⁵ USkUASC, DCC, Diefenbaker papers, Memo to Deputy Minister, Department of Trade and Commerce, et al, “Food for Peace,” 25 February 1959, Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, p. 1-2.

⁶⁴⁶ USkUASC, DCC, Diefenbaker papers, M.W. Menzies, “Memorandum for Mr. R.B. Bryce,” 27 February 1959, Diefenbaker papers, Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, 1.

⁶⁴⁷ USkUASC, DCC, Diefenbaker papers, Memo, Department of Finance, “Food for Peace,” 24 March 1959, Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, 1.

⁶⁴⁸ USkUASC, DCC, Diefenbaker papers, Draft Memorandum to Cabinet, “Food for Peace,” Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, 7.

took control out of American hands.⁶⁴⁹ Like the proposals that US Senator Hubert Humphrey developed in Washington, a memorandum prepared for the meetings characterized the WFB as not just a means of surplus disposal but as a way of “developing the economies, health and welfare of peoples in underdeveloped countries” and that the program should be aimed toward creating new consumption rather than just replacing exports.⁶⁵⁰ The author devised a variety of ways in which the proposed program might operate. In addition to ordinary uses, such as the provision of food in cases of emergency, the author also came up with some more novel ideas, including the use of food aid to pay for labour on economic development projects, and the use of food as a scholarship program and/or a salary for teachers.⁶⁵¹ These suggestions represented the attempt to mould what was at its heart surplus disposal into an economic development program, a formidable challenge for bureaucrats sitting at their desks in snowy Ottawa.

Despite its interest in the idea, the Eisenhower administration was in its waning days and little came of the meetings in the short term. They did strike a “Wheat Utilization Committee” and held meetings the following month and again in November which at least kept the lines of communication open between the US and Canada on the issue.⁶⁵² However, in 1960, two factors came into play. One was the active interest in food aid policy from Senator John F. Kennedy, who was running for Eisenhower’s job. While traditional agricultural issues bored Kennedy, he was excited by the possibilities of the use of agricultural surpluses for international economic

⁶⁴⁹ USkUASC, DCC, Diefenbaker papers, Roy A. Faibish to Dr. Merrill Menzies, Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, 5.

⁶⁵⁰ USkUASC, DCC, Diefenbaker papers, “Background Paper for Meeting of Ministers on ‘Food for Peace’ Proposals,” Volume 113, File MG 01/XII/F/233 Foreign Aid – Food for Peace Conference, n.d., 1959, 2.

⁶⁵¹ *Ibid.*

⁶⁵² *DCER*, “First Meeting of the Wheat Utilization Committee, Washington, D.C., June 15-17, 1959, DEA/24-1-40,” 26 June 1959, no. 264, Volume 26, Chapter IV, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/details-en.asp@intRefid=11082> (accessed 25 April 2014).

development.⁶⁵³ The second factor was Diefenbaker's decision to bring the WFB idea away from NATO and to the United Nations during his speech at the fifteenth session of the General Assembly in September of that year. Eisenhower made a similar address, asking that "a workable scheme should be devised for providing food aid through the UN system."⁶⁵⁴ On 27 October, Canada, the United States, and four other countries sponsored Resolution 1496 XV, "Provision of food surpluses to food deficient peoples through the United Nations system." The resolution called on the FAO to "undertake a study of the feasibility and acceptability of additional arrangements, including multilateral arrangements under the auspices of the Food and Agricultural organization, having as their objective the mobilization of available surplus foodstuffs and their distribution in areas of greatest need, particularly in economically less developed countries."⁶⁵⁵

Simultaneously, Senator George McGovern worked on a similar idea for a multilateral world food agency for the Kennedy campaign. In October, McGovern issued a press release, using the "Food for Peace" terminology, and called for a conference to create this type of organization. The press release also suggested a food-for-work scheme as a part of the proposal.⁶⁵⁶ Kennedy's presidential win the previous fall only increased the likelihood that the UN resolution might turn into something concrete, and once installed in the White House as the

⁶⁵³ Wallerstein, *Food for War*, 40.

⁶⁵⁴ John Woolley and Gerhard Peters, eds., "302 – Address Before the 15th General Assembly of the United Nations, New York City," 22 September 1960, *Dwight D. Eisenhower, XXXIV President of the United States: 1953-1961*, <http://www.presidency.ucsb.edu/ws/?pid=11954> (accessed April 20, 2014).

⁶⁵⁵ "Provision of Food Surpluses to Food-Deficient People through the United Nations System [1960] UNGARsn 22; A/RES/1496 (XV)," 27 October 1960, United Nations General Assembly Resolutions, World Legal Information Institute, <http://www.worldlii.org/int/other/UNGARsn/1960/22.pdf> (accessed April 20, 2014).

⁶⁵⁶ John Shaw, *the UN World Food Programme and the Development of Food Aid* (Houndmills: Palgrave, 2001), 12. Unfortunately, Shaw's work is not an authoritative source on the history of the World Food Programme (WFP). He incorrectly states that Diefenbaker brought his proposal of a WFB to the UN in 1959 instead of 1960, and he calls the idea for the World Food Programme "One Man's Inspiration," referring to George McGovern, when it is clear even from his own writing that it was an idea shared among many at the time. While McGovern certainly deserves much of the credit for getting the WFP off the ground in the Kennedy administration, its formation, as the above shows, could hardly be called the work of "one man," and reflects an over-emphasis on McGovern's role possibly brought about by Shaw's extensive use of McGovern's personal papers.

director of the US Food for Peace Programme, McGovern pushed the idea into fruition. In response to the resolution, the Director General of the FAO did convene a panel to study the issue, and submitted a draft report in April, 1961.⁶⁵⁷ In the late autumn of 1961, the World Food Programme was brought into being by parallel resolutions in the UN General Assembly and FAO on a three-year experimental basis.⁶⁵⁸

Diefenbaker's role in the process that led up to the formation of the FAO was, in the end, fairly marginal. The real work was done in Washington; it happened in Congress and in the State Department, in the United Nations, and following Kennedy's win, George McGovern led the charge. While Diefenbaker had an idea for some kind of a multilateral agency to handle grain surpluses, the present author has not found any evidence in either his personal papers, DTC or DEA documents that Diefenbaker ever articulated, clearly and specifically, what he envisioned or meant by the proposal.⁶⁵⁹ The work done in the DTC to try and thresh out what he may have desired possibly made some impact on US officials through the Wheat Committee or through their representations in Rome at the FAO, but it seems that their ideas were largely in step with contemporary thinking in Washington anyway. However, Diefenbaker does deserve credit for first bringing the issue to the international stage.

At the time, Diefenbaker might have happily accepted credit for his role in the formation of the WFP, as would anyone. Not only did Canada participate in the World Food Programme, it also continued to give food bilaterally. The Canadian food aid program grew dramatically

⁶⁵⁷ The Director General of the FAO suggested a US\$25 to US\$30 billion program over five years, which the Canadian delegation found "over-ambitious" and called for him to come up with a more "modest beginning on a multilateral basis." USKUASC, DCC, Diefenbaker Papers, "Memorandum to Cabinet: United Nations Food Bank," 21 July 1961, Volume 113, File MG 01/XII/F/234, Foreign Aid – United Nations Food Bank 1960-61, 1.

⁶⁵⁸ Wallerstein, *Food for War*, 42.

⁶⁵⁹ The present author has not investigated files from the Department of Agriculture, which may prove more fruitful.

during the 1960s, ballooning to over C\$100 million in the 1966/67 fiscal year.⁶⁶⁰ However, the uncomplicated view that both the donor and recipient governments had about food aid during this era has largely been discredited. Simple assumptions based on a model that saw all calories as equal, and neglected local cultural and socio-economic factors in recipient countries have simply not worked. Since the 1950s, scholarship on and thinking about food aid has evolved significantly. Recent scholarship has pointed to the numerous problems related to the use, or misuse, of food aid, even when it is provided during a humanitarian crisis. Scholars have extensively criticized the food aid as being primarily oriented toward the needs of the donor rather than the recipient, a criticism one can very easily make of the Diefenbaker administration's approach.⁶⁶¹ Poor management of food aid distribution is criticized for failing to meet the real nutritional needs of the populations it targets, interfering with local markets and indigenous eating habits, and often ending up in the hands of those who do not need it. Moreover, although Canada justified the use of food aid as a way to promote exports, research shows that it has been an inefficient means of doing so.⁶⁶² The Canadian government and the European Union has made a significant shift away from the type of surplus food exports that originally characterized food aid from the 1950s to the 1980s, and has shifted towards an approach that addresses humanitarian and development issues based on the needs of the recipient.⁶⁶³ The World Food Programme itself has made significant changes during the 1990s,

⁶⁶⁰ Mark W. Charlton, *The Making of Canadian Food Aid Policy* (Montreal & Kingston: McGill-Queen's University Press, 1982).

⁶⁶¹ Christopher B. Barrett and Daniel G. Maxwell, *Food Aid After Fifty Years: Recasting its Role* (London: Routledge, 2005), 19. See also Hans Wolfgang Singer, John B. Wood and Tony Jennings, *Food Aid: The Challenge and the Opportunity* (Oxford: Clarendon Press, 1987); Edward Clay and Olav Stokke, eds., *Food Aid Reconsidered: Assessing the Impact on Third World Countries* (London: Frank Cass & Co., Ltd., 1991); Edward Clay and Olav Stokke, eds., *Food Aid and Human Security* (New York: Frank Cass Publishers, 2000); Jennifer Clapp, *Hunger in the Balance: The New Politics of International Food Aid* (Ithaca: Cornell University Press, 2012);

⁶⁶² Ibid, 176-191.

⁶⁶³ Barrett and Maxwell, *Food Aid*, 52-54.

moving substantially away from a surplus food distribution agency to one that is more dedicated to humanitarian crises.⁶⁶⁴

Obviously, Canadian aid policy during the Diefenbaker era was targeted more at donor concerns than the needs of recipients, since it was so closely tied to the Progressive Conservative party's political ambitions. It was yet another example of the embedded assumptions in the aid program that assumed a well-intentioned gift would result in a positive outcome for the recipient. Diefenbaker's simplistic thinking about food aid – if there are hungry people, and we have surplus wheat, it is our duty to share – was widespread at the time both among governments and among the public, and to a large extent still is. However, Diefenbaker wrote in his memoirs that he did not get the support he anticipated for the World Food Bank idea from the DEA:

The idea was one of the many I put forward which encountered negative responses from the officials in the Department of External Affairs. In December 1957, they advised me not to touch the issue. Their general attitude was that the only course worth following internationally had already been established. Most of the personalities in External Affairs fit Churchill's description: "There but for the grace of God goes God."⁶⁶⁵

However, there was much more to the resistance that Diefenbaker encountered in the DEA to the World Food Bank, and his ideas on food aid generally, than the simple arrogance he attributes to officials in the department. This will be explored in the next chapter.⁶⁶⁶

⁶⁶⁴ Ibid, 62. The World Food Programme lists its core policies and strategies on its current website in this way: "to save lives in refugee and other emergency situations; to improve the nutrition and quality of life of the most vulnerable people at critical times in their lives; and to help build assets and promote the self-reliance of poor people and communities, particularly through labour-intensive works programmes." World Food Programme, "About – Mission Statement," <http://www.wfp.org/about/mission-statement> (accessed April 22, 2014). Interestingly, labour-works programs are still a part of the World Food Programme's mandate, although it is framed in the language of development and capacity-building.

⁶⁶⁵ Diefenbaker, *One Canada, The Years of Achievement*, 141.

⁶⁶⁶ Another "innovation" that Diefenbaker tried to nurture was his concept of "Freedom's Creed," a vague and ill-defined idea that Robinson describes in this way: "It had to do with social, religious, and economic liberties – these were the treasures he prized in the idealistic side of his mind, and this was what he wanted for the peoples of the Commonwealth and the other newly emerging nations. He had the greatest difficulty in understanding why political leaders, such as Nehru, preferred to be uncommitted in the East-West ideological struggle." Although, as Robinson writes, the "Declaration of Freedom's Creed" never amounted to anything," it is probably the first time that a

The Montreal Conference

Most of changes to the aid file in the first years of the Diefenbaker era were prompted by the decision to host the Commonwealth Trade and Economic conference in Montreal. The government wanted to be seen as proactive and aid was one area where the publicity to cost ratio was quite favourable from the government's point of view. While more thorny issues such as increasing Commonwealth trade continued to elude the Diefenbaker administration, aid presented an area where concrete proposals could be fairly easily achieved. Although the idea for a Commonwealth Fund failed, one long-standing program that emerged from the Commonwealth relationship on the aid file was the Commonwealth Scholarship program. Also, Diefenbaker's government made a multi-year funding commitment to the Commonwealth, the first time that any Canadian government had done so. Not only did this help formally transition the program from a temporary to a permanent part of Canadian government expenditures, it also was an idea that responded to donor concerns, including those voiced from India. As well, it extended the Colombo Plan out of South and Southeast Asia for the first time.

The government held the Commonwealth Trade and Economic conference from 15-26 September 1958 in Montreal. Others have examined the failure of the Diefenbaker administration to grow closer economic ties with the Commonwealth which had originally been envisioned when the Canadian government first set out the invitation at the prime minister's meeting the previous year.⁶⁶⁷ The idea to strengthen economic ties through a Commonwealth fund or bank, alongside a new development agency, did not survive the Montreal meeting either. Key to its demise was the decision by the UK government, the original proponent, not to support

Canadian political leader explicitly linked the idea of economic freedom and human rights. Robinson, *Diefenbaker's World*, 105.

⁶⁶⁷ See Muirhead, *The Development of Post-War Canadian Trade Policy*, 163-177 and Bruce Muirhead, "From Dreams to Reality: The Evolution of Anglo-Canadian Trade During the Diefenbaker Era," *Journal of the Canadian Historical Association* 9, no. 1 (1998): 243-266.

the idea of a Commonwealth fund prior to conference, even though the Diefenbaker cabinet still liked the idea. According to a DEA memorandum prepared prior to the conference, a Commonwealth development bank did not find favour in the Canadian government as officials felt that a bank would needlessly replicate the work of the IBRD, and might prove problematic in the long-run for the borrowing countries due to the burden the loans might place on their balance of payments.⁶⁶⁸ However, loans lent out from a Commonwealth fund, as the Canadians envisioned it, would be repayable in local currencies, and therefore would provide something novel that the IBRD was not already doing.⁶⁶⁹ However, the UK's position did not change.

On 6 August 1958 at the cabinet committee tasked with planning the upcoming conference, Fleming and Claude Isbister, assistant deputy minister for the DTC, both speculated whether or not Canada could encourage the UK government to reconsider the proposal.⁶⁷⁰ The UK suggested that the organization could look at strengthening the Commonwealth Development Finance Company, the UK government-owned business development organization. Fleming felt this would be a "poor substitute" for the idea of a Commonwealth fund.⁶⁷¹ However, Plumptre advised the committee that the UK had "decisively rejected" the idea a Commonwealth fund.⁶⁷² Louis Rasminsky, a deputy governor of the Bank of Canada, explained that three elements had made the UK reconsider the proposal, namely the implications for their balance of payments, the effect on the UK budget, and their opposition to giving soft loans "on

⁶⁶⁸ LAC, RG 25, MG 31 E6, Douglas LePan papers, "Memorandum – Canadian Aid to Commonwealth Countries: Proposals for Montreal Conference," Volume 10, File 110, 4.

⁶⁶⁹ Ibid.

⁶⁷⁰ LAC, RG 25, MG 31 E6, Douglas LePan papers, "Cabinet Committee on the Commonwealth Conference, 6 August 1958, Volume 11, File 118, 43.

⁶⁷¹ Commonwealth Development Corporation, "Key Facts – An Introduction to the UK's DFI," Commonwealth Development Corporation, <http://www.cdcgroup.com/Who-we-are/Key-Facts/> (accessed April 22, 2014).

⁶⁷² LAC, RG 25, MG 31 E6, Douglas LePan papers, "Cabinet Committee on the Commonwealth Conference, 6 August 1958, Volume 11, File 118, 9.

easy terms.”⁶⁷³ It makes one wonder what the UK government could have possibly had in mind when it originally proposed the initiative. However, without their support, the idea for a Commonwealth bank or fund was dead.⁶⁷⁴

However, this failure did not prevent the Canadian government from moving forward in other directions. In the extensive preparations made for the meeting, the departments worked on proposals and announcements the government could make during the meeting on economic development matters. The Diefenbaker administration gave the green light to three important proposals. The first was for a scholarship program within the Commonwealth. This was a Canadian proposal, although the UK delegation came to the conference armed with a similar idea to increase student training in technical and scientific fields.⁶⁷⁵ The Canadian government had developed the idea much more extensively than the UK, however. It suggested a “broad and reciprocal plan of Commonwealth scholarships.”⁶⁷⁶ Also, instead of limiting the scholarship program to just the training of scientists and technicians, the Canadian proposal cast a wider net on what types of educational opportunities it could offer, recognizing that there was a need for “administrators, political leaders, teachers and administrators who can participate in the formulation and management of more effective and dynamic programmes and thereby ensure

⁶⁷³ Ibid.

⁶⁷⁴ The matter was again discussed at cabinet on September 7, with the prime minister expressing his support for the idea. The cabinet concluded that “A proposal of this kind was one which Canada could more readily initiate than the United Kingdom or Australia. It would be desirable to put it forward even if the United Kingdom did not agree.” *DCER*, “Extract from Cabinet Conclusions,” 7 September 1958, no. 370, Volume 24, Chapter III, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/department/history-histoire/dcer/details-en.asp@intRefid=6792> (accessed 24 April 2014). The prime minister even mentioned the idea in his speech to the conference, but this made little impact on the proceedings of the conference. *DCER*, “Extract from Cabinet Conclusions,” 21 September 1958, no. 372, Volume 24, Chapter III, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/department/history-histoire/dcer/details-en.asp@intRefid=6794> (accessed 24 April 2014).

⁶⁷⁵ LAC, MG 31 E6, Douglas LePan papers, “Commonwealth Trade and Economic Conference, 1958, Summary Record of the Eighth Plenary Session held in the Richelieu Room, Queen Elizabeth Hotel, Montreal, on Friday September 19th, 1958 at 10:00 a.m.,” Volume 10, File 114, 3.

⁶⁷⁶ LAC, MG 31 E6, Douglas LePan papers, “Memorandum: Commonwealth Scholarship and Technical Assistance Proposals for Montreal Conference,” 20 August 1958, Volume 10, File 113, 1.

productive employment of the growing reservoir of technically skilled personnel and other resources.”⁶⁷⁷ The approach is what might today be termed “capacity building” in development circles. During the meetings leading up to the conference, other countries, including India, voiced their support for the UK and Canadian proposals, ensuring their success during the conference.⁶⁷⁸ Although the details of the plan were not finalized until after the conference, the “broad and reciprocal” nature of the Canadian proposal survived the negotiations, and the Commonwealth Scholarship program became one of the defining features of the Commonwealth organization in the years to come.⁶⁷⁹

Another announcement that the Canadian government made during the Montreal conference was the first major raise in Colombo Plan funding since the program began, outside of the unique circumstances of the atomic reactor project. The government announced that not only would funding for the Colombo Plan be raised by C\$15 million, from C\$35 to C\$50 million, it also would put that funding in place annually for a three-year period. One of the major arguments that Reid had made for a large line of credit, as shown above, was the difficulty the Indian government faced in making long-term economic development plans when donor funding came in yearly allotments. Discussions in the DEA regarding the extension of Canada’s Colombo Plan grant aid over a longer than one-year term went as far back as 1955 as a result of Reid’s prodding on the line of credit idea. As a memo by O.G. Stoner from 23 June 1955 read: “[i]t may be felt ... that for purpose [sic] of the Indian planners, there might be some merit in having Canada’s grant aid established over a fixed period of more than one year, e.g., five years

⁶⁷⁷ Ibid.

⁶⁷⁸ LAC, MG 31 E6, Douglas LePan papers, “Commonwealth Trade and Economic Conference 1958, Summary Record of the Eighth Plenary Session held in the Richelieu Room, Queen Elizabeth Hotel, Montreal, on Friday, September 19th, 1958, at 10:00 a.m.,” Volume 10, File 113, 8.

⁶⁷⁹ For more documents on the Commonwealth Scholarship program, see *DCER*, “Commonwealth Educational Exchanges,” nos. 374 – 386, Volume 24, Chapter III, Part 3, Section B, <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/history/2013-05-03/www.international.gc.ca/departement/history-histoire/dcer/1958/menu-en.asp> (accessed 24 April 2014).

or the life of the Second Plan.”⁶⁸⁰ While movement in this direction did not happen under the Liberal government, at Reid’s insistence the DEA recognized the utility, at least for the Indian government which thought in terms of Five Year Plans, of multi-year grants.

The idea to substantially increase the level of grants under the Colombo Plan also emerged from this period. As shown in chapters 4 and 5, although the former high commissioner had substantially larger numbers in mind than a C\$15 million increase, his activism for increased aid for India made an impression on the DEA, and probably the DTC and DF as well. An increase in aid for India, if not the entire Colombo Plan, was already lodged in the minds of officials in Ottawa well before the 1957 election. Diefenbaker’s vocal support for the Colombo Plan, and the need to “make a splash” at the Montreal conference, combined to turn this already-formed idea into action. Not surprisingly, however, the first proposal for an increase in Colombo Plan aid came in the form of agitation for an increase in Canadian wheat supplied under the program. The idea first came about in the Diefenbaker government as officials prepared for the Mont Tremblant meeting. The DTC originally made a proposal that the 1957-58 allocation be raised from C\$35 to C\$50 million with the increase directed specifically at wheat. In the three months leading up to the meeting, the proposal was considered at the official and ministerial level, but in the end it was decided the announcement should be held back for the Commonwealth trade conference.⁶⁸¹ On 30 August, just prior to the conference, Diefenbaker specifically mentioned the Canadian aid program during a statement on agriculture, saying that “The Government proposes, subject to approval by parliament at the next session, to continue the fund to assist in the export of surplus wheat stocks to non-commercial markets under the

⁶⁸⁰ LAC, RG 25, A.E. Ritchie to the Under-Secretary of State for External Affairs and attachment “Economic Aid to India,” 23 June 1955, Volume 7339, File 11038-1-40, part 8.1, 6.

⁶⁸¹ LAC, RG 25, “Briefing for Mont Tremblant Meetings. Wheat as Colombo Plan Aid,” Volume 6578, File 11038-1A-40, part 1, 1.

Colombo Plan so as to assure the continuance of the full scale sales promotion and market development programme” and used the C\$15 million figure as a “supplementary estimate.”⁶⁸² Importantly, however, during the announcement in Montreal, no specific mention of wheat was attached to the additional C\$15 million figure. This was as a result of recommendations coming from the DEA which will be discussed in the next chapter.

Another important announcement that came out of the Montreal conference was the decision to extend Canadian Colombo Plan aid outside of Southeast Asia for the first time. Prior to the conference, arrangements had already been made for a special programme of grant aid to the Federation of the West Indies which amounted to C\$10 million over five years and would be targeted at shipping and technical assistance.⁶⁸³ The government also announced its first program in Africa, allocating an initial C\$500,000 to Commonwealth members.⁶⁸⁴ The exclusion of former French territories would cause some soul-searching, but only once the Liberals had regained government following the April 1963 federal election. Eventually, this excursion out of Southeast Asia would represent a dramatic shift for the aid program, particularly after the establishment of CIDA in September 1968. However, this initial venture outside of traditional Colombo Plan areas remained modest until the mid-1960s.

The Aid-India Consortium

A decision which was to have lasting consequences for the Canadian aid program was the choice to join the Aid-India Consortium, technically a World Bank, US-led initiative, to help bail India out of its financial crisis. In addition to becoming a member of the World Food

⁶⁸² LAC, RG 25, “Memorandum to Cabinet – Re: Government Assistance – Wheat Export Programme, 1958-59,” 23 January 1959, Volume 7340, File 11038-1-40, part 11.1, 1.

⁶⁸³ LAC, RG 25, “Memorandum for Economic Division II: Indian Film Project,” 27 April 1959, Volume 7340, File 11038-1-40, part 11.2, 1.

⁶⁸⁴ LAC, RG 25, “Canadian Aid to Under-Developed Countries in 1959” 18 November 1959, Volume 7701, File 1186-40, part 2.1, 45.

Programme and joining other multilateral initiatives that sprang up during this era, this was an important step out of an aid program that had been, with a few exceptions, focused on bilateral programming. Cavell's vision for a strongly individualized Canadian aid program receded, albeit slowly, as Canada became more and more involved in multilateral organizations. The particular decision to join the Aid-India Consortium is notable not simply because of the large amount of money involved, but also because it was a marker of a more general trend away from bilateralism which continued through the 1960s and urged Canada into the "First Development Decade."

As outlined above, a major financial crisis in India began in 1957, carried on through to 1958 and forced the GOI to reconsider its position on aid. Initially, India attempted to address the problem by severely cutting back on its Second Five Year Plan programming; however, this was not enough to stall the outflow of foreign exchange that reached dangerously low levels. What it needed was a bailout – a large inflow of foreign currency to prevent financial collapse.⁶⁸⁵ The only country with deep enough pockets to provide some relief was the US, the country Nehru most distrusted. In January 1958, after consultations with Krishnamachari, Eisenhower's government agreed to immediately lend US\$225 million to the GOI.⁶⁸⁶ The topic of aid to India had become what historian Dennis Merrill describes as a "*cause célèbre*" in the United States at this time, partially as a result of Max Millikan and W.W. Rostow's publication of *A Proposal:*

⁶⁸⁵ When, in 1991, India faced dangerously low levels of foreign exchange, the country instead turned to the International Monetary Fund, who by then had become the international organization called upon to deal with financial currency crises. Arunabha Ghosh, "Pathways Through Financial Crises: India," *Global Governance* 12, no. 4 (October-December 2006): 413-429.

⁶⁸⁶ Merrill, *Bread and the Ballot*, 144.

Key to Effective Foreign Policy in 1957 out of the Massachusetts Institute of Technology which called for large injections of foreign aid into India.⁶⁸⁷

By June, the GOI had formulated an idea for a “rescue operation” that would include the US, UK, Germany and Japan. Most of the large import orders that were draining India of its foreign currency had been placed within these four countries. However, during a meeting of officials held in London to prepare for the upcoming Montreal conference, B.K. Nehru approached Wynne Plumptre to pitch the idea that Canada might be included in the group. Plumptre demurred, explaining that Canada’s economy was “not in the same league, economically or financially” with creditor countries such as West Germany and the United States, and expressed the opinion that Canada simply would not be able to make any contribution of value. However, Nehru persisted, praising the “grace” of Canadian aid and its responsiveness to Indian needs, and urged Canada to consider the request.⁶⁸⁸ Nehru subsequently visited Washington and Bonn to continue his campaign for the rescue operation.⁶⁸⁹

Fleming was a cautious financial administrator, but he was also sensitive to international diplomacy and concerned about the impact of a possible default by the GOI. He did not dismiss the idea of Canadian participation in the IBRD operation when Plumptre informed him of the idea on 2 July. Rather, he suggested that Nehru consult with Robertson and Alan Hockin, the Canadian Treasury representative and the Alternate Director on the IMF and IBRD, during the Indian official’s subsequent visit to Washington.⁶⁹⁰ That month, the IBRD responded to India’s proposal and the President, Eugene Black, invited the named countries, including Canada, to a

⁶⁸⁷ Ibid; Max F. Millikan and W.W. Rostow with the collaboration of P.N. Rosenstein-Rodan and others at the Centre for International Studies Massachusetts Institute of Technology, *A Proposal: Key to an Effective Foreign Policy* (New York: Harper & Brothers, 1957), 100.

⁶⁸⁸ LAC, RG 25, Douglas LePan, “Memorandum for the Under-Secretary: Financial Crisis in India and attachment, To The Minister from A.F.W. Plumptre, Financial Crisis in India: Possibility of Canadian Assistance” 30 June 1958 and 25 June 1958, Volume 7027, File 6000-R-50, part 1.1, 1; 1-3.

⁶⁸⁹ LAC, RG 25, Escott Reid to Sidney Smith, 24 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1-8.

