



**MONASH** University

**Beyond Colombo: Australian Colonial and Foreign Policy in the Age  
of International Development, 1945-1975**

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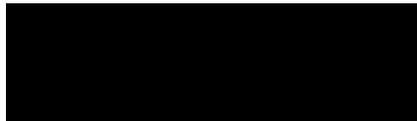
## **Abstract**

This thesis is a history of Australian economic assistance to Papua New Guinea (PNG) and Asia between 1945 and 1975. During this period, the concept of development emerged as a significant feature of international affairs. Academic experts and policymakers conceived of the best ways to promote development in poorer parts of the world, becoming part of the 'age of international development'. Driven by humanitarian, intellectual, and political forces, Australian aid between 1945 and 1975 was marked by a strong engagement with international developmental ideas and practice. This thesis examines the prominence of development in Australian aid policy towards PNG and Southeast Asia. Through this, it extends the history of Australian aid beyond the conventional emphasis on political interests and the Colombo Plan, by bringing foreign aid and colonial policy into conversation. By tying Australian policy to global intellectual and political trends, this thesis sheds new light on policies that have previously been considered in isolation from one another.

## Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma at any university or equivalent institution and that, to the best of my knowledge and belief, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

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## Abbreviations

<i>ACFOA</i>	Australian Council for Overseas Aid
<i>ADAA</i>	Australian Development Assistance Agency
<i>ADAB</i>	Australian Development Assistance Bureau
<i>AIIA</i>	Australian Institute of International Affairs
<i>ALP</i>	Australian Labor Party
<i>ANGAU</i>	Australian New Guinea Administrative Unit
<i>ANU</i>	Australian National University
<i>ASOPA</i>	Australian School of Pacific Administration
<i>AusAID</i>	Australian Agency for International Development
<i>CPD</i>	<i>Commonwealth Parliamentary Debates</i>
<i>DFAT</i>	Department of Foreign Affairs and Trade
<i>DORCA</i>	Directorate of Research and Civil Affairs
<i>ECAFE</i>	Economic Commission for Asia and the Far East
<i>ECLA</i>	Economic Commission for Latin America
<i>ERP</i>	European Recovery Program
<i>ETA</i>	Economic and Technical Assistance Branch
<i>GATT</i>	General Agreement on Tariffs and Trade
<i>GNP</i>	Gross National Product
<i>IBRD</i>	International Bank for Reconstruction and Development
<i>ITO</i>	International Trade Organisation
<i>LSE</i>	London School of Economics
<i>MIT</i>	Massachusetts Institute of Technology
<i>NAA</i>	National Archives of Australia
<i>NARA</i>	National Archives and Records Administration

<i>NIEO</i>	New International Economic Order
<i>NLA</i>	National Library of Australia
<i>NGO</i>	Non-Governmental Organisation
<i>OECD</i>	Organisation for Economic Co-operation and Development
<i>PNG</i>	Papua New Guinea
<i>PWR</i>	Post-War Reconstruction
<i>TVA</i>	Tennessee Valley Authority
<i>UN</i>	United Nations
<i>UNA</i>	United Nations Archives
<i>UNCTAD</i>	United Nations Conference on Trade and Development
<i>UNDP</i>	United Nations Development Program
<i>UNRRA</i>	United Nations Relief and Rehabilitation Agency
<i>US</i>	United States
<i>USAID</i>	United States Agency for International Development
<i>USSR</i>	Union of Soviet Socialist Republics
<i>VGS</i>	Volunteer Graduate Scheme

## Introduction

In 1949, officials in the Department of External Affairs prepared a brief to the Australian delegation attending the upcoming Conference of Commonwealth Foreign Ministers to be held in Colombo in January 1950. Commenting on the increasingly prominent post-war ‘problem’ of underdevelopment in Southeast Asian countries, departmental officials indicated that the Australian attitude towards technical assistance was favourable, given that “since the establishment of the United Nations, Australia has insisted upon the importance of providing the utmost assistance for the development of the underdeveloped countries.”<sup>1</sup> More importantly, the department placed a clear emphasis on developmental objectives, arguing:

The most important criterion for the selection of projects should be the effect of assistance on increasing productivity of the various factors of production (the essential characteristic of economic development).<sup>2</sup>