⁶⁹⁰ LAC, RG 25, A.F.W. Plumptre to B.K. Nehru, 2 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

meeting to be held in August to confer on the proposal. B.K. Nehru continued his direct lobbying, writing Plumptre on 19 July to pressure Canadian participation, once again flattering the Canadians by suggesting that India relied on Canada to “instill realism into discussion at these meetings.”⁶⁹¹ He also lobbied indirectly through his old contact Escott Reid in Bonn, where he must have known he would find a receptive ear. Reid wrote directly to Sidney Smith to outline the problems and suggest the necessity of Canadian participation.⁶⁹² As always, Reid could be relied upon to inject a heavy dose of alarmism into the debate, writing that:

If India does receive insufficient economic assistance I am afraid that it would be started on a slippery slope which would end in a defeat for Western interests as great as the defeat which we suffered ten years ago when the Nationalist regime collapsed in China and the Communists took over. As India goes so goes the whole of Asia and ultimately of Africa.⁶⁹³

Again, however, Canadian officials hesitated. Rasminsky told Black that his participation in such a meeting might lead to “confusion” since, as Plumptre had earlier insinuated, he felt that Canada could simply not be of much help.⁶⁹⁴ Plumptre supported him on this, and believed that not only could Canada not afford to be a part of such an operation, it should not involve itself in any more loans to developing countries in general.⁶⁹⁵

What happened next was quite interesting for an historian of Canadian political history. As outlined earlier, much has been made of Smith’s ineffectiveness as a minister for the DEA, which is in general an accurate assessment. However, this is one area where it appears that Smith did make an impact, in all likelihood with the support of his department who were naturally inclined toward multilateralism and the maintenance of good diplomacy with both the

⁶⁹¹ LAC, RG 25, B.K. Nehru to A.F.W. Plumptre, 19 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

⁶⁹² LAC, RG 25, Escott Reid to Sidney Smith, 24 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1-8.

⁶⁹³ Ibid, 5.

⁶⁹⁴ LAC, RG 25, Louis Rasminsky to A.F.W. Plumptre, 22 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

⁶⁹⁵ LAC, RG 25, To the Minister from A.F.W. Plumptre, “Emergency Financial Aid to India,” 24 July 1958, Volume 7027, File 6000-R-50, part 1.1, 3.

US and India. Despite the exhortations of both Rasminsky and Plumptre, Fleming left the door open to Canadian participation in the meeting on 1 August when he met for a final time with India's outgoing high commissioner to Canada, Dr. Rauf.⁶⁹⁶ Naturally, Rauf had encouraged Fleming to reconsider their position on the IBRD meeting. As Fleming wrote to Smith following the meeting, "I realize we cannot adopt a point blank refusal in such discussions with India."⁶⁹⁷ On 7 August, Smith wrote two letters: one to Escott Reid, which personally thanked the ambassador for his "initiative," and one to Fleming, a long letter which outlined why Smith felt that Canada should participate in the meeting. The specific nature of Smith's reply to Reid suggests that it was more than a *pro forma* response, and that Smith had indeed read and digested the contents of the ambassador's letter. Not only this, Smith's letter to Fleming clearly draws upon Reid's analysis when he writes that "the free world's stake in the success of the second Indian Five-Year Plan is such as to justify some form of concerted action on the part of those countries able to do so to help India over her present difficulties."⁶⁹⁸ Smith no doubt drew upon the expertise of his department in the drafting of this letter, however, it is difficult to imagine the level heads of the DEA either taking Reid's letter so seriously or drawing upon this sort of dramatic language to make its argument, suggesting that Smith personally took the lead in this correspondence. He also included a copy of Reid's letter to Fleming.⁶⁹⁹ Fleming had already been amenable to the idea of Canadian participation, and it seems that Smith's letter made an

⁶⁹⁶ LAC, RG 25, A.F.W. Plumptre to B.K. Nehru, 2 July 1958, Volume 7027, File 6000-R-50, part 1.1, 1. LePan also met with Rauf and noted with surprise that the high commissioner had broken with traditional Indian policy by emphasizing the threat communism posed to India if the government defaulted, comparing communism to "germs" which would infiltrate if the country's economic defenses were lowered. LAC, RG 25, D.V. LePan, Memorandum for the Under-Secretary, "Indian Financial Crisis," 12 August 1958, Volume 7027, File 6000-R-50, part 1.1, 1-2. Further pressure to participate came from the UK government. LAC, RG 25, F.E. Cumming-Bruce to Donald Fleming, 13 August 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

⁶⁹⁷ LAC, RG 25, Donald M. Fleming to Sidney, 4 August 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

⁶⁹⁸ LAC, RG 25, Sidney Smith to Donald M. Fleming, 7 August 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

⁶⁹⁹ LAC, RG 25, Donald M. Fleming to Sidney Smith, 9 August 1958, Volume 7027, File 6000-R-50, part 1.1, 1.

impact. He agreed that Smith, Gordon Churchill and himself should bring the matter to the prime minister.

By 15 August, Canada had agreed to participate, although its representative was not permitted to make any commitments during the meeting.⁷⁰⁰ Once Canada agreed to participate in the first meeting, however, it was all but decided that Canada would participate financially, which is why Rasminsky and Plumptre had advised against it in the first place. As historian Bruce Muirhead writes, the Aid-India Consortium, as the group became known, was “not ... a coalition of the willing” and that it hung together mostly as a result of the huge financial input of the United States and that government’s “cajoling” of the other partners.⁷⁰¹ However, it was only through the openness of Fleming and the active willingness of Smith, as well as a lot of diplomatic pressure from India and other sources, that Canada joined the group in the first place.

This was only one area in which Canada extended itself multilaterally under the Diefenbaker administration. For example, on 28 August, Diefenbaker cemented his support of multilateralism through the Bretton Woods organizations when he announced that, in preparation for the Montreal conference, he welcomed proposals from the US to increase funding for the IMF and IBRD.⁷⁰² In the following years, Canada joined other new multilateral organizations such as the International Development Association in 1960 and the Development Assistance Committee in 1961.⁷⁰³ It may be that a government of any political stripe would have followed

⁷⁰⁰ LAC, RG 25, H. Basil Robinson, Memorandum, Economic Division, Through Mr. LePan, Volume 7027, File 6000-R-50, part 1.1, 1.

⁷⁰¹ Bruce Muirhead, “Differing Perspectives: India, the World Bank and the 1963 Aid-India Negotiations,” *India Review* 4, no. 1 (2005): 4.

⁷⁰² LAC, MG 31 E6, Douglas LePan papers, External to Washdc, no. E1480, 26 August 1958, Volume 9, File107, 1.

⁷⁰³ The International Development Association (IDA) began as the so-called “Monronev Plan,” named after the Oklahoma Senator A.S. Monronev, who initially proposed the idea. He suggested loaning smaller amounts in soft currencies, which paralleled the type of Commonwealth fund Canadian officials had also considered. The IDA eventually got off the ground under the IBRD in 1960. The Development Assistance Committee formed in 1961 out of the Development Assistance Group, which had been convened a year earlier as “a forum for consultations among aid donors on assistance to less-developed countries.” Helmut Führer, “The Story of Official Development

the international trend toward multilateralism on these issues, yet in Canada the pivotal moment in accepting this trend dates from the Diefenbaker government's decision to join the Aid-India Consortium.

Conclusion

Few associate the Diefenbaker government's time in office with any great advances in the foreign aid portfolio, and in some ways this analysis is correct. Diefenbaker and his ministers knew little about the subject, and tended to see aid solely in terms of how it could be used to shift surplus wheat overseas in a convenient and cost-effective way. Few of the accomplishments of his government on the aid file could be directly attributed to his leadership, although he did play a marginal role in the establishment of the FAO. Nonetheless, indirectly, his leadership did make a difference. First and foremost, his whole-hearted support for the program meant that the Colombo Plan not only survived a change in government, it actually thrived, and his administration's quest to prove its fealty to the Commonwealth benefitted the foreign aid program. This firmly and permanently integrated aid into Canadian foreign policy. Secondly, although helped by the financial crisis in India, the Diefenbaker administration's quest to support prairie farmers broke new ground when it extended credit to India to buy wheat. This was the first loan that Canada made to a developing country in the post-war context. Finally, his invitation to host a Trade and Economic Conference brought an impulse for activity on the file. While other commitments by his government to the Commonwealth proved harder to implement, smaller and more concrete initiatives on the foreign aid program were easier to achieve. This resulted in a new scholarship program, an increase in Colombo Plan aid as well as a multi-year commitment to the grant program, and the extension of Canadian foreign aid outside of

Assistance: A History of the Development Assistance Committee and the Development Co-operation Directorate in Dates, Names and Figures (Paris: OECD, 1996), <http://www.oecd.org/dac/1896816.pdf> (accessed June 26, 2014).

Southeast Asia to the Caribbean and Africa. Finally, his government, under the leadership of Smith and Fleming, made the important decision to participate in the Aid-India Consortium. Again, this was prompted by the strong aid relationship that Canada had with India, and the Indian government lobbied hard to make sure that Canada was at the meeting. However, with hindsight, the significance of Canada's decision to take part went beyond its relationship with India, and signalled that the government was open to multilateralism for economic development in a new way. Its consideration of the Commonwealth Fund idea was another such signal.

It might easily be argued that had any other government been in charge during this era, this broader shift toward multilateral engagement might have occurred anyway. After all, this was a trend that emanated out of the highly influential US government, with its authority over the Bretton Woods and UN organizations. As this chapter has shown, even only briefly and partially, certain US senators, representatives and even future presidents were active on foreign aid initiatives, and they were supported by many of the public intellectuals of the day. It was perhaps inevitable that these ideas would influence the direction of the Canadian government no matter who was in charge. This is likely true. Nonetheless, it was Diefenbaker's government that was in power, and certain changes are directly attributable to his own personal commitment to the Commonwealth, and his ministers' openness to multilateral engagement on this particular issue.

There is another side to this story, based on what was happening behind the scenes in the DEA, where Diefenbaker did not care to go. One of the most significant changes that happened during his administration was not led by the Diefenbaker administration. This was the total reorganization of the bureaucracy behind the aid program into the External Aid Office in an attempt to professionalize a now-permanent aid program. However, indirectly, Diefenbaker's

political influence may have had a significant impact on this reorganization, as the DEA strove to protect what it felt was being damaged by unthinking politicians. The next chapter will examine the Diefenbaker years from this perspective.

Chapter 8: The Department of External Affairs Takes Charge

The Diefenbaker government's relationship to the aid program was somewhat paradoxical. On the one hand, as the previous chapter has outlined, many important changes on the aid file can be attributed to his administration. However, the most significant change to the machinery of the aid program occurred with almost no interest or input from the prime minister's office, and very little from the cabinet in general. Sidney Smith's weak performance as minister of the DEA, and Howard Green's newness to the position during the latter part of 1959 and the beginning of 1960, allowed the interested departments, but particularly the DEA, to undertake a large-scale reorganization of the aid program with very little prime ministerial involvement. During this time, the DEA asserted its sovereignty over matters relating to the Colombo Plan and other aid programs, as the government abolished Economic and Technical Assistance Branch (ETAB) and created a new External Aid Office (EAO) housed within the DEA. Diefenbaker seems to have been largely disinterested in these issues, despite their importance to the administration of aid programs.

Also, the changes that the Diefenbaker government sought, particularly in relation to the use of the aid program for the promotion of wheat, might have been far more significant if not for the push back that the government received from aid officials in all the relevant departments, but particularly in the DEA. The new administration was ignorant of the balance of interests that Canada had tried to maintain in the aid program until that point. Whereas the Progressive Conservatives were new to the role of government, many of the officials working on the aid program in the DTC, the DF and the DEA had been present on the aid file since the beginning. Their experiences, and particularly their involvement with aid to India where Canada had invested the most, had taught them a lot about what policies and programs should be promoted

and what should be avoided. Diefenbaker supported India's role as a new country in the Commonwealth, but he distrusted their non-alignment policy, did not understand Nehru, and favoured Pakistan in his foreign policy approach.⁷⁰⁴ Matters stood somewhat differently within the bureaucracy where, at least among those directly involved with the aid program, India was held in higher esteem than it had been earlier in the decade, and officials began to recognize that perhaps changes needed to be made on the Canadian side if better results were to be achieved. Whereas earlier in the decade the default response to problems in the program had been to blame inefficiencies on the Indian government, officials in Ottawa started to reflect on what they could do better. As well, officials began to advocate for India when they saw that government policy, particularly around wheat disposal, was not in the best interest of that country. Finally, officials in the aid program began to reflect more seriously on the purpose of aid, what it could and could not accomplish, and how to make it work better, although their concerns still focused mainly on the process rather than the results. In short, the establishment of the EAO was a part of the continuing maturation of the Canadian aid effort, where it could, dimly, be seen as a possible career and not a dead-end job.

An Uneasy Relationship

As the previous chapter showed, the Diefenbaker administration began its time in government intent on using the Colombo Program as a vehicle for surplus wheat disposal. Due to the Indian financial crisis and bad weather, the government was able to make some progress on this front by making wheat loans to the Indian government in 1957 and 1958. The previous chapter also noted that the government, and particularly the DTC, initially wanted to use the additional C\$15 million increase in Colombo Plan funding specifically for wheat. Wheat was not

⁷⁰⁴ See Ryan Touhey, "Dealing in Black and White: The Diefenbaker Government and the Cold War in South Asia, 1957-1963," *The Canadian Historical Review* 92, no. 3 (September 2011): 429-454.

mentioned specifically in the final announcement. This was because officials working on aid, particularly in the DEA and the DF, did not approve of the use of the Colombo Plan, or Canadian foreign aid in general, as simply a mechanism to transfer commodities from Canada to other countries. By now, officials had begun to think about the purpose and direction of the Canadian foreign aid program, and were interested in what they felt could be done to achieve long-term economic development. They also listened to what officials in the Indian government, and the Canadian high commissioner, now Chester Ronning, had to say about what was actually needed in India. As a result, they pushed back against the Progressive Conservative government's wheat obsession, and tried to find a middle ground that would suit both Indian and Canadian needs.

As has been shown in earlier chapters, the Colombo Plan had been used to provide Canadian commodities to Colombo Plan countries. However, there was always uneasiness about the use of the program for this purpose; the auditor general had repeatedly expressed his concern about this function, and it only was made a legal Colombo Plan expenditure through the use of counterpart funds. The Indian government put pressure on Canada earlier in the decade to dedicate the entire program to funding wheat imports. India's rationale being that any foreign commodities brought into the country could raise rupees for development projects, while relieving some strain on precious foreign exchange resources. Partly due to the criticism from the auditor general's office, and partly because of the intervention of C.D. Howe, the Canadian government had resisted this pressure and tried to balance the requests for wheat against the provision of capital goods and technical assistance. However, by 1957, the situation had completely reversed. Now, the Canadian government was doing its best to use the Colombo Plan for wheat disposal, and the Indian government resisted. Officials in Ottawa were once again left to try to find a compromise between the two sides.

A discussion between Nik Cavell and officials in the relevant departments in June 1957, just after the election of the Diefenbaker government, was typical of the overall approach. L.E. Couillard, the new head of the Economic Division in the DEA, wrote to Cavell to discuss various aid matters, and raised the possibility that the Indian financial crisis might affect the requests coming from India to the Canadian program. Couillard noted that funds Canada had provided to India to buy Canadian aluminum would soon be running low, and that India might renew the request given that they considered the commodity an “essential dollar import.”⁷⁰⁵ However, Couillard also worried that because of the crisis and near-famine conditions in Bihar state, the Indians might request the bulk of the next year’s program only in wheat. To avert this, Couillard suggested that the government consider giving part of the current year’s program in wheat “rather than have an undue proportion of our aid next year in terms of this commodity.”⁷⁰⁶

As noted, the Diefenbaker administration saw matters very differently, and began working on whittling away the Western Canadian wheat surplus via the Colombo Plan almost immediately. The difference partly originated from a misunderstanding by the Diefenbaker government about how the Colombo Plan could be used. They could hardly be faulted for this – Canada had regularly shipped wheat as part of the Colombo Plan since 1950, and in pure dollar terms, wheat made up by far the largest share of Canadian aid. Initially there seemed to be little comprehension on the part of the new cabinet that there was tension around the use of the Colombo Plan for wheat disposal, and that in Ottawa the rule of thumb had been to keep wheat flows to moderate levels. Wheat also inevitably generated counterpart funds and their expenditure, as has been seen, required a great deal of negotiation and planning.

⁷⁰⁵ LAC, RG 19, L.E. Couillard to Nik Cavell, 17 June 1957, Volume 4334, File 8342/I39-1, part 2, 3.

⁷⁰⁶ Ibid.

However, the new minister of the DTC, Gordon Churchill, saw it as his duty to use his position to move Canadian wheat, and the Colombo Plan technically fell within his purview. As noted in the previous chapter, a proposal to increase funding to the Colombo Plan prior to the Commonwealth finance ministers meeting in September emerged from his department. In a memorandum to cabinet, just prior to the Commonwealth finance ministers' conference, a memo signed by Churchill confidently stated that "the Canadian Government is prepared to give consideration to the use of a portion of its present wheat surplus to enlarge the scale of assistance now being made to Commonwealth countries under the Colombo Plan."⁷⁰⁷ He also mentioned that it was "desirable" for part of the aid to be given in the form of flour because of the milling industry's difficult export position. Although the memo considered how the US and Australia might react to the proposal, no consideration was given to whether or not the recipients might want wheat, although perhaps it was thought that since India and Pakistan had made requests for wheat from the US that they would also want Canadian wheat. There is also no mention of counterpart funds in this proposal. It is not clear if Cavell, who worked within the DTC, was consulted on these plans. If so, he likely would not have encouraged them.

India had very different ideas about why it wanted Colombo Plan funding, and what it would be used for, during the emerging crisis. As it turned out, Couillard was correct in his assessment that the Indian government would want to use the Colombo Plan to import essential dollar commodities such as metals, but incorrect in his assessment that India would be looking to make the following year's program focus on wheat. While some officials thought that the export of industrial commodities would be no better than shipping wheat, Cavell agreed with the Indian government's point of view. The GOI felt that industrial metals were important for their

⁷⁰⁷ LAC, RG 19, Gordon Churchill, Memorandum to Cabinet, "Wheat as Colombo Plan Aid," 13 September 1957, Volume 4273, File 8055-05-4, 1.

economy since without these, some factories in India would have to shut down, stalling its modernization programs.⁷⁰⁸ The high commission in New Delhi wrote to the DEA to say that the GOI had instituted a “rigid set of priorities” in order to keep as much of the core of the Five Year Plan operating as possible. As a result, they prioritized the import of metals over that of food. B.K. Nehru explained that his government had taken a rather harsh approach to the issue, and determined that there were “unfortunately priorities higher than the full satisfaction of demands for food” if they were to keep their economic plans moving.⁷⁰⁹ The knowledge of the extensive availability of PL 480 imports set the background for these discussions.

Further lobbying by the Indian government continued. Krishnamachari met with Cavell while he was in Ottawa during the finance minister’s meeting to explain in person what the high commission in New Delhi had already communicated. Krishnamachari told Cavell that he had been at the receiving end of a lobby effort by Canadian officials who wanted the GOI to take more wheat. The Indian finance minister was not against taking Canadian wheat, just not at the expense of the commodities they needed to keep their industries running. Cavell communicated the Indian point of view to Mitchell Sharp, the deputy minister of the DTC. When Krishnamachari met with Diefenbaker, he also argued the same point.⁷¹⁰

It is likely that this is why the idea of a wheat loan emerged in the first place. The loan was a compromise. It allowed Canada to fulfill the objectives it set out for itself in terms of wheat disposal and it allowed the GOI to keep receiving the commodities it actually wanted under the Colombo Plan. From the point of view of the aid officials, it kept wheat distribution

⁷⁰⁸ Cavell had said earlier in this letter to Couillard, at the time the head of the economic division in the DEA, that “At the last Policy Committee Meeting the view was expressed that commodity assistance should be used only as a ‘filler’ to round out aid programs.” LAC, RG 19, Nik Cavell to L.E. Couillard, 18 June 1957, Volume 4334, File 8342/I39-1, part 2, 20.

⁷⁰⁹ LAC, RG 19, Chester Ronning, Delhi to External, 5 September 1957, Volume 4334, File 8343/I39-1, part 2, 1.

⁷¹⁰ LAC, RG 19, M.A. Rauf to J. Diefenbaker, No. FSC/C-17/57 and attachment, “Aide Memoire,” 17 October 1957, Volume 4334, File 8342/I39-1, part 2, 1;1-3.

through regular Plan allotments at a more reasonable level. Additionally, cabinet decided to ship C\$5 million worth of wheat as part of the following year's normal Colombo Plan expenditure for wheat in advance.⁷¹¹ How much this actually addressed the humanitarian nature of the famine is unclear. On one hand, B.K. Nehru's discussions with the high commission indicated that there might be a food shortfall; on the other hand, Krishnamachari told Cavell that the US was providing sufficient wheat such that the finance minister did not feel additional wheat was required from the Canadian government, at least not at the expense of metals. It is more noteworthy that neither government seemed particularly concerned about the actual nature of the famine, and how much food was required to stop it, when it came to these negotiations. The amount of wheat eventually given by Canada seems to have had more to do with how much it had at its disposal than any other consideration.

However, the struggle over Canadian wheat did not end that fall. Almost identical conversations were held a year later. The position in the DEA was the same as a year earlier, and a memo to the minister of External Affairs "strongly" recommended that the Colombo Plan funds should only be used for the "regular" Colombo Plan programme, that is, technical assistance, development projects, and commodities that the recipient country had *asked* to receive: "The recipient countries have made it clear that they do not want wheat as a part of the Colombo plan programmes; they attach higher priorities to industrial metals for their factories and to basic development projects."⁷¹² The memo also warned that the goodwill Canada had built up over the past decade would be lost if the government of Canada forced wheat on the

⁷¹¹ LAC, RG 19, Secretary of State for External Affairs, "Memorandum to the Cabinet: Cabinet Aid Programme for India for 1958-59," 23 December 1958, Volume 4334, File 8342/I39-1, part 2, 2.

⁷¹² LAC, RG 25, D.V. LePan, Memorandum for the Minister, "Allocation of Colombo Plan Funds," 4 September 1958, Volume 7340, File 11038-1-40, part 11.1, 2. The message that India definitely did not want wheat came in August from a dispatch from Chester Ronning. RG 25, Vol. 7027, File 1.2, 28.

recipients.⁷¹³ Nonetheless, the message did not make an impact on the cabinet. On 9 September, when it met to discuss the 1958-9 year's allocations, of which it was decided India would receive C\$17 million, the subject of the pressing nature of Canada's wheat surplus once again came to the fore. After a general discussion of the numbers and different types of projects that had been delayed, such as a highway survey team in Burma and a fish dryer for Cambodia, it was concluded that it seemed "unrealistic to provide aid of the above nature when the basic problem facing Canada was to dispose of surplus agricultural products."⁷¹⁴

The cabinet approved the SSEA's recommendations for allocations, but on the condition that "full consideration would be given to the possibility of providing aid in a form that would reduce the surplus of Canada's agricultural products."⁷¹⁵ However, it was also suggested that this be targeted more toward non-Commonwealth countries. Perhaps this reflected some awareness that the Commonwealth countries were already doing their share in taking Canadian wheat. Following the cabinet meeting, Plumptre wrote to the finance minister to inform him that once again, India did not want any wheat as a part of the C\$17 million allocation. However, after conversations with B.K. Nehru, the Indian officials suggested, "[w]ithout any pressure on my part," that India would once again take a wheat loan, partly because the terms of a wheat grant that the United States had made to India included a requirement that India purchase some wheat on the commercial market.⁷¹⁶

India's decision to take another wheat loan apparently did not take the pressure off from Churchill to make a substantial part of the regular program in the form of wheat. By January, a

⁷¹³ Ibid.

⁷¹⁴ LAC, RG 2, Privy Council Office, Cabinet Conclusions, "1958-59 Colombo Plan Allocation," 7 September 1958, Series A-5-a, Volume 1899, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=17453&page_sequence_nbr=1&interval=20&&page_id_nbr=27607&&&&&PHPSESSID=e1fctvt2e7u2qe2de0i0r5uq60 (accessed 25 April 2014).

⁷¹⁵ Ibid.

⁷¹⁶ LAC, RG 19, A.F.W. Plumptre, "Memorandum to the Minister of Finance: Wheat Disposal," Volume 4334, File 8342/I39-1, part 3, 1.

cabinet decision on the 1958-59 program was at a standstill because of the disagreement. On 10 January the prime minister deferred a decision on the Indian program because “the whole matter of aid under the Colombo Plan had to be reviewed,” which was almost certainly an oblique reference to the disagreement about how much wheat India should take under the program.⁷¹⁷ On 27 January, the matter came up in cabinet once again, but now both Smith and Fleming argued in favour of the Indian program as it stood, which provided for commodity expenditures on industrial metals. Fleming took Plumptre’s recommendations to heart, stating bluntly that the GOI had only taken the wheat loan the previous fall “reluctantly” and that “India did not want to use the Colombo Plan aid for wheat.”⁷¹⁸ Churchill was unmoved, and said that he could only recommend approval of the Indian program if additional funds could be granted for wheat, warning that otherwise it would be impossible to maintain exports for the next crop year.⁷¹⁹

Following this meeting, a strongly worded memorandum from the USSEA, probably drafted by LePan, came to the minister, encouraging him to not give in to his cabinet colleague. It outlined all the reasons that India should not be expected to take any additional wheat as part of the 1958-59 program. Robertson noted that in the past eighteen months India had taken a whopping C\$48 million of Canadian wheat, was paying interest on the loans, and that C\$5 million had already been taken from the 1958-59 program for wheat anyway.⁷²⁰ He wrote that he strongly favoured meeting additional requests from India for more industrial commodities, and

⁷¹⁷ LAC, RG 2, Privy Council Office, Cabinet Conclusions, “Colombo Plan; capital aid to India 1958-59,” 10 January 1959, Series A-5-a, Volume 2744, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=17879&page_sequence_nbr=1&interval=20&&PHPSESSID=7vqh47kk3ov1isdkdh9d6hsvm3. (accessed 25 April 2014).

⁷¹⁸ LAC, RG 2, Privy Council Office, Cabinet Conclusions, “Colombo Plan, Capital aid to India 1958-59,” 27 January 1959, Series A-5-a, Volume 2744, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=17931&page_sequence_nbr=1&interval=20&&PHPSESSID=e1fctvt2e7u2qe2de0i0r5uq60 (accessed 25 April 2014).

⁷¹⁹ Ibid.

⁷²⁰ LAC, RG 19, D.V. LePan, “Memorandum for the Minister: Wheat under the Colombo Plan,” 30 January 1959, 4334, File 8342/I39-1, part 3, 1.

that the Indian program should be decided independently of Churchill's proposals to increase the amount of wheat in the Colombo Plan programme:

It has been the consistent view of this Department (which you conveyed to Mr. Churchill in your letter of September 15) that it would be against our interests to ask the Indians, at a time when they were in severe balance of payments difficulties and in need of industrial commodities vital to their development programme, to use for purchase of wheat any of the \$17 million which Cabinet had allocated to them under the Colombo Plan in the current fiscal year.⁷²¹

Additionally,

The proposals put to Cabinet by Mr. Churchill raise a number of substantive issues of which Cabinet will wish to be aware before reaching a final decision. I am, of course, primarily concerned about the proposal that \$25 million, or fully one-half of the Colombo Plan appropriation available in the next fiscal year, should be set aside for gifts in the form of wheat. A decision in this sense would, in my view, affect the basic premise on which Canada's Colombo Plan operations have been conducted.⁷²²

He concluded that those in the DF shared his views on the matter and had briefed their minister in the same manner. That day, cabinet met again. Once again, Churchill suggested that part of that year's allotment to India be set aside for wheat, but this time the arguments against him from Fleming and Smith succeeded in pushing a decision forward. The cabinet finally approved the India program, which set aside C\$10.5 million for industrial metals.⁷²³

It was only three months later that the issue arose once again, this time in preparation for the 1959-60 allotment. The DEA notified the high commission in New Delhi that the department was recommending to the prime minister that the Indian allocation be set at C\$25 million, or half of the annual C\$50 million figure, for three years. They also advised the high commission that

⁷²¹ Ibid.