Fast-forward almost three decades. By the 1970s Australian aid policy had undergone numerous alterations that reflected the evolving nature of developmental ideas. Writing in 1973, Prime Ministerial advisor Peter Wilenski commented on Australian aid policy in the context of the proposed establishment of a standalone aid agency. He wrote that:

Aid should be given very largely for developmental, humanitarian and social reasons within the broad framework of the various aspects of Australia’s national interest rather than to seek political influence or favour. The use of aid to further political objectives may be counter-productive in the long run as the experience of some major aid donors has shown.<sup>3</sup>

In 1973, as in 1949, Australian aid policy was proposed as a solution to the developmental ‘problem’ in Papua New Guinea (PNG) and Southeast Asia.

This thesis will demonstrate the importance of the idea of development in the Australian provision of financial assistance to PNG and Southeast Asia between 1945

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<sup>1</sup> Department of External Affairs, “Technical Assistance for Economic Development – Australian Policy,” December 8, 1949, National Archives of Australia (hereafter cited as NAA): A1838, 532/5/2/2.

<sup>2</sup> Department of External Affairs, “Technical Assistance for Economic Development – Australian Policy.”

<sup>3</sup> “Report of the Task Force on a Unified Aid Administration,” May 1973, NAA: M3383, 73.

and 1975. While acknowledging that political imperatives played a role in the formation of Australian foreign aid policy, it points to the global circulation and influence of development rhetoric and modernisation theory, and reveals their central place in assessments of Australian development policy from the 1950s to the 1970s. This challenges extant historical evaluations of Australian aid, which overwhelmingly focus on the Colombo Plan and argue that developmental goals were secondary to the political aim of engagement with Asia. This thesis goes beyond the existing historical focus on the Colombo Plan, demonstrating that foreign aid was not solely a political tool aimed at improving relations with South and Southeast Asian nations in the context of the Cold War, but also was a core component of colonial policy in PNG and its engagement with the United Nations (UN).<sup>4</sup> As the comments in the External Affairs brief and by Wilenski demonstrate, key Australian officials took developmental assistance seriously, and did not see economic development exclusively as a means towards geopolitical ends. This reflected a global interest in modernisation and economic development in the three decades following the Second World War, which historian Gilbert Rist has dubbed the “development age”.<sup>5</sup> Not just simply a vehicle for Asian engagement, Australian aid was an element of the global post-war international development project.

By going beyond Colombo, this thesis brings Australian foreign aid and colonial policy into the same conversation. Australia was an unconventional colonial power, governing its dependent territories under the auspices of the United Nations (UN) trusteeship system. Despite this international oversight, Australia exerted a profound degree of control over its colonial territories, particularly PNG, and it fits neatly into the

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<sup>4</sup> This idea is at the heart of existing analysis of the Colombo Plan, such as Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra: Pandanus Books, 2004); David Lowe, “The Colombo Plan,” in *Australia and the End of Empires: The Impact of Decolonisation in Australia’s Near North, 1945-65*, ed. David Lowe (Geelong, Vic.: Deakin University Press, 1996); P. Gifford, “The Cold War Across Asia,” in *Facing North: A Century of Australian Engagement with Asia*, ed. David Goldsworthy and P. G. Edwards (Carlton South, Vic.: Melbourne University Press, 2001).

<sup>5</sup> Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3rd ed. (London; New York: Zed, 2008), 71-79.

broader history of international colonialism. There is a growing literature that explores the colonial roots of post-war developmental assistance.<sup>6</sup> Yet, Australian scholarship continues to examine Australian aid in Southeast Asia and colonial policy in PNG in isolation. Both policies were characterised by a concern with development, and their interaction demonstrates the linkages and continuities between colonial development and international aid in the context of decolonisation. Particularly from the early 1960s onward, Australian assistance to PNG and Southeast Asia were closely linked, as policymakers saw both regions through the lens of international development. Paul Hasluck, a key figure throughout this thesis, used the developmental experience gained from his work as Minister for Territories to guide his attitude towards foreign aid policy as Minister for External Affairs. By examining the connections between colonialism and development, this thesis provides new insight into how Australian policies towards PNG and Southeast Asia interacted and coincided.

This thesis also examines Australia's participation in a global system of international development. From the 1950s, powerful multilateral agencies including the UN Development Program (UNDP) and the World Bank sought to coordinate and maximise global development efforts. Their work was bolstered by national agencies and development non-governmental organisations (NGOs), creating a complex global system that pursued development goals. Although geopolitics was never entirely absent, many of these agencies took development seriously and on its own terms, aiming to improve living standards and economic conditions in the 'underdeveloped' nations of Africa, Asia,

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<sup>6</sup> Marc Frey, "Control, Legitimacy, and the Securing of Interests: European Development Policy in Southeast Asia from the Late Colonial Period to the Early 1960s," *Contemporary European History* 12, no. 4 (2003); Joseph Morgan Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism* (Athens: Ohio University Press, 2007); Véronique Dimier, *The Invention of a European Development Aid Bureaucracy: Recycling Empire* (Basingstoke: Palgrave Macmillan, 2014); Daniel Gorman, "Britain, India, and the United Nations: Colonialism and the Development of International Governance, 1945-1960," *Journal of Global History* 9, no. 3 (2014); Suzanne Moon, *Technology and Ethical Idealism: A History of Development in the Netherlands East Indies* (Leiden: CNWS Publications, 2007).

and South America.<sup>7</sup> Australia was part of this global system. It contributed financially to the key multilateral agencies. It played a prominent role in the 1964 UN Conference on Trade and Development (UNCTAD). It also routinely reviewed the effectiveness of its aid spending in developmental terms, climaxing in the creation of a separate aid agency – the Australian Development Assistance Agency (ADAA) – in 1974. Yet, Australia’s participation in the global system of international development has been almost entirely sidelined by the scholarly narrative that posits Australia’s aid policy primarily as a tool of diplomacy.

While national interests and regional politics surely played a role, the continuous reiteration of developmental objectives and arguments illustrates the broader intellectual and political trends at work. This thesis contends that Australian diplomats and policy-makers pursued a genuine policy of development that was more than a fig leaf covering political goals, and which was inspired by modernisation theory in concert with global trends. It argues that academically trained economists in the Commonwealth policymaking bureaucracy provided a conduit through which global ideas could be enacted on a local level. These ‘academic bureaucrats’ keenly followed global theoretical and political trends, and they crafted an Australian aid policy guided by developmental principles. By leaving out these ideas and the individuals who devised them, we only obtain a partial understanding of Australian aid. Putting them at the centre of analysis facilitates an examination of Australian aid policy in its global dimensions, which extends the study of aid beyond the conventional lens of Asian engagement in the context of the

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<sup>7</sup> John Toye and Richard Toye, “How the UN Moved from Full Employment to Economic Development,” *Commonwealth and Comparative Politics* 44, no. 1 (2006); Richard Jolly, *UN Contributions to Development Thinking and Practice* (Bloomington: Indiana University Press, 2004); Ikuto Yamaguchi, “The Development and Activities of the Economic Commission for Asia and the Far East (ECAFE), 1947-65,” in *The Transformation of the International Order of Asia: Decolonization, the Cold War, and the Colombo Plan*, ed. Shigeru Akita, Gerold Krozewski, and Shoichi Watanabe (Milton Park, Abingdon, Oxon: Routledge, 2014); Michael Goldman, *Imperial Nature: The World Bank and Struggles for Social Justice in the Age of Globalization* (New Haven: Yale University Press, 2005); Martha Finnemore, “Redefining Development at the World Bank,” in *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, ed. Frederick Cooper and Randall M. Packard (Berkeley: University of California Press, 1997).

Cold War. By uncovering the interaction between Australian policymakers and international developmental theorists, this thesis demonstrates that Australian aid was not merely a product of regional and national interests, but part of a global conversation about development and modernisation and the path towards achieving them.