⁷²² Ibid.

⁷²³ LAC, RG 2, Privy Council Office, Cabinet Conclusions, "Colombo Plan – Capital aid to India 1958-59," Series A-5-a, Volume 2744, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=17960&page_sequence_nbr=1&interval=20&&page_id_nbr=28397&&&&&&&PHPSESSID=n78f5dfkj6j9ucfn5heg3rbfp7 (accessed 25 April 2014).

the department would be recommending that one-quarter of the total C\$50 million should take the form of wheat and flour. The memo has an apologetic tone, admitting that while it knew there were problems with this suggestion, it felt that it could not leave out a substantial recommendation for wheat given Diefenbaker's conversations with the Planning Commission and other Colombo Plan country governments which explicitly promoted wheat, and referred to a 3 February cabinet directive that pointed out that "efforts be made to ensure that the recipients take as much wheat and flour as possible."⁷²⁴ Given the circumstances, the DEA felt it had no choice but to make more substantial recommendations for wheat than they might otherwise have done.

In May, Ronning visited Canada. He used the opportunity to once again express the Indian point of view, as well as his own high commission, on the matter of wheat. In a meeting of the Interdepartmental Committee on External Aid Policy (ICEAP), formerly known as the Colombo Plan Group, he stated that the Indians were aware of Canada's "wheat disposal problem" – Diefenbaker's visit the previous fall had certainly brought the issue forward – and were willing to help Canada out with it in the context of the Colombo Plan.⁷²⁵ However, in his view and in the view of the GOI, increasing the provision of wheat beyond the C\$7 million that the DEA recommended for the 1959-60 program would be, "a contradiction of the basic

⁷²⁴ LAC, RG 25, From External to Delhi, no. EA352, "1959-60 Colombo Plan Programme," 24 April 1959, Volume 7027, File 6000-R-40, part 1.2, 1; LAC, RG 2, Privy Council Office, Cabinet Conclusions, "Wheat export programme 1958-59," 3 February 1959, Series A-5-a, Volume 2744, https://www.collectionscanada.gc.ca/databases/conclusions/001039-119.01-e.php?&sisn_id_nbr=17968&page_sequence_nbr=1&interval=20&&page_id_nbr=28410&&PHPSESSID=n78f5dfkj6j9ucfn5heg3rbfp7 (accessed 25 April 2014). During that cabinet meeting, both Fleming and Smith argued that the proposal currently before cabinet, which designated C\$25 million, or half, of Colombo Plan appropriations take the form of wheat or flour, was "too much." In the final analysis, Smith said, "Canada could not force Colombo Plan countries to take wheat if they did not want to," Ibid.

⁷²⁵ Another change that took place in 1958 was the split of the DEA's one economic division into two in 1958 in order to deal with its mounting workload. Economic I dealt with commercial policy, and Economic II dealt with aid and development matters. Hilliker and Barry, *Canada's Department of External Affairs, Volume II*, 178.

principle of the Colombo Plan.”⁷²⁶ In the end, the DEA had its way and by May, cabinet had accepted the C\$25 million figure for India’s allotment and by September cabinet officially approved the C\$7 million figure for wheat.

As the famine in Bihar and the financial crisis in India subsided, it was harder to justify wheat sales or grants to a reluctant recipient, and while Churchill continued to pressure the Indian government to buy more wheat from Canada commercially, and managed to influence Colombo Plan expenditures quite significantly, he did not succeed in turning the Colombo Plan into the wheat disposal program that he and Diefenbaker had initially envisioned.⁷²⁷ This was due not only to the efforts of the Indian government, but also to the strong efforts of officials in the DEA and the DF who gave credence to the Indian position with their ministers, and lobbied hard for that perspective to be taken into account. It was perhaps fortuitous from the point of view of officials working in their departments that neither Smith nor Fleming were as dependent on the Canadian wheat lobby for their political future as Churchill or Diefenbaker; otherwise the situation may have turned out differently. For officials such as Plumptre who had been working on the aid file for years, Churchill’s plans for the Colombo Plan made no sense given the mandate and the history of the program. Officials like Plumptre or LePan who had known the

⁷²⁶ LAC, RG 25, “Minutes of the 7th Meeting of the Interdepartmental Committee on External Aid Policy,” 18 June 1959, Volume 4297, File 11038-6-C-40, part 1, 3. Ronning had met with A.K. Roy and Sen Gupta of the Indian Finance Ministry at the end of April to discuss Colombo Plan matters. The meeting minutes show that the Indian government was aware that Canadian officials were under pressure to increase wheat quotas against their own better judgement: “Mr. Roy noted that in view of the recent increase to \$50 million in the level of Canada’s overall Colombo Plan Programme, they had hoped that commodity and equipment assistance, excluding wheat, would be somewhat larger than that which had been provided last year. However, he appeared to appreciate that the Canadian authorities were under considerable pressure to reduce Canada’s wheat surplus, and he appeared fairly reconciled to the fact that our Colombo Plan assistance, exclusive of wheat, was unlikely to exceed \$17 million.” LAC, RG 25, “Memorandum for File: Mr. Ronning’s Conversation with A.K. Roy Concerning the 1959-1960 Colombo Plan Programme and the Counterpart Funds,” 30 April 1959, Volume 7340, File 11038-1-40, part 11.2, 1.

⁷²⁷ On 9 May 1960 Churchill met with S.K. Patil, who succeeded Krishnamachari as minister of finance in India, and after establishing that India planned to continue taking Canadian wheat both through economic assistance and through commercial means, appealed to him to consider buying more wheat from Canada as India’s financial situation improved. LAC, RG 25, D.R. Taylor, “India’s Wheat Situation, Meeting with S.K. Patil, India Minister of Agriculture,” 9 May 1960, Volume 5411, File 11038-1-1A-40, part 3, 2.

program in the 1950s still held to the principles that been developed in its early years. They sought to find the areas where Canadian expertise and goods matched with Indian needs. If one of those elements was missing, the program, in their view, was not effective.

The Canadian Attitude toward India

One of the noteworthy results of the wheat battle that occurred between 1957 and 1960 was the lengths to which Canadian officials went to defend the Indian position and articulate the Indian point of view. Reid had tried to do this extensively, albeit with fewer results, as in his campaign for a line of credit. It helped that Canadian officials did not want the headache of the policy problems that could result, especially from the auditor general's office, if the Colombo Plan became a wheat surplus disposal program in contradiction to its original mandate. This provided Canadian officials with good reasons to support the Indian position. However, this is not a total explanation of their support for India's position, since a similar argument could have been made about the extent to which India was using the Colombo Plan for industrial metals.⁷²⁸ Indeed, as the financial crisis subsided, Canadian officials began to get aid for capital projects back on track. It was not just that Canadian officials were against wheat disposal; it was that they believed that the GOI had a right to define for itself what type of aid was most needed, especially during an economic crisis.

This was not the only example of a favourable attitude toward India and its economic development programs on the part of aid officials in this era. Tensions continued between India and Canada on the individual project level, although even there, as will be shown below, Canada

⁷²⁸ Indeed, between 1959 and 1961 officials urged that Canada pull back on the extent to which it was using the Colombo Plan for commodities, including industrial commodities, to get back to the emphasis on capital projects. LAC, RG 25, Office of the High Commissioner for Canada, New Delhi, "Aide Memoire," 30 April 1959, Volume 7340, File 11038-1-40, part 11.2, 3; LAC, RG 19, H.O. Moran to A.F.W. Plumptre, 18 August 1961, Volume 4334, File 8342/I39, part 3, 1; LAC, RG 25, Sidney Pollack to A.F.W. Plumptre, "1961-62 Programme for India under the Colombo Plan," 25 August 1961, Ibid, 1.

was also open to taking more responsibility for failure than it had previously. However, at the macro level, one gets the sense that Canadian officials felt that India was not only their largest aid partner, it was also one that they respected, and a place they felt that Canadian aid made an impact. While the Diefenbaker government may have grown to distrust Indian foreign policy, when it came to matters of aid, officials were more cooperative and sensitive to each other than ever before.

Some of this might be simply flattery, as when B.K. Nehru praised Canada's "grace" and the sympathy and "commonsense attitude" that he found from the Canadians when he was trying to convince the government to join the Aid-India Consortium.⁷²⁹ In the 1961 *External Assistance*, an annual report published by the government which details the previous year's aid programs, it noted that Canadian aid was "particularly valuable" because, with the exception of the wheat loans, it came entirely in the form of grants.⁷³⁰ A similar approach can be found on the part of Canadian officials. They knew that the Indian government heartily disliked any connection between aid and anti-communist efforts and avoided any mention of the subject, and they knew that it was sensitive to being a recipient.⁷³¹ Graham McInnes, representing the high commission in New Delhi, knew exactly how to pitch Canadian ideas for the Commonwealth scholarship program when he told the Indian minister of education that reciprocity was central to the scheme and that Canada "did not view it simply as an arrangement whereby the more

⁷²⁹ LAC, RG 25, External to Delhi, no. EA352, "1959-60 Colombo Plan Programme," 24 April 1959, Volume 7027, File 6000-R-40, part 1.2, 1; LAC, RG 25, A.F.W. Plumtre to the Minister, "IBRD Meeting on India's Financial Position," 9 March 1959, Ibid, 3.

⁷³⁰ Central Secretariat Library, Ministry of Finance, *External Assistance, 1961* (New Delhi: Government of India, 1961), 34.

⁷³¹ One gets the sense that Cavell was only too pleased to report to a Colombo Plan committee following a trip to Southeast Asia that "The United States was quite unpopular because U.S. representatives and technicians, in large numbers, forever proclaimed that their aid was provided to assist in the fight against Communism." LAC, RG 19, "The sixth meeting to review Colombo Plan policies and practices was held in the Privy Council Committee Room on Tuesday, April 2nd, 1957, at 3:30 p.m.," Volume 3868, File 8321-03, 2.

developed countries of the Commonwealth could assist the less developed countries.”⁷³² Indeed, by the end of the decade each partner had come to know the other’s vanities, and knew how to exploit them.

That was the window-dressing of diplomacy, but there was substance there as well. Concrete actions resulted from the positive view that Canadian aid officials had toward India. When discussions were underway about how to spend the increased Colombo Plan funding, officials in the Colombo Plan group were unanimous that it would be “desirable,” in the words of Plumptre, “to increase substantially the amount of aid to be provided to India.”⁷³³ In this particular meeting, the only justification given for the increase was that it would compare favourably with India’s other partners, such as West Germany, at the Aid-India consortium.⁷³⁴ There was more to it than that, however.

One reason, of course, was simply the country’s enormous size. LePan wrote to the deputy ministers of the relevant departments in February 1959 that even though India’s share of the Colombo Plan had ranged between 45 percent and 60 percent in the program’s history, those high figures did not “adequately reflect either India’s size or her population in relation to that of other recipient countries or, indeed, her capacity to absorb foreign economic assistance in the context of her long-term development programme.”⁷³⁵ Another was the consideration of India’s geopolitical importance. Cavell and Reid would have been pleased by LePan’s analysis that “India’s success or failure in realising at least minimum economic objectives embodied in her current Five-Year Plan will have a determining influence on the pattern of political

⁷³² NAI, Record of a Meeting held in the Commonwealth Relations Office on 25th of May 1959, Cabinet Secretariat, Cabinet Section, File no. 69/CF/59, File “Processing of Various Matters Connected with the Forthcoming Commonwealth Education Conference to be held in the U.K. in July 1959”, 217.

⁷³³ LAC, RG 19, “Minutes of the Second Meeting of Colombo Plan Policy Group,” 30 December 1958, Volume 3868, File 8321-03, 3.

⁷³⁴ *Ibid.*, 1.

⁷³⁵ LAC, RG 25, Secretary of State for External Affairs, “The Colombo Plan Pattern of Country Allocation in 1959-69,” Memorandum to Cabinet: Volume 4297, part 1, File 11038-6-C-40, part 1, 202.

developments in Free Asia.”⁷³⁶ Finally, there was a sense that India not only needed aid, and could absorb aid, but that it was uniquely qualified to manage aid. A paper on Canadian aid procedure drawn up in the Department of Finance the following year sums this attitude up nicely: “India is perhaps the outstanding example of a country whose development plans are thoughtful and realistically prepared.”⁷³⁷ It helped that the largest project in India that Canada had undertaken, the Kundah dam which Canada had agreed to finance in 1956, had “proceeded exceptionally smoothly” and the Indian partners at the Madras Electricity Board had been found to be “reliable, competent, and cooperative.”⁷³⁸ Even after all the problems encountered during the Second Five Year Plan, Canadian officials still considered India to be a good bet for its aid dollars.

Canadian Culpability: Aid at Work

This is not to say that matters always proceeded perfectly smoothly at the micro or project level, where despite Kundah’s success, frustration about delays and problems continued apace on other projects. Typical were the results of a Calcutta dairy initiative, a project that Cavell did not support but had been “dragged into” by UNICEF and the FAO.⁷³⁹ The high commission in New Delhi suggested in December 1956 that an uncomplicated Canadian contribution to the milk scheme would be coal-fired boilers to sanitize the milk coming into the

⁷³⁶ Ibid. A similar analysis was made by Ronning much later in 1961 when he wrote in a dispatch that “The far-reaching political significance of either the success or failure of India needs no underlining, and has, I believe, been accepted as axiomatic by all Western governments.” LAC, RG 19, A.F.W. Plumtre to A.E. Ritchie, 1 March 1960, Volume 4334, File 8342/I39, part 3, 1; LAC, RG 19, Chester Ronning, The High Commissioner for Canada, New Delhi, India to The Under-Secretary of State for External Affairs, no. 221, 15 March 1961, Volume 4334, File 8342/I39-1, part 3, 1.

⁷³⁷ LAC, RG 25, A.F.W. Plumtre to A.E. Ritchie and attachment, “Canadian Aid Procedures,” 1 March 1960, Volume 4297, File 11038-6-C-40, part 2, 1.

⁷³⁸ LAC, RG 25, H.C. Green, “Memorandum to the Cabinet, 1960-61 Colombo Plan Capital Assistance Programme for India,” 4 November 1960, Volume 5411, File 11038-1-40, part 13, 22.

⁷³⁹ LAC, RG 19, Nik Cavell to L.E. Couillard, 18 June 1957, Volume 4334, File 8342/I39-1, part 2, 1. It is interesting that while Cavell had been successful in staving off multilateral cooperation on the Delhi milk scheme in 1954, he was not successful in preventing this type of cooperation in 1957.

dairy.⁷⁴⁰ Remarkably, by the time the project had been organized sufficiently to place orders in 1959, Canada had actually stopped making coal-fired boilers.⁷⁴¹ After a great deal of back and forth discussion about whether Canada could supply a more modern alternative, the government finally placed the order in May 1960.⁷⁴² This was not entirely due to the disorganization on the ground in India, however. It took a long time for officials in Canada to obtain quotes and make decisions, typical of aid projects as earlier chapters have demonstrated. The high commission had to send two urgent telegrams in 1960 requesting blueprints for the boilers warning that if they did not receive them the project would “be held up on our account.”⁷⁴³

Another slow-moving plan was the idea to bring innovative Canadian technology in the form of cobalt beam therapy units to India for cancer treatments. The original idea dated back to 1953. Somehow in March 1956, the Indian government had come to believe that Canada had made a firm offer of therapy units, even though the DEA could not find any record of the offer. Neither the high commission nor the Canadian government was entirely sure how this impression had been made on Indian officials.⁷⁴⁴ Nonetheless, discussions emerged from this confusion but it took until December 1957 for cabinet to approve expenditure for three units to be sent to Indian hospitals.⁷⁴⁵

Perhaps the most complicated program underway at this time was the atomic reactor. In 1958, the project ran into several difficulties. In February, the AECL was forced to fire the project manager, F. J. Bleakley, who was in the employ of the lead engineer for the project, Shawinigan Engineering. The issue was competence, or rather the lack of it. Bhabha had

⁷⁴⁰ LAC, RG 25, John Teakles, The office of the High Commissioner for Canada, New Delhi to The Under-Secretary of State for External Affairs, no. 1859, 21 December 1956, Volume 7343, File 11038-1-14-40, part 1, 5.

⁷⁴¹ LAC, RG 25, External Ott to New Delhi, no. EA-421, 15 May 19, Volume 7343, File 11038-1-14-40, 1.

⁷⁴² Ibid, 4.

⁷⁴³ Ibid, 5.

⁷⁴⁴ LAC, RG 25, A.E. Ritchie, The Under-Secretary of State for External Affairs to the Office of the High Commissioner, Canada, New Delhi, no. 196, 21 March 1956, Volume 6580, File 11038-1-12-40, part 2, 1.

⁷⁴⁵ Ibid, 202.

initially tried to prevent Bleakley's firing, but admitted later that it had been the right decision.⁷⁴⁶ When Ronning visited the project in April 1958, he was told by D.J. Wallace, an employee of AECL, that the Canadian agency had not properly investigated Bleakley's qualifications prior to allowing him to lead the project for Shawinigan.⁷⁴⁷ The high commissioner found the project improved by Bleakley's removal but still in turmoil, partly as a result of the lingering problems caused by his lack of expertise and partly the result of a series of conflicts on the project. The words used to describe these issues in official documents bring to light how Canadian officials conceived of them, relating to both the Canadian and the Indian sides; pedantic, overly cautious, and lacking judgement and maturity.⁷⁴⁸ In addition, Canadian contractors grumbled over the effect of the low wages paid by the Indian Department of Atomic Energy with the resultant adverse effect that they had on hiring skilled tradesmen.⁷⁴⁹ As a result, the project fell behind schedule and went over budget. However, by the following year, the situation had improved significantly, although the budget had to be increased to pay for rising costs.

A further impediment took the form of the nagging but undeniably crucial problem of fuel controls. It took most of 1959 for Bhabha and the Canadian government to work out the fuel issue. This was complicated by the fact that since the initial agreements had been signed, India had started to develop its own uranium industry and wanted to use its own fuel in the Canadian reactor. Naturally, this worried Canadian officials for a variety of reasons. It undermined the basic commercial impulse that had initially appealed to the Canadian

⁷⁴⁶ LAC, RG 25, Ministry of Finance, Department of Economic Affairs, "External Assistance, July – 1957," Volume 7339, File 11038-1-40, part 10.1, 7; LAC, RG 25, From Delhi to External, no. 66, 10 February 1958, File 11038-1-13-40, Volume 5414, File 11038-1-13-40, part 5, 1.

⁷⁴⁷ LAC, RG 25, The High Commissioner for Canada, New Delhi, India to The Under-Secretary of State for External Affairs, no. 353, 28 April 1958, Volume 5414, File 11038-1-13-40, part 5, 1.

⁷⁴⁸ *Ibid.*, 99. For example, a man named E.C. Allardice, complained that the representative of the Foundation Company of Canada, one of the Canadian contractors, had "lacked judgement and maturity" in carrying out his duties.

⁷⁴⁹ *Ibid.*, 97.

government. Even more aggravating was a request from the Indian government in April to provide equipment for uranium prospecting and mining under the aid program.⁷⁵⁰ Although India finally agreed to join the International Atomic Energy Agency, and had actually assisted in the creation of the organization by devising a governance formula, it still resisted fuel safeguards and introduced a phrase that weakened the agency's safeguards in its founding articles on the issue.⁷⁵¹ In the end, partly because India would not have good-quality fuel ready in time to start the reactor, Bhabha agreed that India lease the initial fuel requirements for the reactor from Canada, that any plutonium produced by the fuel would only be used for "peaceful purposes," and that Canada have the right to audit the records and facilities at any time.⁷⁵² Although the agreement did not totally ease Canadian concerns, Robertson concluded in a memorandum to his minister that it did represent a "considerable advance on any previous Indian position" and that given their objection to safeguards as a whole "it is unlikely that any more rigid control would be acceptable."⁷⁵³ This was not a failure for the Canadians, but it could not exactly be called a success either.⁷⁵⁴

On the ground, work continued. Euan Smith, a representative from the DTC visited the reactor in Bombay late in 1959. Although he was able to report that the project was about to be completed and, in the end, "turned out well, in a physical sense," he did not have a lot of positive

⁷⁵⁰ Ibid, 60.

⁷⁵¹ David Fischer, *History of the International Atomic Energy Agency: The First Forty Years* (Vienna: International Atomic Energy Agency, 1997), 39, 42. Can be accessed at http://www-pub.iaea.org/MTCD/publications/PDF/Pub1032_web.pdf (accessed 25 April 2014).

⁷⁵² LAC, RG 25, "Summary of a record of a meeting in the Under-Secretary's office to discuss fuelling for the Canada-India reactor, 19 June 1959, Volume 5414, File 11038-1-13-40, part 5, 1; Ibid, From Vienna to External, no. 147, 1-2.

⁷⁵³ Ibid, 7.

⁷⁵⁴ They could not have been reassured by the answer that Sadath Ali Khan, a member of parliament representing the INC, gave to a question about the Canada-India reactor in February 1960. When asked by another MP, P.K. Deo, if the research "would be extended to the field of defence also?" Khan replied "I cannot answer that question." NMML, *Lok Sabha Debates, Second Series, Volume XXXVIII, February 8 to 19, Third Session*, 689.

news to report about the construction.⁷⁵⁵ In his talks with the Canadians working on the project, the complaints were numerous: the Indian technicians were “incompetent”; the Indian engineers refused to be realistic and seemed to care more about the aesthetic aspects of the reactor than its functionality; and, the Indian administration was slow.⁷⁵⁶ Smith concluded that the entire project would have functioned better if more rigorous planning had been done in the first place, something that Smith, who had only recently joined the aid administration, gathered was not the usual process in the Canada-India aid partnership.⁷⁵⁷ He referred to the success of the Kundah project as an example where good planning was responsible for the project’s success.⁷⁵⁸

Ault asked Frank Pratt, an old hand in the aid administration of the DTC, to comment on Smith’s findings. Pratt had little time for Smith’s report, which he criticized as faulty since Smith had not taken the time to get the Indian perspective on the issues, which had been the case. In fact, while there were certainly problems on the Indian side, Pratt argued that Canada had a lot to answer for in terms of its own work on the project. Not only did the main problems stem from Bleakley in the first place, they also had to withdraw an AECL senior engineer and had “to insist upon a change in personnel in the Foundation Company staff.” At one point the government had

⁷⁵⁵ LAC, RG 25, E.E. Smith, “Memorandum to File, Visit to Bombay – CIR Reactor,” 6 January 1960, Volume 5414, File 11038-1-13-40, part 6, 1.

⁷⁵⁶ Ibid, 79-81.

⁷⁵⁷ In February 1960 a *Globe and Mail* journalist, William Stevenson, picked up on the story after an Indian nuclear scientist who had been abroad committed suicide. Although he was not linked to the Canadian reactor, Stevenson’s article claimed that the scientists were both paid and treated badly, and scientists complained that the Canadian project was a typical example of how resources were wasted while they were mistreated. One source said that the stack on the reactor was 200 feet higher than necessary and painted gold for aesthetic reasons. It is interesting that this is a second reference to concerns within the Indian administration about the aesthetic qualities of the project. William Stevenson, “After 15 Years, \$40 a Month: India’s Scientists in Revolt,” *The Globe and Mail*, 11 February 1960, 7. The fired project manager, Bleakley, wrote in to the *Globe and Mail* to refute these claims a few days later. F.J. Bleakley, “The Gold Paint on Canada-India Reactor,” *The Globe and Mail*, 18 February 1960, 6. The high commission in New Delhi reported that Stevenson had been making inquiries about the project and had apparently found out about the problems. The high commission was able to assure Stevenson that the problems had been resolved and Stevenson apparently did not pursue the story. However, his only fault was that he was late to the story. The problems he identified, that “the project is fraught with construction and personnel problems and consequently ... well behind schedule,” had once been true, but by 1960 these issues were largely resolved. LAC, RG 25, Delhi to External, no. 48, 3 February 1960, Volume 5414, File 11038-1-13-40, part 6, 1.

⁷⁵⁸ Ibid, 79.

to threaten to cancel the Foundation Company's contract in order to get changes made.⁷⁵⁹ As for the idea that the program should have been planned more carefully, Pratt bitterly dismissed this suggestion as a "nice bit of hindsight." The only reason the Kundah project agreement worked so well, he claimed, was that "nobody ever looks at it," an interesting insight into the practical nature of how Canadian-Indian aid projects functioned on the ground.⁷⁶⁰ Pratt's critique was balanced and thoughtful, and unencumbered by sentiment.

While not exactly a stirring defense of the Indian government's actions, Pratt's experience and empathy also showed. For him, it was not enough to once again blame the Indians for all the failures; the Canadians also had to accept responsibility where it was due. It is telling that after working for almost a decade on the Canadian aid program, Pratt looked to cooperate with the GOI as much as possible in Canadian aid projects. A letter that the Indian high commission sent to New Delhi in 1959 of an account that one of its officials had with Pratt notes that the latter thought "[t]he most suitable projects for which Canada should give aid would be the power projects, like the Kundah Hydro-Electric project. It is in this type of projects that the effort is truly joint."⁷⁶¹ Obviously, commercial considerations were a high priority for Pratt, as he also mentioned the competitiveness of Canadian equipment in world market prices.⁷⁶² It was also important that Canadian aid projects be "truly joint," that is, they reflect the combined efforts of both countries. He did not look for projects that were completely controlled by Canada, as someone fed up with perceived GOI incompetence might have done.

⁷⁵⁹ Ibid, 76.

⁷⁶⁰ Ibid. The House of Commons Special Committee on Research in 1961 examined the role of Canadian businesses on the project, which found problems related both to the scientific supervision of the program by AECL but also by the civil construction work, particularly due to defective materials supplied by Canadian companies. Spicer, *A Samaritan State*, 167.

⁷⁶¹ NAI, Ministry of External Affairs, AMS Branch, File No. 4(8)-AMS, Canadian Aid for the Kundah Hydro-Electric Project and the Canada India Reactor under the Colombo Plan, Letter from J.L. Malhautra, Office of the High Commissioner, to Shri S. Sen, Joint Secretary, MEA, 29 July, 1959, 12.

⁷⁶² Ibid.

Both Reid and Cavell had tried to argue that Canada needed to take responsibility for its own shortcomings at various times, but in Ottawa this rarely made an impression. By the late 1950s, however, it seems that those experienced on the aid file in the department were not only willing to defend India's interests on the policy level, there was also an openness to understanding the Indian perspective on the project level as well. This change was borne less out of a feeling that the Indian government more competently managed aid projects than it did in the past, for problems did continue. Yet there is a sense that of their aid partners, India did the most to link Canadian aid investment with an overall economic strategy, and a recognition that the problems associated with aid projects did not all fall on the back of the GOI, but that Canadians were sometimes equally, if not more, culpable. Perhaps it was simply brought about by a recognition that both Indians and Canadians struggled along together in more or less the same direction in the face of truly daunting social and economic problems.

The Need for Change

The analysis that Pratt gave of Kundah's success – that it was so precisely because nobody examined the project agreement in detail – is indicative of a larger sense in the relevant departments that the time had come for an appraisal of how the aid program operated. Indeed, a feeling had developed that it bumped along, somewhat aimlessly, reacting to events rather than proactively creating change. Some changes were made in 1958, such as the creation of the Economic II division, as well as the transition and elevation of the IETCD to the ETAB within the DTC that same year.⁷⁶³ Questions that earlier in the decade nobody thought to ask about what Canadian aid was for and how it should be best used, finally began to emerge. While a strong feeling about the dangers of communism and the importance of India and the Southeast Asian region drove Cavell personally, he did not, at least in government records, reflect very

⁷⁶³ Hilliker and Barry, *Canada's Department of External Affairs, Volume II*, 178.

deeply on how the specific aid projects that Canada funded actually addressed those issues. Reid thought more about the goals of aid and how Canada could contribute to India's economic development, but these ideas were not taken seriously at the time. By the late 1950s, these questions had become more prominent in Ottawa.