The developmental imperatives for aid policy following the Second World War were a product of a complex intersection of economic and humanitarian impulses. Since the beginning of the nineteenth century, individuals and organisations had begun to take a greater interest in alleviating the suffering of the less fortunate throughout the world. Historians Michael Barnett, Ian Tyrrell and Didier Fassin have examined various aspects of this history, tracing the rise of global humanitarianism into the profound political and social force that it is today.<sup>8</sup> These scholars demonstrate that over time Western civil society came to accept a degree of responsibility to prevent the suffering of others. As Fassin contends, humanitarianism “concerns the victims of poverty, homelessness, unemployment, and exile, as well as of disasters, famines, epidemics, and wars – in short, every situation characterised by precariousness.”<sup>9</sup> Motivated by this sense of responsibility and a growing faith in government’s role in ameliorating social ills, after the Second World War economists and other scholars conceived of ways to ensure that the precariousness associated with poverty could be overcome. International aid policy emerged out of the integration of these humanitarian and economic impulses.

By focusing on development as a driver of policy, this thesis looks beyond the Cold War as the dominant paradigm behind Australian foreign policy after the Second World War. This is not to deny that the Cold War was significant; or that Australian policymakers were never motivated by anti-communism. Instead, this thesis takes up

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<sup>8</sup> Michael N. Barnett, *Empire of Humanity: A History of Humanitarianism* (Ithaca, New York: Cornell University Press, 2011); Ian R. Tyrrell, *Reforming the World: The Creation of America’s Moral Empire* (Princeton, N.J.: Princeton University Press, 2010); Didier Fassin, *Humanitarian Reason: A Moral History of the Present* (Berkeley: University of California Press, 2012).

<sup>9</sup> Fassin, *Humanitarian Reason*, x.

Matthew Connelly's challenge to take off the "Cold War lens" in order to better understand the relations between Australia and the 'developing' regions to its north.<sup>10</sup> An exclusive focus on the conflict between East and West has obscured the tensions between North and South. These were sometimes, but by no means always, related to the Cold War, and a serious analysis of development must be sensitive to this nuance.<sup>11</sup> By focusing on development as a standalone factor in Australian policy, this thesis presents a new and innovative study of Australian relations with Southeast Asia and PNG. Investigating Australian policy in the context of global intellectual and political trends enables a new understanding of both the ideas and processes behind Australian aid between 1945 and 1975.

### **Contribution to Literature**

This thesis builds on recent developments in the historiography of international development, which has reshaped our understanding of postwar international relations. This work has blossomed since 2000, when Nick Cullather called on historians to treat the concept of development as an historical subject, rather than as an economic law.<sup>12</sup> In the years since, historians of the United States, Britain and Western Europe have traced the significant role played by development in the construction of the post-war global order. In the United States, David Ekbladh has traced the essential place of modernisation and development schemes in American foreign policy of the post-war and

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<sup>10</sup> Matthew Connelly, "Taking off the Cold War Lens: Visions of North-South Conflict during the Algerian War of Independence," *American Historical Review* 105, no. 3 (2000): 741.

<sup>11</sup> Mark Phillip Bradley, "Decolonisation, the Global South, and the Cold War, 1919-1962," in *The Cambridge History of the Cold War*, ed. Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2010), 465; Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of our Times* (Cambridge: Cambridge University Press, 2007), 396.

<sup>12</sup> Nick Cullather, "Research Note: Development? It's History," *Diplomatic History* 24, no. 4 (2000).

Cold War eras.<sup>13</sup> Michael Latham has argued that modernisation and development functioned as an ideology in its own right.<sup>14</sup> According to Latham, development was a core concept in American foreign policy that reached a peak under the Kennedy Administration. Nick Cullather explains this developmental mindset, arguing that “[d]evelopment fit social problems into a novel concept of time, asserting that all nations followed a common historical path and that those in the lead had a moral duty to aid those who followed.”<sup>15</sup> This scholarship has placed development at the heart of American foreign policy with the Third World, and of the global post-war international system. In Matthew Connelly’s terms, it has reframed American history by looking beyond the ‘Cold War lens’. Scholars such as Latham, Ekbladh, and Vijay Prashad argue that the ‘developmental lens’ – and not the Cold War – provides the clearest way of understanding relations between North and South.<sup>16</sup>

This is not to deny that political motivations played some part in the development system. David Engerman points to the strong Cold War rhetoric that influenced key theorists such as Walt Rostow.<sup>17</sup> Nils Gilman traces the close interaction between American political interests and the evolution of modernisation theory in the 1950s and 1960s.<sup>18</sup> Cold War concerns existed alongside the push for development. The two often interacted; but they did not always do so. As Ekbladh notes: “modernisation

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<sup>13</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010).

<sup>14</sup> Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill, N.C.: University of North Carolina Press, 2000).

<sup>15</sup> Nick Cullather, *The Hungry World: America’s Cold War Battle Against Poverty in Asia* (Cambridge, Mass.: Harvard University Press, 2010), 75.

<sup>16</sup> Vijay Prashad, *The Poorer Nations: A Possible History of the Global South* (London; New York: Verso, 2012). The emphasis on North-South relations is shared by scholars of UNCTAD, the most prominent site of Global South solidarity in the age of development: Ian Taylor and Karen Smith, *United Nations Conference on Trade and Development (UNCTAD)* (New York: Routledge, 2007); Marc Williams, *Third World Cooperation: The Group of 77 in UNCTAD* (London: Pinter Publishers, 1991).

<sup>17</sup> David C. Engerman, “West Meets East: The Center for International Studies and Indian Economic Development,” in *Staging Growth: Modernization, Development, and the Global Cold War*, ed. David C. Engerman, et al. (Amherst: University of Massachusetts Press, 2003), 202.

<sup>18</sup> Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), 3.

ideas worked their way into Cold War policies, they were not created by them.”<sup>19</sup>

Collapsing one into the other is to over-simplify the complexity of the global system during the 1950s, 1960s, and beyond.

Whilst the ‘developmental lens’ has had the greatest impact on histories of American foreign policy, historians of Europe have also turned to development in their efforts to understand the complex process of British, French, and Dutch decolonisation. Marc Frey, Joseph Hodge, Veronique Dimier and Suzanne Moon have uncovered strong links between the imperial system, particularly in its later guises, and the post-war system of international development. As Hodge has argued: “Development as a framework of ideas and practices emerged out of efforts to manage the social, economic, and ecological crises of the late colonial world.”<sup>20</sup> This historiographical shift has opened up new ways of understanding how rich, so-called ‘developed’ countries engaged with changing circumstances in areas that had been (or continued to be) under colonial rule. It shines a new light on the important role of development discourses and policies in post-war Europe, and reveals that former colonisers’ contributions to the development of newly-independent nations in Africa and Asia were, in many cases, a continuation of the colonial project.

By engaging with the international literature on the history of development, and following its insights regarding the importance of international development and modernisation theory in shaping the post-war international system, this thesis advances our understanding of Australian aid policy between 1945 and 1975. Policymakers balanced developmental and political goals when devising flagship programs including the Colombo Plan, the New Deal for PNG, and Australia’s position at UNCTAD. These policies were both framed by developmental rhetoric and aims, and the similarities point to the interchange of personnel and ideas between the Department of External Affairs

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<sup>19</sup> Ekbladh, *The Great American Mission*, 4.

<sup>20</sup> Hodge, *Triumph of the Expert*, 2.

and the Department of Territories. As in other parts of the world, development in Australia intersected with the twin contexts of decolonisation and the Cold War.

Just as placing Australian aid policy in an international context complicates the history of Australian foreign policy, the study of Australian aid adds complexity to the international history of development. There is a tendency amongst some American historians to focus squarely on modernisation as a hegemon that oversimplifies the post-war concept of development.<sup>21</sup> While the modernisation paradigm was deeply influential throughout the 1950s and early 1960s, at no point was there a dominant, consensus view of development. Instead, as Hodge writes: “Conceiving of and writing about development and modernization as a unified historical narrative of events, with a singular point of origin, is problematic and ultimately untenable.”<sup>22</sup> As this thesis will show, development was contested in Australia throughout the three decades from 1945. Policymakers and experts routinely debated the meaning of development, with significant effects on aid policy. Ultimately, the history of international development in the Australian context serves to expand and complicate the rich historical literature that has emerged over the past two decades, revealing that development was not a single concept, but rather a contested narrative that often underwent significant modification as it was applied in different contexts.

### **Australian Aid: Not Just the Colombo Plan**

Historical analyses of Australian aid have focused mostly on the Colombo Plan, overlooking a broader developmental program and telescoping discussion of aid policy

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<sup>21</sup> Ekbladh, *The Great American Mission*, 7; Latham, *Modernization as Ideology*, 19; Gilman, *Mandarins of the Future*, 3-8; Joseph Morgan Hodge, “Writing the History of Development (Part 1: The First Wave),” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 3 (2015): 443.