The battle over wheat supplies under the Colombo Plan may also have helped along a process already underway. It is possible that Churchill's incursion on the Colombo Plan may have prompted aid officials working in the relevant departments to question whether or not the placement of its administration within the DTC was a good idea. Technically, Cavell had worked out of that department, but in actual fact he was more closely tied with economic officials in the DEA, the USSEA and the Commonwealth division of that department, Plumtre in the DF, as well as the high commission in India in formulating aid policy. His connection to the rest of the DTC matrix seems to have been tenuous. Hosting the aid program in the DTC made sense to those thinking in the post-World War II context, when aid was thought about in terms of Canadian exports more so than economic development or foreign relations; however, thinking about the Plan had evolved. As the atomic reactor project showed, Colombo Plan matters had serious implications for foreign relations, and by 1958, those officials working on aid tried to make decisions based on their consultations with the Indian government in reference to the Five Year Plan, albeit with Canadian commercial interests in mind. It was an interchange of those factors that led to decisions about what the Indian program would look like, and one can assume that similar thinking led decision-making for the other Colombo Plan countries as well. Churchill's strenuous incursions into Colombo Plan matters probably came as a surprise to those working on aid, even within the DTC, and may have prompted those in the DEA to reconsider the program's position in government. Whether or not the wheat issue did contribute toward a

period of reflection or not, or whether it was simply a natural outcome of time and experience, such a period did occur in the late 1950s, and ended with the total reorganization of the program's administration.

In any event, a change in attitude within the bureaucracy toward the aid program definitely manifested itself following the Liberal defeat. Part of this change must have been motivated by what was happening outside of government. Development had become a hotter topic in the academy and secular international development organizations were finding their feet in North America.⁷⁶⁴ In universities, research on the "Third World" was gaining currency, with economists and other social scientists beginning to publish landmark books on the subject. Millikan and Rostow was only one such example.⁷⁶⁵ On 20 February 1959, the ICEAP invited Dr. Nathan Keyfitz, a University of Toronto demographer who went on to write a report about the Colombo Plan on its ten-year anniversary, to speak about population problems in South and Southeast Asia. This was among the first times that the bureaucracy invited an outside "expert" to speak about problems associated with development and aid. Other than reports about Mahalanobis' "zoo" from Reid earlier in the decade, Keyfitz's reference to Gunnar Myrdal during his talk is the first mention of a development economist or any kind of academic in any Canadian government documents related to aid. Keyfitz tried to encourage the ICEAP to consider the issue of his own expertise, population growth, and chastised "well meaning but wrong policies" that failed to take into account specific circumstances on the ground. He encouraged Canadian aid policy not to blindly give food aid, but rather to focus on policy that increased food production in country and improved networks that brought food from the rural

⁷⁶⁴ For a history of Canada's most important early development organization, CUSO, see Compton Brouwer, *Canada's Global Villagers*. Also see Muirhead and Harpelle, *IDRC*, 6-7.

⁷⁶⁵ For example, see Seers, *Pioneers in Development*.

areas to the city.⁷⁶⁶ The program had always given Indian planners and government officials the chief responsibility for thinking through the specifics of how Canadian aid funding connected into a larger plan for the country's economic development. The Keyfitz approach called for Canadian officials to think more deeply on these issues for themselves.

Perhaps the more reflective attitude came about due to increased executive oversight by the Diefenbaker administration. On 31 March 1959, Keith Goldschlag, who was then in the Economic II Division, sent a letter to Arthur Menzies, at that time the high commissioner in Malaya. Menzies had earlier sent a letter to Goldschlag airing concerns about the wheat program, and how tightly it seemed to now be controlled by Ottawa. The Malaysians were feeling oppressed. By way of explanation, Goldschlag noted that "the content and coverage of the Colombo Plan have come under ministerial scrutiny" with ministerial predilections: while there were large wheat surpluses, every effort had to be made to move wheat on concessional terms to countries that lacked food; that aid should be concentrated in the Commonwealth, and that Canadian content should be "as near as 100% as possible." Goldschlag also noted that these policy positions were not based on any particular assessment of the needs in Colombo Plan countries, but rather should be understood "against the background of recent economic trends in Canada."⁷⁶⁷ Canadian ministers were put off by perceived Indian political influence. However, resistance within the DF and the DEA to ministerial pressure is an indication that officials were thinking about what Colombo Plan countries truly needed for their economic development, and their defense of India's development strategy is another indication of this.

By early 1960, a full-blown re-examination of the Colombo Plan was underway. Keith Spicer wrote about this period in his 1962 dissertation and subsequent book published in 1966,

⁷⁶⁶ LAC, RG 25, "Revised Minutes of the Third Meeting of the Interdepartmental Committee on External Aid Policy on Friday, February 20th, 1959," Volume 4297, File 11038-6-C-40, part 1, 4-5.

⁷⁶⁷ LAC, RG 25, Keith Goldschlag to Arthur Menzies, 31 March 1959, Volume 4297, File 11038-6-C-40, part 1 1-2.

and the archival documents bear out his contemporary analysis of this time as one of ferment within the DEA.⁷⁶⁸ The public messaging did not change much, emphasizing the same old issues of Canadian content and the graphic nature of poverty. Notes prepared for a speech in the Economic II Division in January 1960 suggested that aid was not a “giveaway program” and focused on how most of the money voted for the program was spent within Canada, and was targeted at the “hundreds of millions in Asia” living in poverty.⁷⁶⁹ However, internal documents were far more probing. Sidney Pollock, the director of international programs and contributions in the department of finance, wrote an internal document entitled “Analysis of Colombo Plan Objectives and Procedures following a tour of South East Asia” in February 1960. His summary of how people lived in the area began darkly, and demonstrated the depth of the challenge facing Western donors in India: “My main and abiding impression during a tour of Colombo Plan countries was one of large, growing and destitute populations living in complex and unrewarding environments with inadequate resources either of finance or trained personnel to provide the initiatives and continuing momentum for a move forward to a better life.”⁷⁷⁰ In Pollock’s view, Canada had to recognize its “limited size and resources” and create “clear and well-defined objectives and effective, dynamic procedures” if the government was not to waste what little it had through “dispersal.” India had a share of the blame in this as well, as instead of “comprehensive, balanced and integrated programmes” the Canadian officials received “small, unrelated requests.” The high commission was of little help because it did not have “specialists” trained who could help guide policies.

⁷⁶⁸ Spicer, *Samaritan State*, 102-106.

⁷⁶⁹ LAC, RG 25, D.R. Taylor to Mr. Ross Campbell and attachment, “Canadian Assistance to Underdeveloped Countries,” 4 February 1960, Volume 4297, File 11036-6-C-40, part 2, 2.

⁷⁷⁰ LAC, RG 25, “Analysis of Colombo Plan Objectives and Procedures following a tour of South East Asia,” 19 February 1960, Volume 4297, File 11038-6-C-40, part 2, 1.

Possibly his most damning critique, however, was one that harkened back to Douglas Abbott's original question about the program in 1950. Canada had to face facts about what the relatively tiny program could do: "[t]he tendency which is all too prevalent of seeing the Colombo Plan as a comprehensive solution of all the problems of the Far East is an invitation to failure."⁷⁷¹ The idea that the Colombo Plan could help hundreds of millions of Asians referred to in speech material above was a long-standing trope, but it could not be taken seriously when one considered the actual nature of the programs that Canada funded. It was an idea that seemed to need explicit refutation, despite its obvious nature. Ronning had shared a similar perspective the previous May when he had visited Ottawa and stressed that the Colombo Plan did not, and could not, provide "all of the resources" needed to create development in India.⁷⁷² Although nobody would have admitted that C\$50 million spread over all of South East Asia could solve the problems of Asian poverty, even when combined with the programs of other countries, it was an idea implicitly expressed in the speeches given about the Plan, and the urgency that figures like Reid and Cavell attached to decisions about the program. The concentrated focus on public relations issues, and the ongoing concern about how Canadian programs appeared in comparison with Soviet projects, also seemed to attach importance to the political and economic impact of Canadian aid. Pollock urged more realism, more specificity, and an end to the underlying, but rarely expressed, assumptions that had so long characterized decision-making about aid. In his opinion, it needed a more serious theoretical and practical basis from which to operate: "[i]t must be recognized that the urgency, gravity, and complexity of the problems of development are

⁷⁷¹ Ibid, 2-3.

⁷⁷² LAC, RG 25, "Minutes of the 7th Meeting of the Interdepartmental Committee on External Aid Policy," 16 June 1959, Volume 4297, File 11038-6-C-40, part 2, 2.

increasing, necessitating revitalization and possible improvement of the machinery to deal with them.”⁷⁷³

Pollock also identified a personnel problem in overseas missions – a problem, it should be noted, that Reid had highlighted many years before. However, there was also a personnel problem in Ottawa. Spicer wrote the aid administration had attracted “transients and misfits” and was considered a career dead-end for those seeking jobs in the bureaucracy.⁷⁷⁴ G.F. Bruce expressed a similar sentiment to Ritchie in a letter dated 19 January. After 2 ½ years of experience working in the field of Canadian aid, he had come to the conclusion that “we lack sufficient well-qualified personnel to carry out effectively our responsibilities for conducting this Department’s economic aid operations, both in Ottawa and at our missions.”⁷⁷⁵ An April 1960 DEA document put it more succinctly: “Competent people are apparently not attracted to ETAB.”⁷⁷⁶ It might be, the document concluded, that the job is considered a dead end, but it may also be that they simply are not paid enough. According to this analysis, even the director of the ETAB was paid a sub-standard salary of C\$14,000, when a salary of C\$20,000 or C\$25,000 would be needed to attract a “first-class” administrator.⁷⁷⁷ Perhaps the government got

⁷⁷³ Ibid, 415.

⁷⁷⁴ Spicer, *Samaritan State*, 104.

⁷⁷⁵ LAC, RG 25, G.F. Bruce, Economic II Division to A.E. Ritchie, 19 January 1960, Volume 5567, File 12822.40, part 1, 2.

⁷⁷⁶ LAC, RG 25, Draft – Confidential, Subject: Administration of Canadian Aid Programmes, 8 April 1960, Volume 4297, File 11038-6-C-40, part 2, 3.

⁷⁷⁷ Ibid. It must be said that in 1951, when Nik Cavell was hired at a salary of C\$12,000, this was done against the recommendation of the Civil Service Commission, which advised a salary of C\$10,000, “more in line with salaries paid for similar work in the Civil Service.” However, Cavell argued that leaving his career in business for a two-year posting to government represented a considerable risk for him, given that his company had not warmed to his suggestion of a leave of absence, and the move from Toronto to Ottawa would be expensive. Apparently the government gave in to his request, hiring him at the salary level of \$12,000, which later rose to \$14,000 by 1958. However, the Civil Service Commission also apparently misjudged the nature of this work, given that Cavell had only taken one vacation day in the year of 1954-1955 as, “the duties of his division have increased considerably during the past year.” The Civil Service Commission approved Cavell’s request to carry over twenty-nine vacation days into the following year given that “severe hardship may result” if he did not eventually take some time off. LAC, RG 32, J.A. Murray to Paul Pelletier, attachment, “Reginald George Nik Cavell,” 27 August 1958, Volume 309, File 1894.02.27, “Cavell, Reginald, George Nik”; LAC, RG 32, S.G. Nelson, A.J. Boudreau, Civil Service

what it paid for in terms of competent employees, although it is also true that many signed on in order to, as they might have put it, help.

The salary levels that had been previously set, and the positions that had been created, reflected an administration that the post-war government considered to be fairly straightforward, one based on the procurement and transfer of goods and services overseas. However, not only had the programs always been more complex than this model anticipated, which contributed to the many delays and problems that projects had experienced over the years, but aid administration was also growing more complex all the time. Consider this summary of Canadian programs, which emphasized the ever-expanding multilateral commitments the country made in addition to its bilateral program:

In 1959 Canada's annual contribution to the Colombo Plan was increased to \$50 million and there were other increases as well in the past year. We began a five-year programme of assistance to the West Indies on which we expect to spend \$10 million. \$1 million has been appropriated for the new Commonwealth scholarship Scheme. In addition to the \$2 million we have contributed in each of the past three years to the United Nations Expanded Programme of Technical Assistance, we made an initial contribution of \$2 million in 1959 to the new United Nations Special Fund. Finally, in the past year the Canadian subscription to the International Bank for Reconstruction and Development was raised from \$325 million to \$750 million and our quota in the International Monetary Fund went up from \$300 million to \$500 million.⁷⁷⁸

This description of the growth in aid programming only reflects economic development programs, and did not include what was considered humanitarian, such as aid for refugees and natural disasters, nor did it include Canada's participation in the Aid-India Consortium or other multilateral initiatives like the International Development Association or the World Food Programme. While the ETAB was not directly implicated in all of these programs, the number

Commission, "To the Honourable the Treasury Board," 15 February 1956, Volume 309, File 1894.02.27, "Cavell, Reginald, George Nik," 1.

⁷⁷⁸ LAC, RG 25, D.R. Taylor to Mr. Ross Campbell and attachment, "Canadian Assistance to Underdeveloped Countries," 4 February 1960, Volume 4297, File 11036-6-C-40, part 2, 2.

of items included in what could be considered Canadian aid grew rapidly in the last few years of the 1950s.

That the ETAB was not a part of what was considered to be in the realm Canadian aid programming also caused problems. The small and limited machinery set up for the branch reflected a restricted conceptualization of what aid and the Colombo Plan was for, despite the lofty goals that many articulated for the program. This created an internal tension, as did the inter-departmental nature of the aid program. As stated earlier, each relevant department theoretically had a role to play on the aid file, but the reality was much messier. A document prepared in the Economic II division in January 1960 entitled “The Role of the Department of External Affairs in Economic and Technical Assistance Matters” clearly addresses this problem:

In theory the split [between the DEA and the DTC on aid programs] is between policy matters (including advice on political questions) and administration with External Affairs assuming responsibility for policy and Trade and Commerce (ETAB) for the administration of the programmes. This should mean that this Department [the DEA] is responsible for guiding each economic aid programme to the point where Cabinet approves the funds required and that Trade and Commerce is responsible for administering the funds. This is the theory, but, as you certainly have suspected, it does not quite work out that way, because of the difficulty (in many instances the impossibility) of drawing a clear line between policy and administration. In fact, we no longer attempt to draw the line; we meet the problem through a process of constant consultation at the working or desk level between External Affairs, Trade and Commerce and Finance.⁷⁷⁹

This explains why the DEA seemed to handle so much of the day-to-day work of the Plan that was supposed to be the purview of the DTC. It may well also be that the DEA was also making up for the lack of competent personnel in the ETAB, or trying to do so. Since the DEA was also the main point of contact between the high commissions and the Canadian government, it made sense that this constant consultation occurred between the high commissions and the DEA, the DEA and the DTC, both Departments and the DF, not to mention informing the

⁷⁷⁹ LAC, RG 25, D.R. Taylor to Mr. McCordick, “The Role of the Department of External Affairs in Economic Aid and Technical Assistance Matters,” 18 January 1960, Volume 4297, File 11038-6-C-40, part 2, 1-2.

various ministers and cabinet when the need arose. It took a complicated array of communication networks across departments and oceans to consult on what sometimes were important, but often also small, matters.

This messiness was reflected not only in the operation of the programs but also in the facts and figures collected on aid programs. The preparation of program statistics was a shared responsibility between the DTC and the DF, but the statements they prepared were “frequently ... incomplete and inaccurate.”⁷⁸⁰ In an April letter to A.E. Ritchie, D.R. Taylor wrote that “[i]t is impossible to know where to start in describing the difficulties which have arisen in attempting to obtain a clear accounting of the funds which have been voted by Parliament for the Colombo Plan Programme.”⁷⁸¹ He noted that in a recent statistical report submitted by the ETAB to the standing committee on external affairs, there were “18 or 20 mistakes.”⁷⁸² Another example arose out of that C\$5 million that had been set aside from the 1958-59 program for wheat to India in 1957. Astonishingly, the ETAB forgot that the C\$5 million had been spent, and proceeded with the year’s program as though India would receive its entire vote. The only reason that the government was able to make up C\$5 million to complete the program once the mistake had been realized was because of a large amount of unexpended funds from various Colombo Plan projects in Southeast Asia as a whole. Taylor sums up these mistakes in this way: “[i]n a sense, I think it may be argued that the error of forgetting this \$5 million allocation was counter-balanced by sloppy administration which had allowed such a substantial amount of funds to accumulate.”⁷⁸³ That in this case two wrongs had made a right clearly was of no comfort to anyone. Taylor further noted that nearly a third of the C\$330 million allocated over eleven years

⁷⁸⁰ LAC, RG 25, Mr. Bruce to Mr. Taylor, “Agenda for Forthcoming Meeting of External Aid Policy Committee,” 5 January 1960, Volume 4297, File 11038-6-C-40, part 2, 1.

⁷⁸¹ *Ibid*, 375.

⁷⁸² *Ibid*, 377.

⁷⁸³ *Ibid*, 377-378.

to the Colombo Plan remained unspent. This, he wrote, “can only indicate that we are considerably behind in our planning and programming.”⁷⁸⁴ At this point, nobody could seriously argue that the problems with Colombo Plan spending originated only in the countries like India, where it was spent.

A.S. McGill, an official in Economic II, prepared a draft paper entitled “Administration of Canadian Aid Programmes” which tried to resolve one of the central challenges in the program – the division between the ETAB and the DEA. It stated plainly that the “present arrangements for carrying out Canada’s bilateral assistance programmes are unsatisfactory,” and suggested that improvement was needed in three areas; a “clearer and more logical assignment of responsibility for policy decisions and for the administration and programmes,” recruitment of more competent personnel, and an overhaul of machinery and procedures. At a minimum, a clearer division needed to be made between the ETAB and the DEA. Once the policy had been set, McGill suggested, it was not necessary for the DEA to be involved in the detailed operation of the programmes. Inversely, the ETAB needed to get out of the habit of “trying to initiate projects or programmes or anticipating policy decisions as they now tend to do.” However, the ETAB also needed more autonomy in carrying out programs, without interference from the DEA or the DF.⁷⁸⁵ Yet, as the January 1960 document quoted above had already pointed out, it was nearly impossible to draw a line between policy and administration. This line of inquiry was a dead end.

D.R. Taylor expressed this sentiment on 13 April. In another letter to Ritchie he articulated what he believed was the “basic” weakness in the operation and administration of Canadian aid programmes. This was the division between the DEA and the DTC for the

⁷⁸⁴ Ibid, 378.

⁷⁸⁵ Ibid, 380-381.

responsibility of policy and administration: “Theoretically this system promised certain advantages but I am convinced that they are not being realized.” The solution, suggested Taylor was to set up *within* the Department of External Affairs a “top-flight civil servant” who would look after both the policy and administration of aid programs, reporting to the SSEA. Although this idea may have been floating around the department, this is the first time it was expressed in writing.

Officials in the Indian high commission in Ottawa even noticed the movement toward change in the administration of the program when they suggested in the 1960 annual report to New Delhi that while Canada had been in the past “happy enough to allocate a lump sum amount under the Colombo Plan aid and to leave the recipient country to decide on what form the aid should take,” that now the government was “getting round to the view” that Canadian aid should take a “tangible and visible” form in the host country instead of transferring metals and other commodities.⁷⁸⁶ This was an incorrect reading of the situation. There had always been a wish within the Canadian government to fund “tangible” projects, and the extensive use of Canadian aid for commodities such as wheat and metals particularly after 1957 occurred as a result of the Indian financial crisis and internal domestic politics. However, that the high commission noted there was a desire for changes in the Canadian aid program is itself noteworthy.

The Re-organization

Even before 1960, there had been some changes, Ault’s fresh presence as director of the new reorganized IETCD, which became the ETAB under his watch, seems to have been the initial reason for the transformation. Soon after becoming director he led the branch in a “study of the method of operation” of the aid program in order to find a way to make a “single,

⁷⁸⁶ B.N. Chakravarty, Annual Political report for the Year 1960, 2 February 1961, MEA, AMS, File No. 28(2)-AMS/61, Annual Political report for the Year 1960 from the High Commissioner of India, Canada, 3.

coordinated” programme and simplify the bureaucratic machinery.⁷⁸⁷ In December 1958, the Colombo Plan Policy Group decided to change its name to the Interdepartmental Committee on External Aid Policy. The decision was made largely to reflect the extension of the aid program into the West Indies and Africa, although the group itself operated in largely the same manner as the former Colombo Plan Group.⁷⁸⁸ The name change reflected what had already happened, as the former Colombo Plan Group had been responsible for looking after those changes anyway.

That December the IECAP also struck a sub-committee to look into the idea of creating a “non-lapsing fund into which various appropriations could be placed.”⁷⁸⁹ The Group worried that although Colombo Plan funds did not lapse at the end of the year as a result of the special arrangement devised in 1952, the other programs’ funds did lapse. The sub-committee found that two improvements should be made to provide a clearer accounting of foreign aid funds: there needed to be a better and more comprehensive account of those funds for parliament and the public and there needed to be “greater consistency” in the way the funds were voted by parliament. The first problem had come out of some critical reports published in the media about aid, which the sub-committee found had been partly caused by the difficulty that reporters had in tracking down how much had been spent. Aid estimates and expenditures were “scattered” and there was no single document that published accounts and activities. However, despite the recognition of these problems, the sub-committee recommended against a suggestion to change the way aid programs were funded. It worried that it might “focus undue Parliamentary and public attention” on the aid programs, which might provoke the wrong response during a “time

⁷⁸⁷ LAC, RG 25, O.E. Ault to D.V. LePan, “Colombo Plan Policy Group,” 9 December 1958, Volume 4297, File 11038-6-C-40, part 1, 1.

⁷⁸⁸ LAC, RG 25, Douglas LePan to R.B. Bryce, 23 December 1958, Volume 4297, File 11038-6-C-40, part 1, 1. For reasons of consistency, I will continue to use the term “The Group” to refer to the ICEAP for the remainder of this paper.

⁷⁸⁹ LAC, RG 25, Sidney Pollack to The Deputy Minister, Department of Trade and Commerce, “Report of the Sub-Committee to the Interdepartmental Committee on External Aid Policy,” Volume 4297, File 11038-6-C-40, part 1, 1.

of financial stringency”. Ministers might decide to cut the programs instead of making aid expenditure more efficient.⁷⁹⁰ Some changes did manage to take place that spring, however. Ault decided to re-organize the ETAB into four divisions: programme and planning, capital assistance, technical cooperation, and finance and administration. The different branches reflect an attempt not only to organize the programs more efficiently, but also presumably through the programme and planning branch, to better prepare for and coordinate Canadian aid.⁷⁹¹

The idea to change the way aid was dispersed did not die with the sub-committee’s negative approach, partly because the DF decided it too needed changes in the way aid flowed. In September, the UN Division in the DEA informed Economic II that it wanted not only the UN programs, but “all proposals for Canadian aid” to be considered at one time, rather than voted on throughout the year as had been practice up until then.⁷⁹² This proposal suggested that cabinet would consider not only the Colombo Plan and technical assistance program vote, but also all the “humanitarian” programs such as the funds for refugees and the UN Children’s Fund all at one time. The ICEAP decided to prepare a report for the relevant ministers that not only recommended that all of these votes be presented to cabinet under one heading, but also that an annual report should be submitted to parliament on the operations of the aid program and that the newer assistance programs be put into a non-lapsing fund.⁷⁹³

It appears that for officials in the DEA, these administrative changes did not solve the larger issues that they identified. Ault’s reorganization of the ETAB did not, for the DEA, change the crucial fact that administration and policy were not two separate entities and should

⁷⁹⁰ Ibid, Attachment – “Legislation on Canadian Aid,” 1-3.

⁷⁹¹ Ibid, 64.

⁷⁹² LAC, RG 25, J. McCordick to Economic I Division, Economic II Division, Far Eastern Division, 17 September 1959, Volume 4297, File 11038-6-C-40, part 2, 1.

⁷⁹³ LAC, RG 25, Norman Robertson, “Memorandum for the Minister: Legislation on Aid,” 24 November 1959, Volume 4297, File 11038-6-C-40, part 2, 1-2.

not be handled separately. In May, A.E. Ritchie, J.A. Roberts, the deputy minister for the DTC, and Ken Taylor, the deputy minister of finance met. While Ritchie referred to it as their “little meeting,” a significant policy document emerged from it “in accordance with the suggestion made” at the meeting, which outlined a “possible proposal for modifying the administration of our aid programmes.”⁷⁹⁴ What it described was the set-up of a new “External Aid Office” (EAO). The rationale for this change was described in this way:

A basic consideration of any approach to the administration of aid programmes is that they are an integral part of a nation’s foreign policy. These programmes reflect, and, to an important degree, are moulded by the nature of the relationship between donor and recipient countries. It is important, therefore, that the conduct of aid programmes should be especially closely related to the Department primarily concerned with Canada’s external relations.⁷⁹⁵

The placement of the aid program within the DTC had always been artificial in this reckoning. Aid programs were, in Ritchie’s view, an extension of foreign policy and should be treated in that way. He recommended the EAO be set up “within the Civil Service but separate from any existing department,” responsible to the secretary of state for external affairs, and headed by some “capable experienced man” holding a rank similar to a deputy or assistant deputy minister. He also recommended the creation of a new Board, similar to the previous Colombo Plan Group/IECAP to provide the bridge between the new EAO and cabinet. The Board, as Ritchie envisioned it, would be “smaller and more effective” than the previous Group, comprising at its core the deputy ministers of the relevant departments. The new office could second officers from those departments who had worked on aid programs previously to start up the new office.⁷⁹⁶ He also noted that he already discussed the matter with Green and that the minister was “agreeable” to an arrangement such as he had described. He sent the paper to

⁷⁹⁴ LAC, M31 E44, A.E. Ritchie papers, A.E. Ritchie to J.A. Roberts, 18 May 1960, Volume 1, Diary File – official memoranda and correspondence (2 of 3) 1960 – 1-4, 1.

⁷⁹⁵ Ibid, 11.

⁷⁹⁶ Ibid, 3.

Rasminsky and Plumptre, although nobody else.⁷⁹⁷ Ritchie's paper became the blueprint for the new office.

It did not take long for planning to get underway and by July, Robertson wrote in a memorandum to Green that he had discussions with "senior officials of interested government departments" including the Bank of Canada and that "all are agreed that there would be advantages to the government in the scheme."⁷⁹⁸ They had even decided that the person they would ask to lead the organization would be Herbert O. Moran, who had just ended his mission as the Canadian high commissioner in Pakistan.⁷⁹⁹ Although the decision had at this point already effectively been made, they still had not yet informed O.E. Ault, the administrator of the Colombo Plan, about the idea, and so Robertson asked that Green keep the information in confidence.⁸⁰⁰ This was a remarkable statement. It could only mean that no senior official, not even in the DTC, had consulted with anyone in the ETAB about the changes. Clearly, they held the administration in very little regard, and one can only imagine that Ault must have been shocked when he learned the news.⁸⁰¹ In some ways, even though there had been consultation with the DTC and the DF, this resembled a coup by the DEA. By August, the organization of personnel had been hammered out and Moran had accepted the position, albeit at first reluctantly.⁸⁰² The Office itself, under his direction, was officially established on 9 November 1960.

⁷⁹⁷ Ibid.

⁷⁹⁸ LAC, RG 25, Norman Robertson, Memorandum for the Minister, "Administration of Canada's Economic Assistance Programme," 6 July 1960, Volume 5567, File 12822.40, part 1, 25.

⁷⁹⁹ Ibid.

⁸⁰⁰ Ibid, 26.

⁸⁰¹ It seems that Ault had dreams beyond the civil service, and went on to become a science fiction author, publishing the book *Johnny Transplant* about a teenager who receives a brain transplant from a writer who committed suicide. David Ketterer, *Canadian Science Fiction and Fantasy* (Bloomington: Indiana University Press, 1992), 85.

⁸⁰² David R. Morrison writes that Moran initially wanted a European post after his return from Pakistan, and only agreed to lead the EAO under three conditions: "that the term be limited to two years, that the starting date be

The External Aid Board met for the first time on 9 January 1961. As Ritchie had envisioned it, only six members attended that first session, including Moran, Roberts, Rasminsky, Plumptre, Ritchie, and a secretary, R.S. MacLean, from the new EAO.⁸⁰³ Three of the six had been involved in aid policy for years, and in this way the establishment of the EAO could hardly be called a changing of the guard; nor could any radical change be expected from its formation. Whereas Group meetings regularly had eleven or twelve people in attendance with heavy representation from lower level officers in the ETAB and its former incarnation, the IETCD, this new Board had only high-level officials in attendance, and they all knew the programs and issues very well. The extent to which the Board was designed to protect what they felt they had learned about aid in the years before its establishment was illustrated in the first meeting. The relative newcomer, Roberts, suggested that technical assistance was more important than capital projects, since they helped “the economically underdeveloped nations to help themselves.”⁸⁰⁴ In succession, Ritchie, Moran and Plumptre all politely shut down this idea, forcing Roberts into a corner, admitting he “did not intend to assume an inflexible position on this question.”⁸⁰⁵ New ideas, at least those that did not easily mesh with the orthodoxy, were not welcome.

Conclusion

There is no documentary evidence that the wheat issue provoked a feeling among officials that aid programs needed to be protected from political incursion. Certainly, important considerations of competence and policy incoherence had been identified as the main, and quite

deferred to January 1961 to allow sufficient time to put an organization into place, and that three senior officers be seconded to work with him from each of the three senior departments.” Morrison, *Aid and Ebb Tide*, 41.

⁸⁰³ LAC, RG 25, H.O. Moran to A.E. Ritchie and attachment, “Minutes of the External Aid Board, No. 1 – January 9, 1961,” 12 January Volume 5591, File 12881-2-40, part 1, 1.

⁸⁰⁴ *Ibid*, 93.

⁸⁰⁵ *Ibid*, 94.

legitimate, reasons for the creation of the EAO and the position of the aid program in the DEA. However, one cannot help but mark the timing of this change. It is also significant that Diefenbaker, perhaps a result of the frustration he felt in moving his own aid agenda forward, soured somewhat on aid as his term in office progressed.⁸⁰⁶ Plumptre and Ritchie and other officials working on the aid program had spent 1957 and 1958 at odds with Churchill and by extension, Diefenbaker, about the extent to which the Colombo Plan should be used as a wheat surplus disposal program. They struggled to keep the programs that had been developed in collaboration with officials in Colombo Plan countries against the pressure by cabinet to change. The use of the Indian financial crisis as an excuse to push wheat on the Indian government had been a particularly thorny issue, even though their own ministers had supported them. Although there is no direct documentary evidence to support this contention, it seems likely that this had an effect on officials working with aid in the DEA and DF, and was at least one important factor in prompting a review of the program and the eventual creation of the EAO.

Two separate, although related, stories can be told about the impact of the Diefenbaker government on the Canadian aid program. Although the Canadian aid program has traditionally been closely associated with the Liberal Party, many salutary changes did occur as the result of the Diefenbaker's election, which were detailed in the previous chapter. The second story is one that occurred in addition to, and perhaps indirectly as a result of, the election of the Progressive Conservatives into power. The pressures that Diefenbaker and Churchill put on the aid program

⁸⁰⁶ In 1961, Diefenbaker wrote to Fleming that he felt that there was a "rising tide of objection, if not outright condemnation of the Government for having more concern over economic conditions in other countries of the world than at home," although when one examines the correspondence on the issue in his papers quite the opposite is true. Fleming responded that while he realized that there was "objection in some public quarters to the maintenance, not to mention the enlargement of the volume, of our aid to underdeveloped countries ... I am not led to believe that this feeling is either as strong or as general as your correspondence indicates to you." Although more research should be done, it seems probable that Diefenbaker's own personal feelings toward aid, rather than the type of correspondence he received, is actually what changed during this time. USkUASC, DCC, Diefenbaker papers, John G. Diefenbaker to D.M. Fleming, 26 April 1961, Volume 532, File 802 Conf. World Relations – Economic Assistance Abroad. 1959-1961, 1; Donald Fleming to J.G. Diefenbaker, 21 April 1961, Ibid.

to turn the Colombo Plan into a wheat disposal mechanism may have influenced, or pressured, those within the DEA to reconsider its position within the DTC. Certainly, years of mismanagement, and sometimes outright incompetence, did not recommend the continuation of the aid administration as it had been managed during the 1950s. It is a mistake, however, to see the EAO as it was in 1960 as a direct predecessor to Canadian International Development Agency, established in September 1968. While the move to the EAO did rationalize, and to some degree professionalize, the aid program, it did not necessarily signal an openness to new approaches. If anything, it showed a desire, particularly within the DEA, to keep the aid program firmly within its purview.

While the creation of the EAO is not necessarily one of innovation, a few broader trends can be read in these changes. The Diefenbaker administration, in concert with world events and political changes in the United States, had pushed Canada into engaging multilaterally to a greater extent than ever before. Also, the pressure to rationalize the Canadian aid administration, alongside political pressures from the Diefenbaker cabinet, prompted an internal soul-searching about the uses and potential misuses of aid. It forced officials to think more carefully about what aid did, and what it could and should accomplish. The transition to the developmental mindset advocated by Reid had begun, although nobody yet thought very carefully about those who were supposedly helped by the aid program. The first development decade, the 1960s, was about to begin, however, and Canada would once again be pushed to expand its horizons in the field of international development.

Conclusion: What Was Old is New Again

On 19 May 1960, Chester Ronning wrote a memorandum to the SSEA, outlining his views on the Canada-India relationship as he felt it stood. After nearly two years in country, Ronning apparently felt that it was time to take down the semi-artificial edifice of closeness that Reid had constructed during his time there, and to make a realistic appraisal of the diplomatic bond. He did not dispute that relations between the two countries were “cordial,” but given that “Canada is about as far away from India as it is possible to be on the earth,” little could be expected in the way of a common feeling among the publics of both countries.⁸⁰⁷ Added to that, there were three diplomatic tiffs between the two nations, including the refusal by Canada to allow the Laos commission to reconvene despite Nehru’s direct approach to Diefenbaker, the refusal by Canada to India’s proposal to reduce their commercial wheat quota in order to receive more PL 480 wheat,⁸⁰⁸ and the refusal by India to support the Canada-US proposal on the Law of the Sea.⁸⁰⁹ These differences did not, for Ronning, represent a “set-back,” but simply showed that neither country ever had much influence over the other. In contradiction to the message Reid tried to publicize during his time in New Delhi, Ronning surmised, “it now seems to me that relations between the two countries have always been basically thin and superficial.”⁸¹⁰ There was no special relationship, nor had there ever been.⁸¹¹ While Canadian-Indian diplomacy

⁸⁰⁷ LAC, RG 25, Chester Ronning, The High Commissioner for Canada to The Secretary of State for External Affairs, no. 461, 19 May 1960, Volume 5411, File 11038-1-40, part 13, 1.

⁸⁰⁸ LAC, RG 25, D.R. Taylor, Economic II Division, Memo for File, “India: Commercial Wheat Quota, Meeting with Indian High Commissioner, June 14, 1960,” 21 June 1960, Volume 5411, File 11038-1-1A-40, part 3, 3.

⁸⁰⁹ LAC, RG 25, Chester Ronning, The High Commissioner for Canada to The Secretary of State for External Affairs, no. 461, 19 May 1960, Volume 5411, File 11038-1-40, part 13, 1. For a description of the Indian government’s position on the International Law of the Sea throughout time, see GM Hiranandani, *Transition to Triumph*, “Chapter 27: The International Law of the Sea and Indian Maritime Legislation,” <http://indiannavy.nic.in/book/international-law-sea-and-indian-maritime-legislation> (accessed 17 April 2014).

⁸¹⁰ LAC, RG 25, Chester Ronning, The High Commissioner for Canada to The Secretary of State for External Affairs, no. 461, 19 May 1960, Volume 5411, File 11038-1-40, part 13, 1.

⁸¹¹ For Ryan Touhey’s discussion of this memo and the myth of the “special relationship, see, “Dealing with the Peacock,” 276-279.

had been less robust since Diefenbaker took office, the memo marked an end to Reid's earlier hopes for ever-closer foreign relations between the two countries.

This memo, along with the establishment of the External Aid Office later that year, marks the end of a certain era of the Canada-India aid relationship as well. It is not that anything in particular had dramatically changed with the establishment of the EAO. As stated in the previous chapter, the EAO represented more of a closing in than a turning outward in Canadian aid policy. Canada continued to give substantial aid to India until the creation of CIDA, but there were only a few fresh developments in the Canada-India aid relationship throughout the 1960s.⁸¹² For example, due to yet another foreign exchange crisis in the mid-1960s, Canada decided to forgive its wheat loans with India.⁸¹³ Still, it was exactly this lack of change that did mark the end of an era. While Canada developed new aid partnerships in the Caribbean and Africa, and built new multilateral relationships through its membership in the Development Assistance Committee, a part of the Organization for Economic Co-operation and Development (OECD), the Canada-India relationship continued on much as it had before. Canada helped to build another large dam project, the Idukki dam in Kerala state.⁸¹⁴ It gave more wheat. It continued to be a member of the Aid-India Consortium. As the decade came to a close, and the External Aid Board became the Canadian International Development Assistance agency, the government took a large step away from the Colombo Plan as the mainstay of the Canadian

⁸¹² The amount of aid Canada gave to India fluctuated throughout the 1960s, but still accumulated to an overall total of approximately C\$690 million between 1961 and 1970, which represented a substantial increase over the 1950s. Central Secretariat Library, Ministry of Finance, *External Assistance 1970-1971*, 32. This reflected a substantial increase in the overall foreign aid budget throughout the 1960s, and the continuing policy to give a large amount of that total aid to India. In the annual review of CIDA conducted in its first year, 1968-69, India was made an "area of concentration" along with nine other countries/regions. Morrison, *Aid and Ebb Tide*, 80.

⁸¹³ LAC, RG 25, J. Dupuis to A.B. Barry, "India – Forgiveness of 1958 Wheat Loans," Volume 5140, File 8130-09-2/I39, part 3, 1; LAC, Washdc to External, no. 1591, 28 April 1967, *Ibid*, 6-7; A.J. Barry to J. Dupuis, "India – Forgiveness of Wheat Loans" and attachment, "Financial Agreement between the Government of Canada and the Government of India, 20 April 1967, 1-2.

⁸¹⁴ See documents in LAC, RG 74, Accession 1980-81-063, Box 24 related to the Idikki dam.

foreign aid program, although it had been moving in that direction throughout the decade, and would continue this trend throughout the 1970s. Whereas during the 1950s, India had acted as the bellwether of Canadian aid policy, in the 1960s, the aid relationship was on autopilot.

Then, in 1974, a literal and figurative bomb went off when the Indian government tested a nuclear device on 18 May. The decision to rush into the Canada-India reactor project without a firm agreement on fuel safeguards, and the increasing unease that Canadian policymakers felt about that situation, had finally materialized into a diplomatic catastrophe. In 1976, the government of Prime Minister Pierre Elliot Trudeau decided to cut off nuclear cooperation with India, resulting in a large reduction in Canadian aid to India.⁸¹⁵ Although the diplomatic relationship eventually became cordial again, even becoming a “priority” for the Conservative government under Prime Minister Stephen Harper after 2006, in 2003 the Indian government, under the Hindu nationalist Bharatiya Janata Party (BJP), announced it would no longer be accepting aid from 22 countries, including Canada. They called these countries “small donors.” The BJP wanted to establish greater financial autonomy and to make a statement about the success of India’s rapid economic growth since its decision to undertake major financial reforms in 1991. At that time, Canada was giving India about C\$30 million bilaterally, and C\$10-12 million through non-governmental organizations. Ottawa responded by announcing that it would withdraw bilateral assistance by 2006. As of 2010, Canada had just three people working at the Canadian high commission in New Delhi for CIDA, with a total in-country staff of 30 persons

⁸¹⁵ Touhey, “Dealing with the Peacock,” 437-485; Canadian foreign aid to India dropped from C\$101 million in 1971-72 to C\$31 million in 1978-79. Ryan Touhey, “From Periphery to Priority: Lessons of the Canada-India Relationship, 1976-2009,” *International Journal* 64, no. 4 (Autumn 2009): 913.

working with CIDA's NGO programming in India.⁸¹⁶ However, the Canada-India aid relationship had effectively come to an end.

Given the current conditions, it is no wonder that many people, even well-informed observers of Canadian aid policy, are surprised when told of the extensive aid relationship that once existed between Canada and India. However, during the 1950s, Canada built its aid program with the cooperation of India. Although there were sizeable projects in Pakistan and Sri Lanka, the Canada-India aid relationship was unique, at least from the Canadian perspective. For India, Canada was not exactly unimportant – after all, it was only through India's diplomatic cajoling that Canada agreed to join the Aid-India Consortium in 1958. For a country hoping to rapidly industrialize, Canada provided useful commodities and expertise, particularly in the field of hydro-electric development. Canadian officials, especially at the high commission in New Delhi but also to some extent in Canada, were sensitive to Nehru's dislike of the Cold War bombast that characterized American rhetoric around aid. While the lingering threat of communism provided a justification for aid expenditures for audiences at home in Canada, in general, the subject was taboo for Canadian officials and politicians in India, or among representatives of the GOI. While foreign relations between Canada and India may have been, as Ronning stated, "thin and superficial," what closeness and understanding that did exist between the two countries to a large extent came from the contact and cooperation that resulted from the aid program. Canadian officials working on aid came to understand the nuances of India's non-aligned status, even if they did not agree with it.

⁸¹⁶ Although in 2004 the new government under the Indian National Congress said it would accept aid from all the G8 countries, including Canada, the Canadian government decided that since it had already announced the termination and started the process it did not wish to make use of the opportunity to rekindle the bilateral aid relationship. Conversation with Toopran Sampath Kumar, PhD., Senior Advisor & Team Leader, Canadian International Development Association, New Delhi, 21 October 2010.

This relationship, such as it was, developed quite rapidly. With the exception of some aid that Canada gave to India's colonial government during the Second World War, little contact existed between the two governments prior to 1950. However, while outside international events in the form of the war, the decline of the British Empire, and the new Cold War combined to propel the two countries together in 1950, internal events in each country led them to their respective places as recipient and donor. While development scholars usually point to the early 1950s as the beginning of the modern practice of development, India's history teaches useful lessons about the origins of this modern practice in the North and the Global South. Fifty years of Indian colonial history produced a newly independent country with a government, led by Nehru, hungry for a form of economic development that hinged on rapid industrialization. While the INC chastised the British imperial government for stalling India's domestic industry, starving the Indian economy, and neglecting the welfare of the Indian people, their definitions of economic success and failure drew on a complex exchange of ideas between nationalists, industrialists, the imperial and colonial governments, and new ideas from abroad. While Gandhi's "self-help" movement inspired a fierce political independence among Indian politicians, the planning movement in England, modernization programs in the USSR, colonial development policies, and the influence of indigenous businesspeople and industrialists all came together in 1947 to inspire an ideal of economic development through industrialization and modernization that placed heavy expectations on the national budget. The weight of these expectations, combined with India's difficult economic position following the war, overcame the goal of total independence when ODA became a factor in international relations.

While India suffered economically following the war, Canada boomed. With the Great Depression still firmly in the rear-view mirror, however, the Canadian government felt it had to

do everything possible to continue this prosperity. As a result, it had a strong interest in rebuilding European prosperity to provide a market for post-war Canadian goods. From both an economic and a humanitarian standpoint, then, Canada felt compelled to participate in initiatives such as UNRRA and to make reconstruction loans in Europe to help it recover from the economic trauma of war. While Canadian aid following the Second World War initially focused on Europe, the ethics, ideas and practices surrounding war and post-war aid fed into the Canadian international development program in the 1950s.

Without the Commonwealth, however, it probably would have been some time before Canada and India came together in an aid relationship, and some time before Canada became a major bilateral donor to countries in the Global South at all. It was the Commonwealth foreign ministers meeting in Colombo that prompted the new idea of a Commonwealth economic development organization, an idea the Canadian DEA had previously firmly rejected, into reality. While the Cold War provided a strong impetus for the creation of the Colombo Plan, especially following the outbreak of the Korean War in June, 1950, initially Canada felt pressured into joining the aid scheme by the UK, which supported the idea for the Plan as one possible way to bring US currency into the sterling area. For the DEA, the Colombo Plan offered an opportunity to help the UK, without becoming even more deeply involved in that country's financial problems. Although at the time Canadian officials viewed the Colombo Plan as a temporary initiative, it actually became Canada's first point of entry into the practice of giving aid to the developing world.

While the machinery of the Colombo Plan had been set up to accommodate the type of war and post-war aid Canada gave to Europe, it did not take long for Canadian officials to learn that giving aid to India represented a new, and problematic, set of challenges. The program had

a rocky start in its first year. Communication, whether it be within Canada, within India, or between the two countries, proved a constant challenge, creating many delays. Added to this already formidable problem were differing priorities for the aid, both between the Canadian and Indian governments and between the Indian government and its state governments, internal politics in India, and a lack of experience, both in Canada and India, with aid-giving and receiving. Canadian and Indian officials made up procedures as they went, occasionally inventing new policies in order to avoid drawing too much attention to the program, as the Canadian government did when it gave India's unspent aid to the Canadian Commercial Corporation rather than face a revote in parliament. However, officials rarely took the time to consider the intent of aid, or question its intrinsic value, even if they were dissatisfied with how the program functioned.

The program improved, albeit unevenly, over the years. Credit for this advancement can be partially attributed to the appointment of Escott Reid as high commissioner late in 1952. Influenced by the style and philosophy of American Ambassador Chester Bowles, as well as the American aid program and aid agencies in India's capital city, Reid quickly developed firm opinions about India's geo-strategic importance and the possibilities for Canadian aid in South Asia. He increasingly viewed the Indian aid program from an Indian, rather than a Canadian, perspective. In a striking departure from official thinking in Ottawa, the high commissioner thought more and more in terms of a developmental framework that prioritized India's economic "progress," rather than in terms of what Canadian goods and services could be delivered to the country. While Reid improved the aid program by developing relationships with political and bureaucratic members in the GOI, and even used direct political pressure to improve communication between Ottawa and New Delhi, his ideas began to meet opposition in Ottawa.

Canadian priorities surrounding aid from the perspective of the relevant departments were fairly straightforward. Officials demanded efficiency, accountability, and fiscal responsibility from the aid program. Despite high-minded talk about the poor in Asia and their vulnerability to communism by Canadian politicians, matters looked far more mundane at the administrative level. Faced with scrutiny by the auditor general and the need to justify the program's results in terms of Canadian commerce, officials in Ottawa looked for modest, achievable results. Nik Cavell believed that Colombo Plan spending should be distinctively Canadian and uncompromisingly bilateral, and especially fought any attempt at multilateral engagement on the project level recommended by Reid.

The sort of scheme Cavell greatly approved of, and represented a "typical" although large project, was the Mayurakshi dam. Still bearing the moniker "The Canada Dam," Mayurakshi was a hydro-electric project that used Canadian counterpart funds to pay for local costs generated by food aid in the form of wheat, and imported Canadian equipment and expertise in the construction of the dam. Built for its potential to irrigate, control flooding, and generate electricity, the dam was an idea left over from British colonial planning, developed by the newly independent Indian government, and inspired by dreams of industrial modernization. It displaced thousands of indigenous people, at the time considered a normal, necessary, and even beneficial result of the industrialization process. It followed a normal process of aid funding and was a successful project in the eyes of Canadian and Indian politicians, although it at times presented enormous challenges for those working on the ground and in the Canadian and Indian governments. While the Canada-India atomic research reactor was inspired by the same dreams of industrial, and to some extent, political power, it represented a completely atypical project. In the government's haste to build export markets for the Canadian uranium industry, it had a high

degree of executive oversight, an unusual feature for a Canadian aid project. However, the government also ended up capitulating to Indian demands for political autonomy and overlooked concerns about fuel safeguards in order to complete the agreement. This may have seemed a safe bet in the Nehruvian era of anti-nuclear weapons sentiment in India, but later showed the dramatic and negative consequences that good intentions can sometimes inflict through ODA.

Canadian commercial imperatives did not only apply to the field of nuclear energy, a factor that became quite clear with the election of Diefenbaker to the prime minister's office in Canada. He and his cabinet, particularly the minister of the DTC, Gordon Churchill, became preoccupied with how the Colombo Plan could be used to dispose of the troublesome and expensive issue of surplus prairie wheat. In order to move the program toward this goal, Canada negotiated a wheat loan with the Indian government, even though India was not particularly interested in Canadian wheat. Diefenbaker also played a small role in the creation of the World Food Programme, which eventually became another venue for Canadian food aid. His belief in the Commonwealth also resulted in some significant changes to the Canadian aid program, since his decision to host a Trade and Economic conference in Canada in 1958 prompted the Canadian government to action on the aid file. This resulted in a new scholarship program, a larger financial and a multi-year commitment to the Colombo Plan, and the extension of the Plan into new areas in Africa and the Caribbean. Also, under Diefenbaker's watch, Canada decided to participate in the Aid-India Consortium in 1958, a World Bank/US-led initiative that became Canada's first major financial commitment to a multilateral aid program outside of the original Bretton Woods organizations.

However, despite these changes which can be attributed at least in part to Diefenbaker's leadership, his interest in aid remained fairly superficial. The greatest changes that took place

while his government was in office had little to do with the prime minister. During the latter part of 1959 and the beginning of 1960, the relevant departments, under the leadership of the DEA and with no involvement from the old Colombo Plan administration, undertook a large-scale reorganization of the aid program with very little ministerial involvement. However, it may be argued that given the context of this reorganization, and the battles that took place between Churchill and officials in finance and external affairs, the strong push to make the Colombo Plan into a wheat disposal program had an effect on thinking in the relevant departments and especially in the DEA. Although the reorganization was largely prompted by a drive to professionalize the aid program, the timing of the change and the decision to place the EAO firmly within the structure of the DEA suggests a desire to protect the program from political incursion. The program also simply needed to be managed better; as officials finally conceded to themselves that while India did not make a perfect partner, it did have many virtues within an inherently challenging field, and that Canada had its own issues which contributed to the slow, sometimes painful process of giving bilateral assistance. However, despite this, it is worth noting that the EAO situated all aid matters firmly within the DEA and gave a greater degree of insulation through the mechanism of the new, much more tightly controlled External Aid Board.

While Canada may have been only of marginal significance in the larger history of bilateral aid in India, in the 1950s, Canada did enjoy a place of diplomatic prominence for the country's aid program, even if it could never hope to match the sheer amount of assistance that the United States extended in this early era. However, India's importance to the early Canadian aid program is undeniable. While the following decade represented a time of change for the aid program, especially after the founding of CIDA in 1968, many of the policies, procedures, and

mechanisms that Canada built around the aid program in relation to India lingered on through the 1960s and beyond, whether it be in the focus on food aid, tied aid, or on large modernization projects and technical assistance.

What Has Changed?

Of course, many of these policies have since been found to be inappropriate. With the advent of the basic-needs approach to development in the 1970s, and the large surge of Canadian NGOs involved in international work throughout the 1970s and 1980s, criticisms piled up on the Canadian government's way of doing things.⁸¹⁷ Practitioners of new forms of "alternative" development who focused on this needs-based approach noted the shortcomings of the top-down, bureaucratic, and large-scale forms of ODA practiced by countries such as Canada. Large dams, the capital assistance projects that the Canadian government felt most proud of in the 1950s, have come under particular scrutiny as symbols of all that is wrong with large-scale development. In particular, observers targeted Canada's tied aid, which remained exceptionally high for decades even in comparison to like donors.⁸¹⁸ Critics pointed to Canada's interest in commercial, diplomatic, or security priorities over "humane internationalist" prerogatives.⁸¹⁹

Has much changed? In a host of ways, Canadian aid has evolved significantly from the very clear-cut approach taken by the government of the 1950s. Today's programs would be unrecognizable to those involved in the program in those early years. The aid-to-GDP ratio is

⁸¹⁷ The basic needs approach developed throughout the 1970s as a reaction to the large-scale, statist development practices of the previous two decades. It advocated "meeting essential physical and social needs of production and distribution designed to produce more of the goods and services required to meet basic needs and make sure that even the poorest have sufficient income or other means of access to these." Richard Jolly, "The World Employment Conference: The Enthronement of Basic Needs," *Development Policy Review* A9, no. 2 (October 1976): 33. It was highly influential in the UN development organizations and helped to turn development practice away from an overwhelming focus on poverty-reduction through industrialization and to smaller-scale approaches that looked primarily at the rural poor. See also International Labor Organization, *Employment, Growth, and Basic Needs: A One World Problem* (Geneva: ILO, 1976). Richard Jolly is closely associated both with the basic needs approach and concepts of "human development" created in the 1980s. See footnote 34.

⁸¹⁸ Pratt, "Canadian Development Assistance: A Profile," in Pratt, ed., *Canadian International Development Assistance Policies*, 8.

⁸¹⁹ *Ibid.*

one area of change. While it has fluctuated dramatically over the decades, reaching an all-time high of 0.5 percent in 1986-1987, but then reduced to 0.25 percent as a result of cutbacks in the 1990s, it has never again dipped to a low of the initial 0.01 percent average of the 1950s.⁸²⁰ The advent of the International Development Research Centre in 1970 established what has become a leading international organization for the pursuit of research into innovative approaches to international development practice, providing research funding to academics, scientists and social scientists in the Global South.⁸²¹ One of the biggest changes has been the integration of the NGO community into CIDA's funding package, a community that simply did not exist for the best part of the 1950s. In the 2011-2012 fiscal year, CIDA gave C\$672.54 million of their total C\$5.7 billion budget to core budget support to NGOs, other private bodies, public-private partnerships, and research institutes, known as civil society organizations (CSOs).⁸²² The actual figure is likely much higher, since the data the government provides does not disaggregate what bilateral program spending goes to CSOs. While there are many criticisms of international development NGOs, on the whole, they have been heavily influenced by alternative development approaches in the 1980s, and tend to operate small-scale, community-level projects, very often in conjunction with like-minded Southern partner organizations.⁸²³ The decision by the Harper

⁸²⁰ Jennifer Paul, "Official Development Assistance Spending," Parliament of Canada, 13 May 2009, <http://www.parl.gc.ca/Content/LOP/researchpublications/prb0710-e.htm#fn13> (accessed 17 April 2014).

⁸²¹ Muirhead and Harpelle write that the IDRC has been "at the forefront of change and innovation" and has been "for the most part nimble, flexible, and willing to contemplate approaches to problems that would not occur to more staid organizations". Muirhead and Harpelle, *IDRC*, 15.

⁸²² Canadian International Development Agency-Agence canadienne de développement international, "Statistical Report on International Assistance, 2011-2012 Fiscal Year," [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Reports/\\$file/statistical_report_on_international_assistance_2011-12-eng.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Reports/$file/statistical_report_on_international_assistance_2011-12-eng.pdf) (accessed 18 April 2014), 3; 21. There have been many criticisms of the Harper government's politicized approach to dealing with CSOs. See, for example, Gerald Caplan, "The Harper Government, women's rights, and the cost of speaking out," 4 June 2010, *The Globe and Mail*, <http://www.theglobeandmail.com/news/politics/second-reading/the-harper-government-womens-rights-and-the-cost-of-speaking-out/article1314268> (accessed 18 April 2014).

⁸²³ "Alternative" development practices are most closely associated with Robert Chambers and the Institute of Development Studies at Sussex where Chambers pioneered these approaches. In 1981 Chambers published a paper entitled "Rural Poverty Unperceived: Problems and Remedies," in which he strongly challenged what had been the

government in 2007 to completely phase out tied aid as part of their “Aid Effectiveness Agenda” represented one of the largest departures from the traditional Canadian aid approach.⁸²⁴ The influence of the “good governance” approach of the early 2000s, and the OECD’s Paris Declaration on Aid Effectiveness, has also strongly influenced the government. It adopted the Official Development Assistance and Accountability Act on 28 June 2008, bringing many of the government’s practices into line with the Paris Declaration.⁸²⁵ Certainly the Act, which ensures the timely and accurate reporting of statistics and expenditure related to ODA, represents a significant departure from the sloppy accounting of the 1950s, when the Colombo Plan administration forgot it had spent C\$5 million on wheat for India in 1959.