<sup>22</sup> Joseph Morgan Hodge, “Writing the History of Development (Part 2: Longer, Deeper, Wider),” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 7, no. 1 (2016): 147.

into a focus on political relations with Asia. In his early analysis of the evolution of Australian aid, Frank Jarrett treated the Colombo Plan as a “significant departure point” in Australia’s aid program.<sup>23</sup> The Colombo Plan has also loomed large in more recent historiography of Australian aid, with scholars including David Lowe, Daniel Oakman and Nicholas Brown producing detailed studies of the Colombo Plan as the primary medium through which Australian technical assistance was provided after the Second World War.<sup>24</sup> David Lowe presents the Colombo Plan as an innovative program that helped Australia to negotiate the complex political consequences of the Cold War and Asian decolonisation.<sup>25</sup> Daniel Oakman emphasises the Colombo Plan’s scholarship scheme in arguing that the Plan was central to the process of Australian engagement with Asia.<sup>26</sup> This pioneering scholarship has expanded our understanding of the utility of aid in both traditional and cultural diplomacy. But, as this thesis will show, Australian attempts to promote development beyond its shores were not limited to the Colombo Plan, and were motivated as much by a global ideology of modernisation as by regional concerns.

Another product of the focus on the Colombo Plan has been the tendency to limit the analysis of Australian aid to its impact on Australia’s engagement with Asia. For over thirty years, historians of Australia’s foreign policy have regarded the Colombo Plan as a tool to improve Australia’s strategic relations with a decolonising Asia during the Cold War.<sup>27</sup> David Lowe emphasises political considerations, showing that Australian

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<sup>23</sup> F. G. Jarrett, *The Evolution of Australia’s Aid Program* (Canberra: Australian Development Studies Network, 1994), 1.

<sup>24</sup> Oakman, *Facing Asia*; Lowe, “The Colombo Plan.”; David Lowe, “Canberra’s Colombo Plan: Public Images of Australia’s Relations with Post-colonial South and Southeast Asia in the 1950s,” *South Asia: Journal of South Asian Studies* 25, no. 2 (2002); David Lowe, “Journalists and the Stirring of Australian Public Diplomacy: The Colombo Plan Towards the 1960s,” *Journal of Contemporary History* 48, no. 1 (2013); Nicholas Brown, “Student, Expert, Peacekeeper: Three Versions of International Engagement,” *Australian Journal of Politics and History* 57, no. 1 (2011): 39-45.

<sup>25</sup> Lowe, “The Colombo Plan,” 105-107.

<sup>26</sup> Oakman, *Facing Asia*, 1-3.

<sup>27</sup> Gifford, “The Cold War Across Asia,” 174; P. G. Edwards and Gregory Pemberton, *Crises and Commitments: The Politics and Diplomacy of Australia’s Involvement in Southeast Asian Conflicts, 1948-1965* (North

policymakers quickly recognised that “the best way to exert political influence ... was by fostering economic development in the region.”<sup>28</sup> Similarly, Oakman centres on the political motivations behind the Colombo Plan, describing it as “a facade, a device intended to lure independent Asia into an alliance with the Western bloc.”<sup>29</sup> Significantly, this analysis has influenced scholars of contemporary Australian aid policy, who emphasise the strategic purposes of aid in the immediate post-war period.<sup>30</sup> Andrew Rosser goes so far as to say that the “main driver of Australian aid policy has always been the government's foreign policy and security objectives.”<sup>31</sup> While political and strategic considerations have indeed been a factor in Australian aid policy, this analysis only tells part of the story. As this thesis demonstrates, developmental imperatives have also been a genuine factor in Australian aid policy since 1945.

Historians of global development have looked beyond the Cold War imperatives, and come to regard aid as an important historical topic in its own right. This thesis draws on their work to overcome the lack of attention given to the developmental basis of Australian aid. If anything, some historians of Australian aid have denied the place of development altogether. Faye Sutherland argued that during the 1960s, “in the areas of relief, development and sending personnel overseas ... the government's aid agenda was not driven by developmental concerns.”<sup>32</sup> Contrasting post-war, government-led development with a post-1970s NGO system, Patrick Kilby also downplays the links between development and Australian aid in the years immediately following the Second

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Sydney: Allen & Unwin, 1992), 343; Gregory Pemberton, *All the Way: Australia's Road to Vietnam* (Sydney: Allen & Unwin, 1987), 38; Christopher Waters, “A Failure of Imagination: R.G. Casey and Australian Plans for Counter-Subversion in Asia, 1954-1956,” *Australian Journal of Politics and History* 45, no. 3 (1999): 352.

<sup>28</sup> David Lowe, “Percy Spender and the Colombo Plan 1950,” *Australian Journal of Politics and History* 40, no. 2 (1994): 163.

<sup>29</sup> Oakman, *Facing Asia*, 67.

<sup>30</sup> Shahar Hameiri, “Risk Management, Neo-liberalism and the Securitisation of the Australian Aid Program,” *Australian Journal of International Affairs* 62, no. 3 (2008): 357-359.

<sup>31</sup> Andrew Rosser, “Neo-liberalism and the Politics of Australian Aid Policy-Making,” *Australian Journal of International Affairs* 62, no. 3 (2008): 372.

<sup>32</sup> Faye Sutherland, “The Dynamics of Aid and Development: Australian and Asian Responses to Poverty in the Region 1950s-1990s” (PhD Thesis, University of NSW, 1997), 165.

World War.<sup>33</sup> This is in contrast to the international literature introduced above. In the middle decades of the twentieth century, development emerged as a discrete goal, to be pursued through the provision of economic and technical assistance. Australian aid was more than a diplomatic tool to achieve closer relations with Asia; it was a product of the age of international development.

### **Foreign Aid and Colonial Policy**

Australian aid between 1945 and 1975 was not just limited to the Colombo Plan. Indeed, throughout this entire period the vast majority of Australian development funding and technical assistance went to the colonial administration in PNG. By the early 1960s, policymakers in Canberra counted grants made to both Southeast Asia and PNG in external aid calculations. Yet, studies of the Colombo Plan largely ignore Australian colonialism in PNG, and the reverse is true in the study of Australian policy in PNG. By examining both colonial and foreign policy, this thesis is the first to bring together two areas of Australian history that have previously been analysed separately. Where the historiography of the Colombo Plan emphasises political motivations, scholars of Australian colonial rule have observed the importance of development discourse in colonial policy. As Scott MacWilliam points out: “Throughout the entire period from 1945 until PNG's independence, no term appeared more often than development as the objective of state policies.”<sup>34</sup> However, by tracing the developmental objectives of Australian colonial policy in isolation from global trends and Australia's other development activities, scholars like MacWilliam only tell part of the story.

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<sup>33</sup> Patrick Kilby, *NGOs and Political Change: A History of the Australian Council for International Development* (Acton, A.C.T.: ANU Press, 2015), 26.

<sup>34</sup> Scott MacWilliam, *Securing Village Life: Development in Late Colonial Papua New Guinea* (Canberra: ANU E Press, 2013), 3.

Early scholarship on Australian colonial policy in PNG observed the rhetoric of development, but scholars including Ian Downs, William Hudson, and James Griffin regarded development less as a historical process and more as an economic good. As a result, they criticised the Australian government's prioritising of social stability above development, particularly during the Hasluck period from 1951-1963.<sup>35</sup> Recent studies of Australian colonial policy take a more critical approach. Donald Denoon makes the important observation that development and the end of Australian colonial rule were deeply intertwined.<sup>36</sup> Scott MacWilliam presents a detailed examination of Australian developmental policy in PNG, with some analysis of the origins of the development idea.<sup>37</sup> However, there has yet to be a comprehensive analysis of developmental policy in PNG that takes the full gamut of Australian aid policy into account. While some scholars of Australian colonial policy have recognised the shift in emphasis on development in the 1940s, they have not investigated how this shift was a product of broader international processes.<sup>38</sup> What previous analyses lack, and what this thesis makes clear, is that Australia's colonial development policy did not take place in a political and intellectual vacuum. Australian colonial experts and policymakers were deeply interested in the evolution of international developmental ideas and policy, and this was reflected in the policies they introduced. This was true of both colonial and foreign policy; it is therefore necessary to examine the two together.