The latest report to Parliament from the Harper government on Canada’s ODA in no way resembles the occasional and haphazard reporting to Cabinet of the 1950s. In the 2012-2013 fiscal year, Canada disbursed ODA through fifteen departments and agencies of government.

dominant approach to development practice, where well-intentioned outsiders with little understanding of the problems, or the people, they are targeting, inevitably fail to achieve any results in helping the poor as a result of their pre-determined misconceptions, as well as a variety of other factors. Robert Chambers, “Rural Poverty Unperceived: Problems and Remedies,” *World Development* 9, no. 1, (1981): 1-19; Chambers followed this up with the highly influential *Rural Development: Putting the Last First* (Harlow: Longman, 1983) which further developed this thesis. In addition to academic contributions, however, Chambers also pioneered specific development tools practices which were taken up by many NGOs in the 1980s, such as Participatory Rural Appraisal, which tried to find ways of making the poor participants in their own development. See “Robert Chambers,” in Simon, ed., *Fifty Key Thinkers on Development*, 73-78. An entire literature has developed around the role of NGOs in development practice, both supportive and critical. For example, see Ian Smillie and Henry Helmich, *Non-governmental Organizations and Governments: Stakeholders for Development* (Paris: Development Centre of the Organisation for Economic Co-operation and Development, 1993); Peter Willets, *The Conscience of the World: The Influence of Non-Governmental Organizations in the UN System* (Washington: Brookings Institution, 1996; Michael Edwards and David Hulme, *Making a Difference: NGOs and Development in a Changing World* (London: Earthscan Publications, 1997, first published 1992); David Lewis and Nazneen Kanji, *Non-Governmental Organisations and Development* (New York: Routledge, 2009); Nikolas Barry-Shaw and Dru Oja Jay, *Paved with Good Intentions: Canada’s Development NGOs from Idealism to Imperialism* (Halifax: Fernwood Press, 2012).

⁸²⁴ Foreign Affairs, Trade and Development Canada, “Aid Effectiveness Agenda,” 26 March 2014, <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-825105226-KFT> (accessed 17 April 2014).

⁸²⁵ Justice Laws Website, “Official Development Assistance Accountability Act,” 29 May 2008, <http://laws-lois.justice.gc.ca/eng/acts/O-2.8/page-1.html> (accessed 17 April 2014). In 2005, the OECD, at the second high-level forum on aid effectiveness, declared what is known as the Paris Declaration on Aid Effectiveness, which was affirmed again in 2008 in the Accra Agenda for Action. The Paris Declaration set out a system for improving the techniques of aid to address the many problems that had been identified in prior three decades, and responded to concerns about the self-serving nature of aid by focusing on recipient-initiated strategies and goals. OECD, “Paris Declaration and Accra Agenda for Action,” <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm> (25 April 2014).

This represents a wide range of activities, including training for policing in fragile states, the provision of assistance to support forest conservation measures in the Congo Basin, and writing off debts from Export Development Canada.⁸²⁶ The range and scope of these activities would have been simply unimaginable to the officials toiling away at the fringes of the DEA, DTC and DF on aid programs in the 1950s. Rather than a focus on large capital assistance projects, or transfers of huge amounts of commodities, the current aid program has multiple facets and a wide array of functions.

Also, the language related to aid programming has undergone a revolution. While officials in the 1950s thought little about who benefitted from their aid, the Accountability Act specifically provides that assistance must “contribute to poverty reduction; take into account the perspectives of the poor, and be consistent with international human rights standards.”⁸²⁷ In addition to supporting “sustainable economic growth,” the language of the 2012-2013 Report to Parliament specifically targets maternal, newborn and child mortality as a result of the 2010 Muskoka Initiative that prioritizes those issues, and specifically mentions children and youth as an area of priority.⁸²⁸ Whether or not these measures achieve their goals must be left to other analysts, but certainly, the consideration of who is affected by Canada’s aid programs is a major part of aid policy today, and simply did not feature in the programs of the 1950s.

Interestingly, however, there have been some recent changes in policy that are reminiscent of this era. The most important one was the decision by the Harper government in the 2013 budget to do away with the Canadian International Development Agency, bringing the

⁸²⁶ Foreign Affairs, Trade and Development Canada, “Report to Parliament on the Government of Canada’s Official Development Assistance 2012-2013,” <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-10313177-NAA#a17> (accessed 17 April 2014).

⁸²⁷ Ibid.

⁸²⁸ Ibid. Foreign Affairs, Trade and Development, “The Muskoka Initiative: Background,” 3 August 2013, <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/En/FRA-119133138-PQT> (accessed 17 April 2014).

foreign affairs, trade, and development portfolios into the new Department of Foreign Affairs, Trade and Development (DFATD) in an effort to create “policy coherence.”⁸²⁹ The Harper government has explicitly sought to align its aid policy with its trade and foreign policy objectives, and has particularly looked to the private sector for new approaches to development practice. It makes no apology for this approach, as it “draws from a conservative philosophy that sees the private sector as a potential resource for innovation in development.”⁸³⁰ This brasher style, one that boldly and explicitly pursues multiple financial and foreign policy objectives through its ODA program, is certainly typical of the 1950s. So too is the aim to integrate trade and ODA, as was the case for the Colombo Plan for the first nine years of its existence, and the aim to integrate foreign affairs and development, as was the case when External Affairs folded the Colombo Plan administration into its agenda in 1960 through the invention of the EAO.

Many have criticized these changes, although the critique of Canada’s commercial objectives with its ODA program has been long-standing and certainly pre-dates the Harper government’s recent reforms.⁸³¹ Adam Chapnick has recently argued that critics of Canadian aid exaggerate “expectations of the importance, or potential importance, of official development assistance (ODA) to Canadian political decision making. Too often, lofty, unrealistic aspirations impede the development of sound, politically informed strategic thinking that might eventually advance the aid agenda in Canada and beyond.”⁸³² Chapnick argues that in order to achieve real results to make concrete changes to the aid program, one must take account of the political

⁸²⁹ Government of Canada, “Jobs, Growth, and Long-Term Prosperity: Economic Action Plan 2013,” Tabled in the House of Commons by the Honourable James M. Flaherty, Minister of Finance, 21 March 2013, 241, <http://laws-lois.justice.gc.ca/eng/acts/J-0.8/> (accessed June 20, 2014).

⁸³⁰ Jill Campbell-Miller, “‘Leverging the Synergies’ or a return to the past?: The decision to do away with CIDA,” *Activehistory.ca*, 4 April 2013, <http://activehistory.ca/2013/04/leveraging-the-synergies-or-a-return-to-the-past-the-decision-to-do-away-with-cida/#1> (accessed 17 April 2014).

⁸³¹ See footnote 48.

⁸³² Adam Chapnick, “The Politics of Reforming Canada’s Foreign Aid Policy,” in Brown, *Struggling for Effectiveness*, 306.

realities of the position of ODA in the Canadian government in this, and any iteration of the Canadian government. What the early history of Canadian aid programs shows is that the supposedly recent “agenda” of the Harper government to integrate Canadian commerce and development is in fact quite an old idea. Their belief that the entrepreneurial spirit of business can create new solutions to the problems of poverty is different, and reflects the perception and to some extent the reality within conservative circles that a lot of aid has been wasted by profligate and uneducated governmental spending. However, aid has always had domestic imperative equal or even greater to internationalist objectives. In the 1950s, nobody thought this was a bad thing, and in some ways, the many years of jargon that various governments devoted to obfuscating these intentions has simply been unmasked by the most recent government.

The Great Aid Debate

Crucially, there is one principle that has stayed the same over time for the Canadian government, and that is the belief in economic growth as the one indisputable key to development. This has not changed, although it is now characterized as “sustainable development,” a nod to the ever more dire environmental outlook caused by the last two centuries’ rapid industrialization.⁸³³ Although it falls outside the purview of this project, the question that this dissertation provokes is whether or not today’s society, one far more connected and globalized than that of the 1950s, has in any sense found its way outside of this high modernist paradigm, and, by extension, the conception of foreign aid and development that it advocates. Is this a post modern era? Certainly, there is greater recognition of the value of local

⁸³³ The concept of sustainable development dates back to a report of the United Nations *Report of the World Commission on Environment and Development: Our Common Future*, also known as the Brundtland Commission for its chairman, Gro Harlem Brundtland, the former prime minister of Norway. In the *Report*, the commission defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” World Commission on Environment and Development, *Our Common Future*, 20 March 1987, <http://www.un-documents.net/our-common-future.pdf> (accessed 18 April 2014).

and indigenous knowledge, the destructive capacity of development, and the ever more serious threat that climate change, the result of the use of carbon-based energy sources, poses to the entire world. As the CIDA report outlined above shows, even the most moderate contemporary observers of aid have absorbed the lessons of these radical critiques, if not their political messages. However, while a widespread recognition of the problems associated with traditional forms of aid have provoked significant reform in the past twenty years, there is little to indicate that the mainstream has moved into a post-modern understanding of development.

Since the launch of the “decade of development” by John F. Kennedy in 1961, there has been a cyclical nature to the debate over aid, with high hopes giving way to cynicism when ambitious promises come to naught. Marxist critiques such as Hayter’s in the 1970s, alongside the growing influence of neoliberal economics that reacted against the structuralist approaches of the 1950s and 1960s, and the debt crisis of the early 1980s, all lent an aura of cynicism to aid and forced the major international donors to re-evaluate their approaches. Then, in 1985, and again in a second edition in 1994, Robert Cassen and associates worked on a World Bank study that tried to understand what was a simple, if loaded, question: does aid work? Using indicators such as economic growth and poverty reduction as their benchmarks, Cassen’s team found that most aid did “work,” although a substantial fraction did not.⁸³⁴ Cassen’s report specifically emphasized the failure of donor agencies to learn from each other and their own mistakes, a finding that helped to launch a sustained interest in evaluation techniques in the aid industry. Cassen’s conclusion was that the aid enterprise was not doomed, but rather, with proper techniques, could be substantially improved. Of course, the goals themselves fell within the parameters of a traditional, modernist understanding of development. Several authors countered

⁸³⁴ Robert Cassen and Associates, *Does Aid Work? Report to an Intergovernmental Task Force, Second Edition*, (Oxford: Clarendon Press, 1994), 6.

this positive outlook with more critical works, with titles like *Lethal Aid: The Illusion of Socialism and Self-Reliance in Tanzania* and *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity*.⁸³⁵ Whether or not aid “worked,” this literature showed that it also came with risks. Aid is not innocuous, it is not apolitical, and it always has an impact. Who decides whether or not that impact is positive or negative matters, and is usually determined by the extent to which aid benefits their own self-interest, both in donor and recipient countries.

In 1998, the World-Bank released a new study on the impact of aid. Known as the Dollar-Burnside study after its lead authors, it attempted to assess the impact of aid on economic growth. It found that aid did have an impact on growth in developing countries where there was a “good” fiscal, monetary, and trade policy context. They also found multilateral aid to be more effective than bilateral aid. The Dollar-Burnside study had the benefit of strongly conclusive results based on econometric and policy analysis, and it came with an easily understandable recommendation. If donors wanted good results, they needed to focus aid on areas that had a good policy environment already in place.⁸³⁶ This launched a decade-long focus in development circles on “good governance” as the key to unlocking the potential of aid effectiveness in development. Alongside a boost of enthusiasm that came with the launch of the Millennium Development Goals in 2000, aid once again gained currency among the public in donor countries, especially after the publication of Jeffrey Sach’s popular book, *The End of Poverty*:

⁸³⁵ Severine M. Rugumamu, *Lethal Aid: The Illusion of Socialism and Self-Reliance in Tanzania* (Trenton: Africa World Press, Inc., 1997); Michael Maren, *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity* (New York: The Free Press, 1997); for other works in this genre, see, for example, Peter Uvin, *Aiding Violence: The Development Enterprise in Rwanda* (West Hartford: Kumarian Press, 1998); more academically-inclined works critical of aid from this period, see Peter Boone, *Politics and the Effectiveness of Foreign Aid* (Cambridge: National Bureau of Economic Research, 1995) and Steven W. Hook, *National Interest and Foreign Aid* (Boulder: Lynne Rienner Publishers, 1995).

⁸³⁶ Craig Burnside and David Dollar, “Aid, Policies, and Growth,” Policy Research Working Paper 1777 (Washington: the World Bank, 1997); World Bank (David Dollar and Lant Pritchett), *Assessing Aid: What Works, What Doesn’t, and Why* (Oxford: Oxford University Press, 1998).

How We Can Make it Happen in Our Lifetime.⁸³⁷ Sachs advocated a large increase in aid to reach the 0.7 percent aid to GDP ratio and set out a number of specific recommendations, including investing in transportation networks, markets, health, and education.⁸³⁸ What made his message so compelling was its promise that as long as *right amount* of aid, given in the *right way*, to the *right* countries, the end of poverty, at least for millions of people, was highly achievable. The “Make Poverty History” campaign and the “Live 8” concert in 2005 supported this new can-do spirit, as did subsequent other books by other prominent thinkers, notably Joseph Stiglitz and Paul Collier.⁸³⁹

What all these works did was to not only gain new public support for aid, they also supported the basic concept of development that had been accepted since the 1950s. While they advocated precise, targeted, surgical tools rather than the blunt instruments of the past, the basic concept of development did not change: economic growth and a reduction of poverty through a rise of gross domestic product, shared as equitably as possible within the limits of an open market environment. The techniques of aid needed dramatic improvement, as did the rules and regulations, and laws of financial organizations in donor and recipient countries, exemplified by

⁸³⁷ Jeffrey Sachs, *The End of Poverty: How We Can Make it Happen in Our Lifetime* (London: Penguin, 2005). Sach’s work has rather predictably come under heavy criticism lately as a result of a book published by journalist Nina Munk, who followed the progress of his Millennium Villages Project, the experimental villages that were designed to “prove” the legitimacy of his proposals. Not surprisingly, many complications – the sort of complications in the social, economic and cultural sphere found by those working in the field of development for decades – prevented these villages from achieving the “success” that Sachs promised. Nina Munk, *The Idealist: Jeffrey Sachs and the Quest to End Poverty* (New York: Random House, 2013).

⁸³⁸ The idea of setting a ratio of aid to GDP at 0.7 percent was first proposed in the World Bank’s Report of the Commission on International Development, chaired by Lester Pearson. Lester B. Pearson et al., *Partners in Development: Report of the Commission on International Development* (New York: Praeger Publishers, 1969), 148-149.

⁸³⁹ Joseph E. Stiglitz, *Making Globalization Work* (New York: W.W. Norton & Company Inc., 2007); Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done about It* (Oxford: Oxford University Press, 2007). Stiglitz had been a major critic of the practices of the World Bank and the International Monetary Fund (IMF) after his defection from that organization and his exposé of its harmful practices in *Globalization and its Discontents* published in 2002 (New York, W.W. Norton and Company, Inc.).

the Paris Declaration. The movement called for the strengthening of the aid system as it existed, not to replace it with something different.

Naturally, critics reacted to this new call to action. However, alongside predictable criticisms coming from the left, a new opposition to the entire aid enterprise developed among prominent economists. William Easterly, a former employee of the World Bank who had worked with Sachs in eastern Europe, and a contributor to the *Assessing Aid* report, published two books, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* in 2001, and *The White Man's Burden: Why the West's Efforts to Aid the Rest have Done So Much Ill and So Little Good* in 2006 that amounted to a scathing critique of the aid system.⁸⁴⁰ Easterly wrote that aid has, overall, been damaging to the developing world by supporting corrupt and/or mismanaged government, by forcing free-market reforms that do not work even if free markets do, by focusing on big-bureaucracy planning solutions that ignore the voices of the poor, by collectivising responsibility for developing goals so that no one is held accountable for failure, among others. Easterly called for an end to the solutions put forward by the likes of Sachs, whom he calls "Planners;" these are the advocates who attempt to solve huge problems with large-scale solutions that Easterly argues have never been effective. Instead, Easterly points to those he calls the "Searchers," who work at the grassroots level, including entrepreneurs, small NGOs or special personalities in large aid agencies, and other problem solvers. "Searchers" have no plan at all. They utilise the opportunities they discover and respond to incentives if they exist. They find ways to deliver to their "customers," either in a more traditional business setting or for example, through delivering health care at a free medical clinic. Easterly believes that these are the people that make free markets work, and promote economic

⁸⁴⁰ William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (Cambridge: MIT Press, 2001); William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006).

growth and therefore development. His edited collection, *Reinventing Foreign Aid*, is a collection of essays that includes recommendations to reward the “Searchers” and dismantle the planning-style foreign aid system that has existed for fifty years.⁸⁴¹

Another author that received a lot of media attention for her anti-aid stance, perhaps in part due to her status as an economist, an African, and a woman, is Dambisa Moyo. Moyo’s introduction to her New York Times bestselling book *Dead Aid: Why Aid is Not Working and Why There is a Better Way for Africa* states that “[t]he notion that aid can alleviate systematic poverty, and has done so, is a myth. Millions in Africa are poorer today because of aid; misery and poverty have not ended but have increased. Aid has been, and continues to be, an unmitigated political, economic, and humanitarian disaster for most parts of the developing world.”⁸⁴² Moyo argues, in the context of Africa, that aid fosters corruption which in turn limits opportunities for investment, constraining internal possibilities for growth, and thus creating poverty and attracting more aid in a vicious cycle.⁸⁴³ For Moyo, the best development is provided through business-minded investment, such as that provided by China’s recent interest in the continent. By building infrastructure beneficial to Chinese investment interests, She argues that China has created a win-win situation by providing jobs and infrastructure for Africans while receiving an economic benefit for themselves. Moyo makes a slew of recommendations including an increase in micro-lending initiatives and the establishment of local bond markets in African countries. She makes the radical suggestion that aid be completely withdrawn within five years in order to encourage alternative solutions for development.⁸⁴⁴

⁸⁴¹ William Easterly, ed. *Reinventing Foreign Aid* (Cambridge: MIT Press, 2008).

⁸⁴² Dambisa Moyo, *Dead Aid: Why Aid is Not Working and Why There is a Better Way for Africa*, (Toronto: Douglas & McIntyre, 2009), xix.

⁸⁴³ Moyo, *Dead Aid*, 49.

⁸⁴⁴ In the more traditional academic circles, the idea of an “exit strategy” for aid was not a new idea, albeit from leftist scholars rather than economists such as Moyo. In 2002, David Sogge’s *Give and Take: What’s the Matter*

What both the advocates and the critics of aid in this debate have in common is their adherence to the traditional understandings of development brought about by economic growth. Observers of Sach's work could not fail to notice that his recommendations are firmly rooted in theories of development economists of the 1950s from whom Mahalanobis drew inspiration, such as P.N. Rosenstein-Rodan's idea of "big push" to break free from a "poverty trap," a trap first postulated by Ragnar Nurske in 1953.⁸⁴⁵ Easterly and Moyo have novel recommendations in their advocacy against aid, but the central objectives of development through growth remain largely the same.

Those who advocate a more radical break from traditional understandings of development can be found in what is known as post-development theory. Influenced by notions of power articulated by post-modern theorists, primarily Michel Foucault, post-development theorists see the practice of development as an extension of western hegemonic power over the societies in the development world. They do not necessarily, as Easterly and Moyo or other critics of aid do, examine the arbiters of that power, be it the U.S. government or multilateral donor agencies. Rather, they examine the often hidden "multiple networks" of power, found particularly in the use of discourse, in development practice. They see development and the problems they identify as socially constructed entities, not a "natural" response to self-evident problems. Beginning in the 1990s, they called for, in Hettne's words, "a disaggregation or 'deconstruction' in development studies," one that rejects that sacred cow of economic growth

with Foreign Aid? (Halifax: Fernwood Publishing, 2002) argued for an exit strategy from aid, as did Yash Tandon in his book *Ending Aid Dependence* (Cape Town: Fahuma and the South Centre, 2008).

⁸⁴⁵ See footnote 31; Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (Oxford: Oxford University Press, 1967, first published 1953).

and even reconceptualises the idea of poverty itself.⁸⁴⁶ Aid is naturally implicated in this deconstruction, as it is a tool of modernist development practice.

Post-development theorists have played a crucial role in drawing the attention of development studies to the hidden assumptions and constructed and imagined nature of development. Scholars like James Ferguson have shown that the smallest and most seemingly innocent of actions, such as the building of a road, can have negative social and cultural consequences while either not making an impact on poverty, or even at times exacerbating already existing problems such as gender inequality.⁸⁴⁷ While Marxist theorists of the past critiqued mainstream development thought for a number of reasons, they did not refute the necessity of development itself. Post-development theorists have asked for an entirely new imagining of what development could mean. As a result, it is irreconcilable to the development and aid infrastructure as it currently exists, either within national governments or through bilateral and multilateral development agencies.

In this way, post-development theory has been very useful as a critique but less so as a medium for changing the infrastructure of development as it currently exists. Easterly's work on "searchers," the decades-long movement within many NGOs toward community-led approaches, charities like Give Directly or Kiva that try to transfer wealth directly from the global rich to the global poor, and even the shift in weight from donor to recipient that the Paris Declaration has attempted to bring about, all represent a search for new types of development aid that break from

⁸⁴⁶ Björn Hettne, *Development Theory and the Three Worlds: Towards and International Political Economy of Development, Second Edition*, (New York: John Wiley & Sons, 1995), 2; For an overview of the "discursive turn" in development studies, see David Simon, "Development Reconsidered: New Directions in Development Thinking," *Geografiska Annaler. Series B. Human Geography* 79, no. 4(1997): 183-201. The following is a small sample of some of the key texts in post-development theory: Sachs, ed., *The Development Dictionary*; James Ferguson, *The Anti-Politics Machine: "Development," Depoliticization and Bureaucratic Power in Lesotho* (Minneapolis: The University of Minneapolis Press, 1994); Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995, most recently published with an updated preface in 2012.); Jonathan Crush, ed., *The Power of Development*; Rist, *The History of Development*.

⁸⁴⁷ Ferguson, *The Anti-Politics Machine*.

traditional forms. However, from the post-development perspective, they all still represent, to varying degrees, an expression of modernist thinking: that if the “right” solutions are presented in the “right” way, poverty can be eradicated through economic growth. The current systems in place are so entrenched, and still so much guided by a modernist framework based on ideals of progress and wealth, that alternative systems continue to be perceived as “on the fringe.”⁸⁴⁸ For the time being, the alternative that post-development theorists have called for remains largely elusive in the everyday practices of development.

The author has taken this detour through a review of the literature on aid in order to contextualize the present work. The epistemological system that has created definitions of poverty, wealth, and growth dates back centuries. However, current debates on aid, whether they are about what forms aid should take, or whether the entire aid system should be eliminated altogether, are about forms of aid-funded development created in the 1950s, by donors such as Canada, and by recipients such as India. While donor techniques have become much more refined, and aid’s many critics have contributed to an understanding of development that far surpasses anything that either the Canadian or Indian government envisioned in the 1950s, the assumption behind aid – that the problems of poverty can be partly resolved through a transfer of

⁸⁴⁸ This is not to say that work on alternative systems is not underway. Vandana Shiva, famous for her scathing critique of the Green Revolution in India, which exposed many of the darker results of what had been considered to be the greatest success of foreign aid and still is by many observers, is a proponent of small-scale, organic farming that nurtures ecological diversity. She supports an experimental farm named Navdanya outside of Dehradun, India, which develops and stores seeds for posterity and develops alternative farming techniques. However, it is interesting to note that many of the techniques used at Navdanya, such as using test crops and training farmers in organic farming techniques, were pioneered in the United States and became driving forces in the agricultural modernization project that Shiva now fights against. Vandana Shiva, *The Violence of the Green Revolution: Third World Agriculture, Ecology, and Politics* (London: Zed Books, 1991); Vandana Shiva, *Stolen Harvest: The Hijacking of the Global Food Supply* (London: Zed Books, 2000); Vandana Shiva, *Earth Democracy: Justice, Sustainability, and Peace* (London: Zed Books, 2005). Navdanya, “Navdanya,” <http://www.navdanya.org/home> (accessed 16 April 2014). For discussion on the development of modern American agricultural techniques, see Paul K. Conkin, *A Revolution Down on the Farm: The Transformation of American Agriculture Since 1929* (Lexington: University of Kentucky Press, 2008). Recently, Jeff Rubin’s Canadian bestseller *The End of Growth* (Toronto: Vintage Canada, 2013, first published in 2012) postulated the theory that in order to confront the problematic environmental problems brought on by rapid economic growth we will have to first find a way to create a static economy.

wealth from donor to recipient countries – was and still is what motivates the industry. The search for ever-better techniques and processes is a reflection of a modernist paradigm that continues in documents like the Paris Declaration or Canada’s Aid Accountability Act. In Ottawa in the 1950s, officials consistently tried to make the practice of aid better by focusing on the process and mechanics of giving, rather than on its fundamental objectives. As it stood, these objectives were vaguely defined, and included a mix of humanitarian, political, and commercial motives. However, the need to articulate that purpose was felt to be unnecessary due to the context of high modernism that so influenced the thinking of officials in both countries at that time. In many ways, initiatives like the Paris Declaration echo this focus on process rather than results. Perhaps the lesson of histories such as these is a greater call for self-examination and self-knowledge about the underlying principles behind aid-giving, and a much greater focus on the actual effects of aid on the ground. It seems unlikely that understanding the historical origins of aid-funded development will help to resolve the impasse between developmentalist and post-developmental thought; however, it can be used to question why modern forms of aid seem to reproduce the supposedly outdated practices of the past.

A Conclusion

As authors such as Scott, Berman, and Cowen and Shenton have shown, the philosophical underpinnings behind high modernist thought goes back centuries. However, the realization of those principles for the purpose of development in the Global South was a project of the post-war era, and was manifested in the development programs of countries like India, and the aid programs of countries like Canada, and still is. To make sense of the decisions made by Canadian and Indian aid officials in the 1950s, it is important to understand the unspoken but highly powerful assumptions that accompanied their understanding of development and progress.

These assumptions were so influential in the Canadian government that little thought was given to the purposes of aid itself, who it was meant for, or the mechanisms through which aid was expected to translate into poverty reduction. While this objective had the lip service of politicians, it rarely featured in considerations of the administration of the aid program. Canadian officials did not collect data or implement anything beyond an anecdotal evaluation system to determine whether or not aid had succeeded or failed in its objectives.

Of course, these very objectives were rather obscure, and tended to hinge on technical criteria, such as whether or not a dam had been completed, a budget had been met, or a timeline had been followed. The larger geo-political definition of success for the Canadian government, measured by how much influence communism had within the country, featured surprisingly rarely in the documentation around the aid program, given how much this has been emphasized in the historiography. This is likely because most involved in the day-to-day administration of the program realized that the aid Canada gave to India was so low it could have little impact on political sentiment in the country. Moreover, at the diplomatic level, Canada was sensitive to India's concern that the Colombo Plan should not be a political tool, although both parties realized that this was a key underlying motivation behind the program. Nonetheless, in an effort to be a good partner, Canada did not make too much of the issue in its dealings with India.

The program did not consider who their programs targeted, or think about how aid could affect different groups, such as women or minorities, unequally. This lack of concern with the target populations was a reflection of the patriarchal and racist social conditions in Canada itself. The relocation of indigenous Santhal peoples that took place as a result of Mayurakshi also reflected contemporary social policy in Canada. Although many of the results of Canadian aid

funding have been buried by time, it is unsettling to think about what other possible negative consequences may have resulted from Canadian aid dollars and commodities.

This lack of concern for target populations was a result of a fundamental detachment inherent in the way the Colombo Plan operated in India. For the most part, Canada funded projects that had already been predetermined, or were in fact already underway, by the Indian government. The Nehru government set out on a path of development that it determined on its own. Canadian officials were, for the most part, happy to oblige the Indian government by helping to fund projects within the scope of India's Five-Year Plans, as long as they could meet enough of their own obligations to satisfy the needs of Canadian commerce while they did so. Since most of the projects were directly administered by the Indian government, many of the concerns outlined above were felt by both parties to be the responsibility of the GOI. The only exception to this was the Canada-India reactor, a hurried decision prompted by Canadian commercial concerns which had unintentional negative consequences.

However, this aspect of the aid relationship gave it a surprisingly reciprocal character. While many theorists have criticized the "imperialistic" nature of aid, this certainly does not describe the Canada-India relationship in the 1950s. Canada, as a donor, had the upper hand in negotiations. Yet the Indian government was in no way afraid to advocate for its own needs, and used everything from obfuscation to outright negotiation to get its own way. There were no illusions about the commercial desires behind Canada's aid program on either side. After all, the aid program emerged in the post-war context, and was highly influenced by the operation of Canadian programs for European recovery and reconstruction. These programs had been all about "enlightened self-interest" and encouraging the growth of markets to fulfill Canada's export needs, so it is not surprising that these commercial concerns transferred over to the

Colombo Plan. As a result, the GOI was usually forthright about what it wanted from the Canadian government. Since Canada knew it could only fulfill its objectives with the Indian government's participation, it usually did its best to meet those needs. In fact, this approach eventually earned respect from experienced officials in the Canadian government.

This is not to say that the seeds of a different mindset, one oriented less toward Canadian commercial interests and more to the economic development needs of the country, was nowhere to be found in the 1950s. Escott Reid exemplified a nascent version of the developmental thinking that would seize governments and academics in the western world, during the 1960s through his advocacy for the Canadian aid program during his tenure as high commissioner. He consistently thought about aid in terms of a larger international approach, one that considered the needs of the Indian government before those of the Canadian. This is what primarily motivated his long-standing request for Canada to give a large line of credit to India in addition to, or even instead of, the grant program it had in operation.

Ironically, however, it is possible that the rise of this developmental mindset in the 1960s may have actually been more representative of western hegemony than had been the case previously. In the 1950s, Canada took Indian priorities as the starting point, then simply funded them when and where it made sense for Canada to do so. While Canadian commercial desires were certainly front and centre, the ideas for India's development came from the GOI. In contrast, in the 1960s, the emergence of a whole new cadre of western "development experts" came to prominence, as did a whole new series of Washington and European-based development organizations. They dedicated themselves to finding the problems and solutions to "Third World" poverty and creating economic growth. The situation became even more problematic when, following the oil shocks in the early 1970s, many countries in the Global South became

heavily indebted. The debt crises of the early 1980s saw governments teeter on the brink of collapse. As a result, many governments just about handed over their economic governance to the IMF and the World Bank. These IFIs forced sometimes brutal structural adjustment policies which caused a great deal of suffering and deeply undermined their sovereignty.⁸⁴⁹ While the small grant programs of the Canadian government in the 1950s may not have had much of an impact, for the most part the projects that Canada funded were led by the recipient, not the donor.

The external realities of the Canadian aid program to India during the 1950s comprise a history of a new aspect of post-war policy in an emerging Cold War context. However, this is really a story about the internal life of a certain ideology that motivated the aid program, the same one that continues to motivate the development aid today. While the dams and wheat of high modernism may be a thing of the past for the Canadian aid program, the Canadian government, and billions of people, implicated either directly or indirectly in aid programming in North and the South, continue to pursue the dream that the right solutions to the suffering of the world's poorest are within our grasp. It is a dream inspired by the mindset of modernity. As the expiry of the Millennium Development Goals draws closer, it is important to reflect on the failures and achievements that the pursuit of modernization has given the world, and the important types of knowledge, such as indigenous knowledge, that it leaves out. Perhaps in time a new epistemological framework, one that includes different ways of knowing, may better serve us in a time of rapid environmental change brought on by economic growth. However, for the time being the struggle against poverty continues to operate within the mind of modernity, and will for the foreseeable future.

⁸⁴⁹ See Giovanni Andrea Cornia, Richard Jolly, and Frances Stewart, *Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth, Volume 1* (Oxford: Clarendon Press, 1988).

Bibliography

Archival Collections

Library and Archives Canada (LAC), Ottawa, Canada

Record Group 2: Records of the Privy Council Office (accessed via the internet at [www.http://collectionscanada.gc.ca](http://collectionscanada.gc.ca)).

Record Group 19: Records of the Department of Finance

Record Group 25: Department of External Affairs

Record Group 32: Records of the Public Service Commission

Record Group 74: Records of the Canadian International Development Agency

Personal Papers Consulted and/or Cited (LAC)

Albert Edgar Ritchie Papers

Arnold Danford Patrick Heeney Papers

C.D. Howe Papers

Douglas Valentine LePan Papers

Escott Reid Papers

Gordon Churchill Papers

H. Basil Robinson Papers

Howard Charles Green Papers

Hugh Keenleyside Papers

Lester B. Pearson Papers

Louis St-Laurent Papers

Norman A. Robertson Papers

Paul Joseph James Martin Papers

Robert Alexander MacKay Papers

The National Archives, (TNA), London, The United Kingdom

General Records of the Dominions Office (DO)

Records of the Prime Minister's Office (PREM)

Records of the Cabinet Office (CO)

Records of Created or Inherited by Her Majesty's Treasury (T)

Foreign Office and Foreign and Commonwealth Office (FO)

National Archives of India, (NAI), New Delhi, India

Records of the Ministry of External Affairs (MEA)

Records of the Ministry of Finance (M/F)

Records of the Ministry of Food and Agriculture

Records of the Ministry of Natural Resources and Scientific Research

Records of the Ministry of Education

Records of the Western States Agency

Records of the Ministry of States

Records of the Ministry of Commercy & Industry

Records of the Cabinet Secretariat

Lal Bahadur Shastri Papers

Library Holdings (NAI)

Ministry of External Affairs, *Indian Bilateral Treaties and Agreements, Volume 1: 1957-1952.*

New Delhi: MEA, 1994.

Ministry of External Affairs, *Indian Bilateral Treaties and Agreements, Volume 2: 1953-1957.*

New Delhi: MEA, 1994.

Ministry of External Affairs, *Indian Bilateral Treaties and Agreements, Volume 3: 1958-1960*.

New Delhi: MEA, 1994.

Nehru Memorial Museum and Library, (NMML), New Delhi, India

Lok Sabha Debates

Mukherjee, Aditya and Mukherjee, Mridula, eds. *Selected Works of Jawaharlal Nehru, Second Series*. Vol. 41. New Delhi: Oxford University Press, 2010.

Personal Papers Consulted and/or Cited (NMML)

C.D. Deshmukh Papers

M.C. Chagla Papers

P.C. Mahalanobis Papers

P.N. Haksar Papers

T.T. Krishnamachari Papers

Central Secretariat Library, New Delhi, India

Ministry of Finance, *External Assistance 1960* (New Delhi: Government of India, 1961).

Ministry of Finance, *External Assistance 1970-1971* (New Delhi: Government of India, 1971).

**University of Saskatchewan University Archives and Special Collections (USkUASC),
Saskatoon, Canada**

John G. Diefenbaker Papers

Yale University Library Manuscripts and Archives, New Haven, United States of America

Chester Bowles Papers

Published Documents

Office of the Auditor General of Canada Library, Ottawa, Canada

Office of the Auditor General of Canada, *1955 Report of the Auditor General to the House of Commons*.

Documents on Canadian External Relations (DCER)

External Affairs and International Trade Canada. *Documents on Canadian External Relations*.

Edited by Donald M. Page, Volume 13. Accessed via the internet at

<http://www.international.gc.ca/history-histoire/documents-documents.aspx>.

External Affairs and International Trade Canada. *Documents on Canadian External Relations*.

Edited by Hector Mackenzie, Volume 13. Accessed via the internet at

<http://www.international.gc.ca/history-histoire/documents-documents.aspx>.

External Affairs and International Trade Canada. *Documents on Canadian External Relations*.

Edited by Greg Donaghy, Volume 17. Accessed via the internet at

<http://www.international.gc.ca/history-histoire/documents-documents.aspx>.

External Affairs and International Trade Canada. *Documents on Canadian External Relations*.

Edited by Michael Stevenson, Volume 24. Accessed via the internet at

<http://www.international.gc.ca/history-histoire/documents-documents.aspx>.

External Affairs and International Trade Canada. *Documents on Canadian External Relations*.

Edited by Janice Cavell, Kevin Spooner and Michael Stevenson, Volume 26. Accessed

via the internet at <http://www.international.gc.ca/history-histoire/documents-documents.aspx>.

Government of India Planning Commission, *Second Five Year Plan: Summary*. New Delhi:

Government of India Press, 1956.

Websites

“Provision of Food Surpluses to Food-Deficient People through the United Nations System

[1960] UNGARsn 22; A/RES/1496 (XV).” 27 October 1960. United Nations General

- Assembly Resolutions, World Legal Information Institute,
<http://www.worldlii.org/int/other/UNGARsn/1960/22.pdf> (accessed April 20, 2014).
- Campbell-Miller, Jill. “‘Leverging the Synergies’ or a return to the past?: The decision to do away with CIDA.” *Activehistory.ca*. 4 April 2013.
<http://activehistory.ca/2013/04/leveraging-the-synergies-or-a-return-to-the-past-the-decision-to-do-away-with-cida/#1> (accessed 17 April 2014).
- Canadian International Development Agency-Agence canadienne de développement international.
“Statistical Report on International Assistance, 2011-2012 Fiscal Year.” [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Reports/\\$file/statistical_report_on_international_assistance_2011-12-eng.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Reports/$file/statistical_report_on_international_assistance_2011-12-eng.pdf) (accessed 18 April 2014).
- Caplan, Gerald. “The Harper Government, women’s rights, and the cost of speaking out.” 4 June 2010. *The Globe and Mail*.<http://www.theglobeandmail.com/news/politics/second-reading/the-harper-government-womens-rights-and-the-cost-of-speaking-out/article1314268> (accessed 18 April 2014).
- Commonwealth Development Corporation. “Key Facts – An Introduction to the UK’s DFI.”
Commonwealth Development Corporation, <http://www.cdcgroup.com/Who-we-are/Key-Facts/> (accessed April 22, 2014).
- Donaghy, Greg. “Coming off the Gold Standard: Re-assessing the ‘Golden Age’ of Canadian diplomacy.” (Paper presented at “A Very Modern Ministry: Foreign Affairs and International Trade Canada” DFAIT symposium, University of Saskatchewan, 28 September 2009),
http://www.schoolofpublicpolicy.sk.ca/_documents/_outreach_event_announcements/DFAIT_symposium/Coming_off_the_Gold_Standard.pdf (accessed April 17, 2014).

Foreign Affairs, Trade and Development Canada. “Aid Effectiveness Agenda.” 26 March 2014, <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-825105226-KFT> (accessed 17 April 2014).

Foreign Affairs, Trade and Development Canada. “Report to Parliament on the Government of Canada’s Official Development Assistance 2012-2013.” <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-10313177-NAA#a17> (accessed 17 April 2014).

Foreign Affairs, Trade and Development. “The Muskoka Initiative: Background.” 3 August 2013. <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/En/FRA-119133138-PQT> (accessed 17 April 2014).

Führer, Helmut. “The Story of Official Development Assistance: A History of the Development Assistance Committee and the Development Co-operation Directorate in Dates, Names and Figures (Paris: OECD, 1996), <http://www.oecd.org/dac/1896816.pdf> (accessed June 26, 2014).

Government of Canada. “Jobs, Growth, and Long-Term Prosperity: Economic Action Plan 2013.” Tabled in the House of Commons by the Honourable James M. Flaherty, Minister of Finance, 21 March 2013, 241. <http://laws-lois.justice.gc.ca/eng/acts/J-0.8/> (accessed June 20, 2014).

Hiranandani, GM. *Transition to Triumph*. “Chapter 27: The International Law of the Sea and Indian Maritime Legislation,” <http://indiannavy.nic.in/book/international-law-sea-and-indian-maritime-legislation> (accessed 17 April 2014).

Historica Canada, “Blanche Margaret Meagher,” *Historica Canada*, <http://thecanadianencyclopedia.com/en/article/blanche-margaret-meagher/> (accessed April 24, 2014).

IMF eLIBRARY – Data, “Time Series Query Builder,” International Monetary Fund,
<http://elibrary-data.imf.org/QueryBuilder.aspx?s=322&key=1445284> (accessed March 23, 2012).

International Displacement Monitoring Centre. “India: Large Numbers of IDPs are Unassisted and in Need of Protection: A Profile of the Internal Displacement Situation.” 3 May 2007, International Displacement Monitoring Centre, [http://www.internal-displacement.org/8025708F004BE3B1/%28httpInfoFiles%29/F534363615059690C12572D0002E401E/\\$file/India%20-May%202007.pdf](http://www.internal-displacement.org/8025708F004BE3B1/%28httpInfoFiles%29/F534363615059690C12572D0002E401E/$file/India%20-May%202007.pdf) (accessed August 23, 2013).

Justice Laws Website. “Official Development Assistance Accountability Act,” 29 May 2008.
<http://laws-lois.justice.gc.ca/eng/acts/O-2.8/page-1.html> (accessed 17 April 2014).

Navdanya, “Navdanya,” <http://www.navdanya.org/home> (accessed April 16, 2014).

OECD. “Paris Declaration and Accra Agenda for Action,”
<http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm> (25 April 2014).

Paul, Jennifer. “Official Development Assistance Spending.” Parliament of Canada, 13 May 2009, <http://www.parl.gc.ca/Content/LOP/researchpublications/prb0710-e.htm#fn13> (accessed 17 April 2014).

Planning Commission, Government of India, *2nd Five Year Plan*, “Education,”
<http://planningcommission.nic.in/plans/planrel/fiveyr/2nd/2planch23.html> (accessed April 19, 2014).

Planning Commission, Government of India, *2nd Five Year Plan*, “The Plan in Outline,”
Planning Commission,

- <http://planningcommission.nic.in/plans/planrel/fiveyr/2nd/2planch3.html> (accessed April 19, 2014).
- Reserve Bank of India, “The Problems of Plenty: 1947-1956,” *A History of the Reserve Bank of India, Volume II: 1951-1967*, <http://www.rbi.org.in/scripts/RHvol-2.aspx>, (accessed July 16, 2012), 593-624.
- Statistics Canada. *Historical Statistics of Canada, Section F: Gross national product, the capital stock, and productivity*, 29 July 1999. Statistics Canada, <http://www.statcan.gc.ca/pub/11-516-x/pdf/5500096-eng.pdf> (accessed April 4, 2014).
- The Commonwealth. “The London Declaration.” The Commonwealth, <http://www.thecommonwealth.org/document/181889/34293/35468/214257/londondeclaration.htm> (accessed January 30, 2013).
- United Nations, *World Population Prospects: The 2012 Revision, Volume I: Comprehensive Tables*, (2012), <http://www.un.org/en/development/desa/population/theme/trends/index.shtml> (accessed April 2, 2014), 109-116.
- Woolley, John and Peters, Gerhard eds. “23 – Special Farm Message to Congress on Agriculture, 29 January 1959.” The American Presidency Project, <http://www.presidency.ucsb.edu/ws/?pid=11523> (accessed April 20, 2014).
- Woolley, John and Peters, Gerhard eds. “302 – Address Before the 15th General Assembly of the United Nations, New York City,” 22 September 1960, Dwight D. Eisenhower, XXXIV President of the United States: 1953-1961, <http://www.presidency.ucsb.edu/ws/?pid=11954> (accessed April 20, 2014).

World Food Programme, “About – Mission Statement,” World Food Programme,
<http://www.wfp.org/about/mission-statement> (accessed April 22, 2014).

Published Memoirs/Diaries

Bowles, Chester. *Promises to Keep: My Years in Public Life, 1941-1969*. New York: Harper & Row, 1971.

Diefenbaker, John G. *One Canada: memoirs of the Right Honourable John G. Diefenbaker, Volume II: Years of Achievement*. Toronto: Macmillan of Canada, 1977.

LePan, Douglas. *Bright Glass of Memory: A Set of Four Memoirs*. Toronto: McGraw-Hill Ryerson, 1979.

Munro, John A. and Inglis, Alex I. eds. *Mike: The Memoirs of the Right Honourable Lester B. Pearson: Volume 2, 1948-1957*. Toronto: University of Toronto Press, 1973.

Nehru, Jawaharlal. *The Discovery of India*. New Delhi: Oxford University Press, 1981.

Nehru, Jawaharlal. *Toward Freedom: The Autobiography of Jawaharlal Nehru*. New York: The John Day Company, 1941.

Reid, Escott. *Envoy to Nehru*. Toronto: Oxford University Press, 1981.

Reid, Escott. *Radical Mandarin: The Memoirs of Escott Reid*. Toronto: University of Toronto Press, 1989.

Secondary Sources

Abraham, Itty. *The Making of the Indian Atomic Bomb: Science, Secrecy and the Postcolonial State*. Hyderabad: Orient Longman Limited, 1999.

Abramovitz, Moses, and David, Paul A. “American Macroeconomic Growth in the Era of Knowledge-Based Progress: The Long-Run Perspective,” in Engerman, Stanley L. and

- Gallman, Robert E. *The Cambridge Economic History of the United States*. Cambridge: Cambridge University Press, 2000.
- Amin, Samir. *An Essay on the Social Formations of Peripheral Capitalism*, Translated by Brian Pearce. New York: Monthly Review Press, 1976.
- Amin, Samir. *Imperialism and Unequal Development*. New York: Monthly Review Press, 1977.
- Anderson, Robert S. *Nucleus and Nation: Scientists, International Networks, and Power in India*. Chicago: University of Chicago Press, 2010.
- Armstrong-Reid, Susan and Murray, David. *Armies of Peace: Canada and the UNRRA Year*. Toronto: University of Toronto Press, 2008.
- Balankrishnan, Pulapre. *Economic Growth in India: History and Prospect*. New Delhi: Oxford University Press, 2010.
- Baran, Paul A. *The Political Economy of Growth*. New York: Monthly Review Press, 1957.
- Barrett, Christopher B. and Maxwell, Daniel G. *Food Aid After Fifty Years: Recasting its Role*. London: Routledge, 2005.
- Barry-Shaw, Nikolas and Jay, Dru Oja. *Paved with Good Intentions: Canada's Development NGOs from Idealism to Imperialism*. Halifax: Fernwood Press, 2012.
- Berman, Marshall. *All that is Solid Melts into Air: The Experience of Modernity*. New York: Viking Penguin, 1988.
- Blanchette, Arthur E., ed. *Canadian Foreign Policy: 1945-2000: Major Documents and Speeches, Canadian Foreign Policy*. Toronto: Dundurn, 2000.
- Boone, Peter. *Politics and the Effectiveness of Foreign Aid*. Cambridge: National Bureau of Economic Research, 1995.

- Bose, P.K. and Mukherjee, M. eds. *P.C. Mahalanobis: Papers on Planning*. Calcutta: Statistical Publishing Society, 1985.
- Boserup, Esther. *Women's Role in Economic Development*. London: Earthscan, 1989.
- Bothwell, Robert and Daudelin, Jean, eds. *Canada Among Nations: 100 Years of Canadian Foreign Policy*. Montreal and Kingston: McGill-Queen's University Press, 2009.
- Bothwell, Robert, Drummond, Ian and English, John. *Canada Since 1945, Revised Edition*. Toronto: University of Toronto Press, 1989.
- Bothwell, Robert. *Alliance and Illusion: Canada and the World, 1945-1984*. Vancouver: UBC Press, 2007.
- Bothwell, Robert. *Alliance and Illusion: Canada and the World, 1945-1984*. Vancouver: UBC Press, 2007.
- Bothwell, Robert. *Eldorado: Canada's National Uranium Company*. Toronto: University of Toronto Press, 1984.
- Bothwell, Robert. *Nucleus: The History of Atomic Energy of Canada Limited*. Toronto: University of Toronto Press, 1988.
- Bothwell, Robert. *The Big Chill: Canada and the Cold War*. Concord: Irwin Publishing, 1998.
- Bratt, Duane. *The Politics of CANDU Exports*. Toronto: University of Toronto Press, 2006.
- Brown, Judith ed. *Mahatma Gandhi: The Essential Writings*. Cambridge: Cambridge University Press, 2011.
- Brown, Judith. *Nehru: A Political Life*. New Haven: Yale University Press.
- Brown, Stephen, ed. *Struggling for Effectiveness: CIDA and Canadian Foreign Aid*, Montreal & Kingston: McGill-Queen's University Press, 2012.

- Brown, Stephen, den Heyer, Molly, and Black, David R. *Rethinking Canadian Aid*. Ottawa: University of Ottawa Press, forthcoming.
- Bryce, Robert B. *Canada and the Cost of World War II: The International Operations of Canada's Department of Finance, 1939-1947*. Montreal-Kingston: McGill-Queen's University Press, 2005.
- Buckley, Brian. *Canada's Early Nuclear Policy: Fate, Chance, and Character*. Montreal & Kingston: McGill-Queen's University Press, 2000.
- Cassen, Robert and Associates, *Does Aid Work? Report to an Intergovernmental Task Force, Second Edition*. Oxford: Clarendon Press, 1994.
- Chambers, Robert. *Rural Development: Putting the Last First*. Harlow: Longman, 1983.
- Chandra, Bipan, Mukherjee, Mridula and Mukherjee, Aditya. *India Since Independence*. New York: Penguin, 2008.
- Chandra, Bipan. *The Rise and Growth of Economic Nationalism in India: Economic Policies of Indian National Leadership, 1880-1905*. New Delhi: People's Publishing House, 1969.
- Charlton, Mark W. *The Making of Canadian Food Aid Policy*. Montreal & Kingston: McGill-Queen's University Press, 1992.
- Clapp, Jennifer. *Hunger in the Balance: The New Politics of International Food Aid*. Ithaca: Cornell University Press, 2012.
- Clay, Edward and Stokke, Olav eds. *Food Aid and Human Security*. New York: Frank Cass Publishers, 2000.
- Clay, Edward and Stokke, Olav eds. *Food Aid Reconsidered: Assessing the Impact on Third World Countries*. London: Frank Cass & Co., Ltd., 1991.
- Cohen M.P. and Shenton, R.W. *Doctrines of Development*. New York: Routledge, 1996.

- Cohen, Andrew. *While Canada Slept: How We Lost our Place in the World*. Toronto: McClelland and Stewart Ltd., 2003.
- Cohen, Stephen Philip. *India: Emerging Power*. Washington, DC: Brookings Institution Press, 2001.
- Collier, Paul. *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done about It*. Oxford: Oxford University Press, 2007.
- Compton-Brouwer, Ruth. *Canada's Global Villagers: CUSO in Development, 1961-86*. Vancouver: UBC Press, 2013.
- Conkin, Paul K. *A Revolution Down on the Farm: The Transformation of American Agriculture Since 1929*. Lexington: University of Kentucky Press, 2008.
- Constantine, Stephen. *The Making of British Colonial Development Policy, 1914-1940*. London: Frank Cass and Company Limited, 2005.
- Creighton, Donald. *The Forked Road, 1939-1957*. Toronto: McClelland and Stewart, 1976.
- Crush, Jonathan ed. *Power of Development*. New York: Routledge, 1995.
- Cullather, Nick. *The Hungry World: America's Cold War Battle Against Poverty in Asia*. Cambridge: Harvard University Press, 2010.
- Department of External Affairs. Government of Canada, *Canada and the Colombo Plan*. 1962.
- Dewey, Clive and Hopkins, A.G. eds. *The Imperial Impact: Studies in the Economic History of Africa and India*. London: The Athlone Press, 1978.
- Dirks, Nicholas B., ed. *Colonialism and Culture*. Ann Arbor: University of Michigan Press, 1992.
- Dollar, David and Pritchett, Lant. *Assessing Aid: What Works, What Doesn't, and Why*. Oxford: Oxford University Press, 1998.

- Donaghy, Greg and Roussel, Stéphane. *Escott Reid: Diplomat and Scholar*. Montreal-Kingston: McGill-Queen's University Press, 2004.
- Donaghy, Greg ed., *Canada and the Early Cold War, 1943-1957*. Ottawa: Canadian Government Publishing, 1998.
- Easterly, William, ed. *Reinventing Foreign Aid*. Cambridge: MIT Press, 2008.
- Easterly, William. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge: MIT Press, 2001.
- Easterly, William. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Press, 2006.
- Edwards, Michael and Hulme, David. *Making a Difference: NGOs and Development in a Changing World*. London: Earthscan Publications, 1997.
- Ekbladh, David. *The Great American Mission: Modernization and the Construction of an American World Order*. Princeton: Princeton University Press, 2010.
- English, John. *Shadow of Heaven: the Life of Lester Pearson, Volume One: 1897-1948*. Toronto: Lester & Orphen Dennys, 1989.
- Escobar, Arturo. *Encountering Development: The Making and Unmaking of the Third World*. Princeton: Princeton University Press, 1995.
- Evans ,Brian L. *The Remarkable Chester Ronning: Proud Son of China*. Edmonton: University of Alberta Press, 2013.
- Ferguson, James. *The Anti-Politics Machine: "Development," Depoliticization and Bureaucratic Power in Lesotho*. Minneapolis: The University of Minneapolis Press, 1994.
- Ferguson, Niall. *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power*. London: Penguin, 2002.

- Gardner, Richard N. *Sterling-Dollar Diplomacy in Current Perspective: The Origins and the Prospects of Our International Economic Order*. New York: Columbia University Press, 1980.
- Gopal, Sarvepalli. *Jawaharlal Nehru: A Biography, Volume One, 1889-1947*. Cambridge: Harvard University Press, 1976.
- Granatstein, J.L. *A Man of Influence: Norman A. Robertson and Canadian Statecraft, 1929-1968*. Toronto: Deneau Publishers, 1981.
- Grischow, Jeff D. *Shaping Tradition: Civil Society, Community and Development in Colonial Northern Ghana, 1899-1957*. Leiden: Brill, 2006.
- Guha, Ramachandra. *India After Gandhi: The History of the World's Largest Democracy*. New York: HarperCollins, 2007.
- Hancock, Graham. *Lords of Poverty: The Free-Wheeling Lifestyles, Power, Prestige, and Corruption of the Multi-Billion Dollar Aid Business*. London: MacMillan London, 1989.
- Hanson, A. H. *The Process of Planning: A Study of India's Five-Year Plans, 1950-1964*. London: Oxford University Press, 1966.
- Harding, Sandra. *Sciences From Below: Feminisms, Postcolonialities, and Modernities*. Durham: Duke University Press, 2008.
- Hasan, Mushirul and Nakazato, Nariaki. *The Unfinished Agenda: Nation-Building in South Asia*. New Delhi: Manohar, 2001.
- Havinden, Michael and Meredith, David. *Colonialism and Development: Britain and its Tropical Colonies, 1850-1960*. New York: Routledge, 2002, first published in 1993.
- Hayter, Teresa and Watson, Catherine. *Aid: Rhetoric and Reality*. London: Pluto Press, 1985.
- Hayter, Teresa. *Aid as Imperialism*. Baltimore: Penguin, 1971.

- Hettne, Björn. *Development Theory and the Three Worlds: Towards and International Political Economy of Development, Second Edition*. New York: John Wiley & Sons, 1995.
- Hilliker, John and Barry, Donald. *Canada's Department of External Affairs, Volume II: Coming of Age, 1946-1968*. Montreal-Kingston: McGill-Queen's University Press, 1995.
- Hillmer, Norman and Granatstein, J.L. *Empire to Umpire*. Toronto: Irwin Publishing, 1994.
- Hirschman, Albert O. *The Strategy of Economic Development*. New Haven: Yale University Press, 1958.
- Hook, Steven W. *National Interest and Foreign Aid*. Boulder: Lynne Rienner Publishers, 1995.
- Indian National Congress, "Resolutions Adopted by INC." *The Encyclopaedia of the Indian National Congress*, edited by Abdul Moid Zaidi, Naushaba Firdos Alvi and Amin Ahmed. Vol. 10. New Delhi: S. Chand & Company Ltd., 1980.
- International Labor Organization. *Employment, Growth, and Basic Needs: A One World Problem*. Geneva: ILO, 1976.
- James, Lawrence. *Raj: The Making and Unmaking of British India*. New York: St. Martin's Griffin, 1997.
- Johnston, Hugh J.M. *The Voyage of the Komagata Maru: The Sikh Challenge to Canada's Colour Bar, Revised Edition*. Vancouver: UBC Press, 2014.
- Kalinovsky, Artemy and Radchenko, Sergey eds., *The End of the Cold War and the Third World: New Perspectives on Regional Conflict*. New York: Routledge, 2011.
- Keay, John. *India: A History*. London: Harper Perennial, 2000.
- Ketterer, David. *Canadian Science Fiction and Fantasy*. Bloomington: Indiana University Press, 1992.

- Kumar, Dharma and Desai, Meghnad. *The Cambridge Economic History of India, Volume 2: c. 1751-1970*. Cambridge: Cambridge University Press, 1983.
- Latham, Michael E. *The Eisenhower Administration, the Third World, and the Globalization of the Cold War* (Lanham: Rowman and Littlefield, 2006).
- Leffler, Melvyn P. *A Preponderance of Power: National Security, the Truman Administration, and the Cold War*. Stanford: Stanford University Press, 1992.
- Leffler, Melvyn P. and Westad, Odd Arne, eds. *The Cambridge History of the Cold War, Volume 1*. Cambridge: Cambridge University Press, 2012.
- Lewis, David and Kanji, Nazneen. *Non-Governmental Organisations and Development*. New York: Routledge, 2009.
- Lewis, John P. *Quiet Crisis in India: Economic Development and American Policy*. Washington, DC: Brookings Institution, 1964.
- Lewis, W. Arthur. *The Theory of Economic Growth*. London: George Allen & Unwin Ltd., 1955.
- Lyon, Peyton V. and Ismael, Tareq Y. *Canada and the Third World*. Toronto: MacMillan of Canada, 1976.
- Lyon, Peyton V. and Tomlin, Brian W. *Canada as an International Actor*. Toronto: MacMillan of Canada, 1979.
- Marchand, Marianne H. and Parpart, Jane L. eds. *Feminism/Postmodernism/Development*. New York: Routledge: 2003, first published in 1994.
- Marcus, Alan Rudolph. *Relocating Eden: The Images and Politics of Inuit Exile in the Canadian Arctic*. Hanover: University Press of New England, 1995.
- Maren, Michael. *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity*. New York: The Free Press, 1997.

- Martinussen, John. *Society, State and Market: A Guide to Competing Theories of Development*. London: Zed Books, 1997.
- Merrill, Dennis. *Bread and the Ballot: The United States and India's Economic Development, 1947-1963*. Chapel Hill: University of North Carolina Press, 1990.
- Millikan, Max F. and Rostow, W.W. with the collaboration of Rosenstein-Rodan, P.N. and others at the Centre for International Studies Massachusetts Institute of Technology, *A Proposal: Key to an Effective Foreign Policy*. New York: Harper & Brothers, 1957.
- Misra, Maria. *Vishnu's Crowded Temple: India Since the Great Rebellion*. New Haven: Yale University Press, 2008.
- Mohanty, Chadra Talpade. *Feminism Without Borders: Decolonizing Theory, Practicing Solidarity*. Durham: Duke University Press, 2003.
- Morgan, D. J. *The Official History of Colonial Development Policy, Volumes 1-5*. London: MacMillan, 1980.
- Morrison, David. *Aid and Ebb Tide: A History of CIDA and Canadian Development Assistance*. Waterloo: Wilfrid Laurier University Press, 1998.
- Moyo, Dambisa. *Dead Aid: Why Aid is Not Working and Why There is a Better Way for Africa*. Toronto: Douglas & McIntyre, 2009.
- Muirhead, B.W. *The Development of Post-War Canadian Trade: The Failure of the Anglo-European Option, 1945-57*. Montreal and Kingston: McGill-Queen's University Press, 1992.
- Muirhead, Bruce and Harpelle, Ronald N. *IDRC: 40 Years of Ideas, Innovation, and Impact*. Waterloo: Wilfrid Laurier University Press, 2010.

- Muirhead, Bruce. *Dancing Around the Elephant: Creating a Prosperous Canada in an Era of American Dominance, 1957-1973*. Toronto: University of Toronto Press, 2007.
- Munk, Nina. *The Idealist: Jeffrey Sachs and the Quest to End Poverty*. New York: Random House, 2013.
- Murfett, Malcolm, ed. *Cold War: Southeast Asia*. Singapore: Marshall Cavendish International, 2012.
- Nehru, Jawaharlal. "A Voyage of Discovery." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 13. New Delhi: Oxford University Press, 1992.
- Nehru, Jawaharlal. "American Aid and India." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 17. New Delhi: Oxford University Press, 1995.
- Nehru, Jawaharlal. "Challenges of Development." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 22. New Delhi: Oxford University Press, 1998.
- Nehru, Jawaharlal. "Increasing American Activities." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Kumar, Ravinder and Prasad, H.Y. Sharada. Vol. 25. New Delhi: Oxford University Press, 1999.
- Nehru, Jawaharlal. "India and the Battle Act." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Kumar, Ravinder and Prasad, H.Y. Sharada. Vol. 23. New Delhi: Oxford University Press, 1998.
- Nehru, Jawaharlal. "Minutes of the Sixth Meeting." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 14. New Delhi: Oxford University Press, 1992.
- Nehru, Jawaharlal. "Problems of Accepting American Economic Aid." *Selected Works of Jawaharlal Nehru, Second Series*, edited by Kumar, Ravinder and Prasad, H.Y. Sharada. Vol. 25. New Delhi: Oxford University Press, 1999.

- Nehru, Jawaharlal. "To K.D. Malaviya." Hasan, Mushirul ed. *Selected Works of Jawaharlal Nehru, Second Series*. Vol. 39. New Delhi: Oxford University Press, 2005.
- Nehru, Jawaharlal. "To Louis St-Laurent." 2 July 1957. *Selected Works of Jawaharlal Nehru, Second Series*, edited by Hasan, Mushirul. Vol. 38. New Delhi, Oxford University Press, 2006.
- Nehru, Jawaharlal. "To the Editor, Journal De Geneve." *Selected Works of Jawaharlal Nehru, Volume Two: A Project of the Jawaharlal Nehru Memorial Fund*, edited by Gopal, Sarvepalli. New Delhi: Orient Longman Ltd., 1972.
- Nehru, Jawaharlal. "To W.L. Mackenzie King." 27 April 1949. *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 10. New Delhi: Oxford University Press, 1990.
- Nehru, Jawaharlal. "Whither India." *Selected Works of Jawaharlal Nehru, First Series*, edited by Gopal, S. Vol. 6. New Delhi: Orient Longman Ltd., 1974.
- Nehru, Jawaharlal. "To Vallabhbhai Patel." 24 October 1949. *Selected Works of Jawaharlal Nehru, Second Series*, edited by Gopal, S. Vol. 13. New Delhi: Oxford University Press, 1992.
- Nurkse, Ragnar. *Problems of Capital Formation in Underdeveloped Countries*. Oxford: Oxford University Press, 1967.
- Pearson, Lester B. et al. *Partners in Development: Report of the Commission on International Development*. New York: Praeger Publishers, 1969.
- Pieterse, Jan Nederveen. *Development Theory: Deconstructions/Reconstructions, Second Edition*. Washington, D.C.: Sage Publications, 2010.

- Pratt, Cranford, ed. *Canadian International Development Assistance Policies: An Appraisal, Second Edition*. Montreal & Kingston: McGill-Queen's University Press, 1996.
- Pratt, Cranford, ed. *Middle Power Internationalism: The North-South Dimension*. Montreal-Kingston: McGill-Queen's University Press, 1990.
- Priyam, Sweta. *Post-Environmental and Socio-economic Impact of Hydroelectric Dam: A Qualitative analysis of various impacts of Massanjore hydroelectric dam, Dumka, Jharkand*. Saarbrücken: LAP Lambert Academic Publishing, 2011.
- Rist, Gilbert. *The History of Development: front Western Origins to Global Faith*. London: Zed Books, 2006, first published 2002.
- Ritschel, Daniel. *The Debate on Economic Planning in Britain in the 1930*. Oxford: Clarendon Press, 1997.
- Robinson, H. Basil. *Diefenbaker's World: A Populist in Foreign Affairs*. Toronto: University of Toronto Press, 1989.
- Ross, Douglas. *In the Interests of Peace: Canada and Vietnam, 1954-1973*. Toronto: UTP, 1984.
- Rostow, W.W. *The Stages of Economic Growth: A Non-Communist Manifesto, Third Edition*. Cambridge: Cambridge University Press, 1999, first published 1960.
- Roy, Tirthankar. *The Economic History of India, 1857-194*. Oxford: Oxford University Press, 2000.
- Rubin, Jeff. *The End of Growth*. Toronto: Vintage Canada, 2013.
- Rugumamu, Severine. M. *Lethal Aid: The Illusion of Socialism and Self-Reliance in Tanzania*. Trenton: Africa World Press, Inc., 1997.

- Sachs, Jeffrey. *The End of Poverty: How We Can Make it Happen in Our Lifetime*. London: Penguin, 2005.
- Sachs, Wolfgang, ed. *The Development Dictionary: A Guide to Knowledge as Power*. London, Zed Books, 2007, first published in 1992.
- Said, Edward. *Orientalism*. New York: Vintage Books, 1994.
- Sathasivam, Kanishkan. *Uneasy Neighbors: India, Pakistan and US Foreign Policy*. Burlington: Ashgate Publishing Company, 2005.
- Sayers, R.S. *Financial Policy, 1939-1945*. London: Longmans, Green and Co, 1956.
- Scott, James C. *Seeing Like a State: How Certain Schemes to Improve the Human Condition have Failed*. New Haven: Yale University Press, 1998.
- Shah, Hemant. *The Production of Modernization: Daniel Lerner, Mass Media, and the Passing of Traditional Society*. Philadelphia: Temple University Press, 2011.
- Shaw, John. *The UN World Food Programme and the Development of Food Aid*. Houndmills: Palgrave, 2001.
- Shiva, Vandana. *Earth Democracy: Justice, Sustainability, and Peace*. London: Zed Books, 2005.
- Shiva, Vandana. *Stolen Harvest: The Hijacking of the Global Food Supply*. London: Zed Books, 2000.
- Shiva, Vandana. *The Violence of the Green Revolution: Third World Agriculture, Ecology, and Politics*. London: Zed Books, 1991.
- Simon, David. "Development Reconsidered: New Directions in Development Thinking." *Geografiska Annaler. Series B. Human Geography* 79, no. 4(1997): 183-201.
- Simon, David ed. *Fifty Key Thinkers on Development*. New York: Routledge, 2005.

- Singer, Hans Wolfgang, Wood, John B., and Jennings, Tony. *Food Aid: The Challenge and the Opportunity*. Oxford: Clarendon Press, 1987.
- Smillie, Ian and Helmich, Henry. *Non-governmental Organizations and Governments: Stakeholders for Development*. Paris: Development Centre of the Organisation for Economic Co-operation and Development, 1993.
- Smith, Denis. *Rogue Tory: The Life and Legend of John G. Diefenbaker*. Toronto: MacFarlane Walter and Ross, 1995.
- Sogge, David. *Give and Take: What's the Matter with Foreign Aid?* Halifax: Fernwood Publishing, 2002.
- Spear, Percival. *India: A Modern History*. Ann Arbor: University of Michigan Press, 1961.
- Spender, Sir Percy. *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan*. New York: New York University Press, 1969.
- Spicer, Keith. *A Samaritan State?: External Aid in Canada's Foreign Policy*. Toronto: University of Toronto Press, 1966.
- Staples, Amy. *The Birth of Development: How the World Bank, Food and Agriculture Organization, and World Health Organization Changed the World, 1945-1965*. Kent: Kent State University Press, 2006.
- Stiglitz, Joseph E. *Making Globalization Work*. New York: W.W. Norton & Company Inc., 2007.
- Stiglitz, Joseph. *Globalization and its Discontents*. New York, W.W. Norton and Company, Inc., 2002.
- Swift, Richard and Clarke, Robert, eds. *Ties that Bind: Canada and the Third World*. Toronto: Between the Lines Press, 1982.

- Tandon, Yash. *Ending Aid Dependence*. Cape Town: Fahuma and the South Centre, 2008.
- Tomlin, Brian W., Hillmer, Norman and Hampson, Fen Osler. *Canada's International Policies: Agendas, Alternatives and Politics*. Don Mills: Oxford University Press Canada, 2008.
- Tomlinson, Brian. *The Economy of Modern India, 1860-1970*. Cambridge: Cambridge University Press, 1993.
- ul Haq, Mahbub, *Reflections on Human Development*. Oxford: Oxford University Press, 1999.
- Uvin, Peter. *Aiding Violence: The Development Enterprise in Rwanda*. West Hartford: Kumarian Press, 1998.
- Visweswaran, Kamala ed. *Perspectives on Modern South Asia: A Reader in Culture, History, and Representation*. West Sussex: Wiley-Blackwell, 2011.
- Wallerstein, Immanuel . *The Modern World System, Volume 1*. New York: Academic Press, 1974.
- Wallerstein, Michael B. *Food for War – Food for Peace: United States Food Aid in a Global Context*. Cambridge: The MIT Press, 1980.
- Ward, Barbara. *Faith and Freedom*. New York: Image Books, 1958.
- Ward, Barbara. *India and the West*. New York: W.W. Norton, 1961.
- Ward, Barbara. *The Lopsided World*. New York: W.W. Norton, 1968.
- Ward, Barbara. *The Rich Nations and the Poor Nations*. New York: W.W. Norton, 1962.
- Weissman, Steve et al. *The Trojan Horse: A Radical Look at Foreign Aid*. Palo Alto: Ramparts Press, 1975.
- Welsh, Jennifer. *At Home in the World: Canada's Vision for the 21st Century*. Toronto: Harper Perennial, 2004.

Westad, Arne. *The Global Cold War: Third World Interventions and the Making of Our Times*.
Cambridge: Cambridge University Press, 2007.

Whitaker, Reg and Marcuse, Gary. *Cold War Canada: The Making of a National Insecurity
State, 1945-1957*. Toronto: University of Toronto Press, 1994.

Willets, Peter. *'The Conscience of the World': The Influence of Non-Governmental
Organizations in the UN System*. Washington: Brookings Institution, 1996.

Wilson, Charles F. *Grain Marketing in Canada*. Winnipeg: Canadian International Grains
Institute, 1979.

World Commission on Environment and Development. *Our Common Future*, 20 March 1987.
<http://www.un-documents.net/our-common-future.pdf> (accessed 18 April 2014).

Zachariah, Benjamin. *Nehru*, New York: Routledge, 2004.

Articles

Adeleke, Ademola. "‘Cocksparrow Diplomacy’: Percy Spender, The Colombo Plan and
Commonwealth Relations." *Australian Journal of Politics and History* 54, no. 2 (2008):
173-184.

Adeleke, Ademola. "Playing Fairy Godmother to the Commonwealth: The United States and the
Colombo Plan." *Commonwealth and Comparative Politics* 42, no. 3 (2004): 393-411.

Bailey, G.M. "Trifunctional Elements in the Mythology of the Hindu Trimūrti." *Numen* 26, no. 2
(December 1979): 152-163.

Black, David R. and Tiessen, Rebecca. "The Canadian International Development Agency: New
Policies, Old Problems." *Canadian Journal of Development Studies* 28, no. 2 (2007).

- Bobrow-Strain, Aaron. "Making White Bread by the Bomb's Early Light: Anxiety, Abundance, and Industrial Food Power in the Early Cold War," *Food and Foodways: Explorations in the History and Culture of Human Nourishment* 19, no. 1-2 (February 2011): 74-97.
- Boden, Ragna. "Cold War Economics: Soviet Aid to Indonesia," *Journal of Cold War Studies* 10, no. 3 (Summer 2008): 110-128.
- Brecher, Michael. "India's Decision to Remain in the Commonwealth," *Journal of Commonwealth and Comparative Politics* 12, no. 1 (March 1974): 62-80.
- Burnham, Peter. "Re-Evaluating the Washington Loan Agreement: A Revisionist View of the Limits of Postwar American Power," *Review of International Studies* 18, no. 3 (July 1992): 241.
- Burnside, Craig and Dollar, David. "Aid, Policies, and Growth." Policy Research Working Paper 1777 (Washington: the World Bank, 1997).
- Butler, L.J. *Industrialisation and the British Colonial State: West Africa, 1939-1951*. New York: Routledge, 1997.
- Cardoso, Fernando Henrique and Faletto, Enzo. *Dependency and Development in Latin America*, Translated by Marjor Mattingly Urquidi. Berkeley: University of California Press, 1979, first published 1971.
- Cardoso, Fernando Henrique and Faletto, Enzo. *Dependency and Development in Latin America*, Translated by Marjor Mattingly Urquidi. Berkeley: University of California Press, 1979, first published 1971.
- Carin, Barry and Smith, Gordon. *Reinventing CIDA*. Calgary: Canadian Defence & Foreign Affairs Institute, 2010.

- Carty, Robert, Smith, Virginia & LAWG. *Perpetuating Poverty: The Political Economy of Canadian Foreign Aid*. Toronto: Between the Lines Press, 1981.
- Cavell, Richard ed. *Love, Hate, and Fear in Canada's Cold War*. Toronto: University of Toronto Press, 2004.
- Chambers, Robert. "Rural Poverty Unperceived: Problems and Remedies." *World Development* 9, no. 1, (1981): 1-19.
- Chatterji, B. "Business and Politics in the 1930s: Lancashire and the Making of the Indo-British Trade Agreement, 1939," *Modern Asian Studies* 15, no. 3, 1981: 527-573.
- Cowen. Michael and Shenton, Robert. "The Origin and Course of Fabian Colonialism in Africa." *Journal of Historical Sociology* 4, no. 2 (June 1991): 143-169.
- de Silva, Arnold. "The Allocation of Canada's Bilateral Foreign Aid," *Canadian Journal of Development Studies* 23, no. 1 (2002): 47-67.
- Ehrenpreis, Dag. "Some Models of Indian Development Planning," *The Swedish Journal of Economics* 72, no. 4 (December 1970): 301-319.
- Frank, Andre Gunder. "The Development of Underdevelopment." *Monthly Review* 18, no. 4 (September 1966): 17-31.
- G.G.W., "Political Change in Canada: The Conservatives Take Over," *The World Today* 13, no. 7 (July 1957): 296-297.
- Gallagher, John and Seal, Anil. "Britain and India between the Wars," *Modern Asian Studies* 15, no. 3 (1981): 391.
- Gandhi, Mahatma. *The Collected Works of Mahatma Gandhi*. Vol. 68. New Delhi: The Publications Division, Ministry of Information and Broadcasting, Government of India, 1977.

- Ghosh, Arunabha. "Pathways Through Financial Crises: India," *Global Governance* 12, no. 4 (October-December 2006): 413-429.
- Hilliker, John F. "The Politicians and the "Personalties": The Diefenbaker Government and the Conduct of Canadian External Relations," *Historical Papers/Communications historiques* 19, no. 1 (1984): 151-167.
- Kinsman, Gary "'Character Weaknesses' and 'Fruit Machines': Towards and Analysis of the Anti-Homosexual Security Campaign in the Canadian Civil Service." *Labour/Le Travail* 35 (Spring 1995): 133-161.
- Jolly, Richard. "The World Employment Conference: The Enthronement of Basic Needs." *Development Policy Review* A9, no. 2 (October 1976): 33.
- MacKenzie, Hector M. "The Path to Temptation: The Negotiation of Canada's Reconstruction Loan to Britain in 1946," *Historical Papers* 17, no. 1 (1982): 196-220.
- Mackenzie, Hector. "An old dominion and the new commonwealth: Canadian policy on the question of India's membership, 1947-49." *The Journal of Imperial and Commonwealth History* 27, no. 3 (1999): 92-112.
- Mackenzie, Hector. "Golden Decade(s)? Reappraising Canada's International Relations in the 1940s and 1950s," *British Journal of Canadian Studies* 23, no. 2 (2010): 179-206;
- Mackenzie, Hector. "Sinews of War and Peace: The Politics of Economic Aid to Britain, 1939-1945," *International Journal* 54, no. 4 (Autumn 1999): 649.
- Marshall, Dominique and Sterparn, Julia. "Oxfam Aid to Canada's First Nations, 1962-1975: Eating Lynx, Starving for Jobs, and Flying a Talking Bird." *Journal of the Canadian Historical Association* 22, no. 2 (2012): 298-343.

- McKenzie, Francine. "Renegotiating a Special Relationship: The Commonwealth and Anglo-American Economic Discussions, September-December 1945," *The Journal of Imperial and Commonwealth History* 26, no. 3 (1998): 71-93.
- Meredith, David. "The British Government and Colonial Economic Policy 1919-1939," *Economic History Review*, 2nd Series 28, no. 3 (1975): 484-499.
- Miller, A.J. "The Functional Principle in Canada's External Relations," *International Journal* 35, no. 2 (Spring 1980): 309-328.
- Muirhead, Bruce. "Differing Perspectives: India, the World Bank and the 1963 Aid-India Negotiations," *India Review* 4, no. 1 (2005): 4.
- Muirhead, Bruce. "Differing Perspectives: Indian the World Bank and the 1963 Aid-India Negotiations," *India Review* 4, no.1 (January 2005), 21.
- Muirhead, Bruce. "From Dreams to Reality: The Evolution of Anglo-Canadian Trade During the Diefenbaker Era," *Journal of the Canadian Historical Association* 9, no. 1 (1998): 243-266.
- Mukherjee, Aditya. "The Return of the Colonial in Indian Economic History: The Last Phase of Colonialism in India." *Social Science* 36, no. 3/4 (March – April 2008): 3-44.
- Nossal, Kim Richard. "Mixed Motives Revisited: Canada's Interest in Development Assistance." *Canadian Journal of Political Science* 21, no. 1 (March 1988): 35-56.
- Opoku-Dapaah, Edward. "International Aid: A Study of Canadian Opinions." *Canadian Journal of Development Studies* 23, no. 4 (2002).
- Parpart, Jane L. "Who is the 'Other'?": A Postmodern Feminist Critique of Women and Development Theory and Practice," *Development and Change* 24 (1993): 439-464.

- Rao, Nitya. "Displacement from the Land: Case of Santhal Parganas," *Economic and Political Weekly* 40, no. 41 (October 8-14, 2005), 4441.
- Rosenstein-Rodan, P.N. "The International Development of Economically Backward Areas." *International Affairs* 20, no. 2 (April 1944).
- Roy, Tirthankar. "Economic History and Modern India: Redefining the Link, *The Journal of Economic Perspectives* 16, no. 3. Summer 2002.
- Roy, Tirthankar. "The Role of the State in Initiating Development: A Study of Interwar South and Southeast Asia." *The Indian Economic and Social History Review* 33, no. 4 (1996): 399.
- Spicer, Keith. "Clubmanship Upstaged: Canada's Twenty Years in the Colombo Plan." *International Journal* 25, no. 1 (Winter 1969/1970): 23-33.
- Spicer, Keith. "The Administration of Canadian Colombo Plan Aid," *International Journal* 16, no. 2 (Spring 1961): 169-182.
- Tomlinson, B.R. "Indo-British Relations in the Post-Colonial Era: The Sterling Balances Negotiations, 1947-49." *Journal of Imperial and Commonwealth History* 13 (1984/1985): 142-162.
- Touhey, Ryan. "From Periphery to Priority: Lessons of the Canada-India Relationship, 1976-2009." *International Journal* 64, no. 4 (Autumn 2009): 913.
- Upadhyaya, Himanshu. "Breaches in Narmada Command," *Economic and Political Weekly* 43, no. 30 (July 26-Aug 1, 2008): 21.

Dissertations

- Adeleke, Ademola. "Ties Without Strings? The Colombo Plan and the Geopolitics of International Aid, 1950-1980." PhD diss, University of Toronto, 1996.

Appavoo, Patricia Jean. "The Small State as Donor: Canadian and Swedish Development Assistance Policies, 1960-1976." PhD diss, University of Toronto, 1989.

Lonergan, Iris. "The Negotiations between Canada and India for the Supply of the NRX Nuclear Research Reactor: A Case Study in Participatory Internationalism," master's thesis, Carleton University, 1989.

Spicer, James Keith. "External Aid in Canadian Foreign Policy: A Political and Administrative Study of Canada's Assistance Under the Colombo Plan." Phd diss, University of Toronto, 1962.

Touhey, Ryan. "Dealing with the Peacock: India in Canadian Foreign Policy, 1941-1976." PhD diss, University of Waterloo, 2006.

Interviews

Toopran Sampath Kumar, PhD., Senior Advisor & Team Leader, Canadian International Development Association.

Appendix A: Projects and Programs of Canadian Bilateral Assistance to India 1950-1960

	Project	Amount Allocated	Expenditure incurred
A. Transport & Communications			
	Bombay State Transport	\$4,352,774.79	\$4,352,774.79
	Locomotive Boilers	\$1,808,292.89	\$1,808,292.89
	Locomotive Engines & Tenders	\$21,469,337.37	\$21,469,337.37
	Creosoted Railway Ties	\$5,500,000.00	\$5,493,592.53
	Diesel Shunter Locomotives	\$2,000,000.00	\$1,326,679.70
	Radio Teletype Equipment	\$250,000.00	-
	Total	\$35,380,405.05	\$34,450,677.28
B. Power Projects			
	Mayurakshi Reservoir Project	\$1,299,763.37	\$1,299,763.37
	Umtru Power Project	\$1,200,000.00	\$1,159,318.42
	Kundah Hydro-Electric Power:		
	State I & II	\$23,500,000.00	\$20,172,502.82
	Stage III	\$3,500,000.00	-
	Power Projects	\$750,000.00	
	Preliminary Report on the proposed Chambal Valley Development, Ranapratap Sagar Project; Bhimkund Project; and the Sileru Scheme		\$43,642.72
	Ranapratap Sagar Project		\$15,075.00
	Total	\$30,249,763.37	\$22,690,302.33
C. Agriculture & Natural Resources			
	Fertilizers	\$5,050,000.00	\$5,047,507.26
	Locust Control and Plant Protection		
	Mobile Radio Telephone & spares	\$21,893.12	\$21,893.12
	3-ton 4 x 4 Stake Truck	\$113,792.07	\$113,792.07
	Standard DHC-2 Beaver Landplanes	\$146,355.49	\$146,355.49
	Aero-Magnetic Survey of Western Rajasthan and Gangetic Basin	\$207,224.01	\$207,224.01
	Biological Control Station, Bangalore	\$46,023.00	\$46,023.00
	Calcutta Milk Scheme	\$130,000.00	\$82,926.32
	Total	\$5,715,287.69	\$5,665,721.27

D. Industry			
	Non-ferrous Metals	\$49,765,000.00	\$43,255,201.29
	Asbestos	\$120,000.00	\$118,582.20
	Newsprint	\$1,875,000.00	-
	Total	\$51,760,000.00	\$43,373,783.49
E. Health			
	Cobalt Beam Therapy Units	\$376,626.30	\$292,724.38
	Medical Books	\$140,000.00	\$115,849.56
	Total	\$516,626.30	\$408,573.94
F. Reactor at Trombay			
	Canada-India Reactor	\$9,300,000.00	\$9,233,131.14
	Fuel Rods	\$325,000.00	-
	Total	\$9,625,000.00	\$9,233,131.14
G. Wheat			
	Loan	\$33,000,000.00	\$32,999,999.92
	Grant	\$54,000,000.00	\$53,999,999.38
	Total	\$87,000,000.00	\$86,999,999.30
H. Rural Electrification			
	Diesel Generating Sets	\$3,017,587.53	\$3,006,175.71
	Total	\$3,017,587.53	\$3,006,175.71
I. Miscellaneous			
	Co-operative movement training Centres	\$37,600.00	\$37,244.97
	Co-operative Film Training Scheme	\$50,000.00	\$49,214.03
	Film and Film Strips	\$275.00	\$275.00
	Total	\$87,875.00	\$86,734.00
	Grand Total (1951-52 to 1960-1961)	\$223,352,544.94	\$205,915,098.46

Source: Central Secretariat Library, Ministry of Finance, *External Assistance, 1961* (New Delhi: Government of India, 1961), 34-37.