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<sup>35</sup> Ian Downs, *The Australian Trusteeship Papua New Guinea, 1945-75* (Canberra: Australian Government Publishing Service, 1980), 116; W. J. Hudson and Jill Daven, "Papua and New Guinea since 1945," in *Australia and Papua New Guinea*, ed. W. J. Hudson (Sydney: Sydney University Press, 1971), 158; James Griffin, Hank Nelson, and Stewart Firth, *Papua New Guinea: A Political History* (Richmond: Heinemann Educational Australia, 1979).

<sup>36</sup> Donald Denoon, Philippa Mein Smith, and Marivic Wyndham, *A History of Australia, New Zealand, and the Pacific* (Malden, Mass.: Blackwell Publishers, 2000), 400; Donald Denoon, *A Trial Separation: Australia and the Decolonisation of Papua New Guinea* (Canberra: ANU E Press, 2012), 32.

<sup>37</sup> MacWilliam, *Securing Village Life*, 5-7. Huntley Wright takes a similar approach to MacWilliam. Huntley Wright, "Protecting the National Interest: The Labor Government and the Reform of Australia's Colonial Policy, 1942-45," *Labour History* 82, no. May 2002 (2002).

<sup>38</sup> I.C. Campbell, "The ASOPA Controversy: A Pivot of Australian Policy for Papua and New Guinea, 1945-49," *The Journal of Pacific History* 35, no. 1 (2000): 98-99; Brian Jinks, "Alfred Conlon, the Directorate of Research and New Guinea," *Journal of Australian Studies* 7, no. 12 (1983): 28.

This thesis draws upon international scholarship that traces the connections between colonialism and development, as explored above. Recognising the connections between development and colonialism in the British, French and Dutch Empires, as shown by historians Frederick Cooper, Joseph Hodge, Marc Frey and Suzanne Moon among others, provides an entry point into understanding Australian foreign aid and colonial policy as being part of a single process. Taking this new approach, Eddie Ward's 'New Deal' in PNG, established in 1945, marks the new beginning point for post-war Australian aid, rather than the Colombo Plan of 1950. This reflects Marc Frey's proposal that the British Colonial Development and Welfare Act of 1940 "can be called the beginning of 'aid' in the contemporary sense."<sup>39</sup>

The international literature on colonialism and development has established that colonialism and the post-war international development establishment remained intimately linked in post-colonial as well as colonial spaces. Cooper identifies that post-war attempts to promote development in the 'underdeveloped' world grew out of "modernizing policies developed in colonial bureaucracies."<sup>40</sup> This point has been taken up by Véronique Dimier and Daniel Gorman to reveal the continuities in personnel and policies between European colonial practices and the international development framework.<sup>41</sup> While some American scholars, such as Ekbladh, distinguish between earlier forms of colonialism and post-war programs of development and modernisation, there is no doubt that there were significant continuities and interactions between the two.<sup>42</sup> Therefore, to examine the Colombo Plan or Australian policy in PNG in isolation is to look at only half the story. By revealing the interaction between Australian foreign

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<sup>39</sup> Frey, "Control, Legitimacy, and the Securing of Interests," 398.

<sup>40</sup> Frederick Cooper, "Writing the History of Development," *Journal of Modern European History* 8, no. 1 (2010): 14.

<sup>41</sup> Dimier, *The Invention of a European Development Aid Bureaucracy*, 2; Gorman, "Britain, India, and the United Nations," 472.

<sup>42</sup> Ekbladh, *The Great American Mission*, 2.

aid and colonial policy, this thesis presents a new, more comprehensive history of post-war Australian aid policy.

### **Academic Bureaucrats and Australian Policy in an International Context**

Australian aid between 1945 and 1975 was informed by international theories of development. This thesis closely traces how Australian actors interacted with international intellectual trends. It reveals that Australian policy did not exist in a national vacuum, and that it was motivated by more than just national or regional interests. Policymakers in Canberra and experts at Australian universities took a close interest in the evolution of developmental ideas, particularly in Britain and the United States, and this was reflected in the policies they crafted.

The extant historiography on Australian foreign policy after the Second World War emphasises the importance of national interests in policy formation.<sup>43</sup> International contexts are rarely explored. By taking development as its historical lens, this thesis reveals that Australian foreign policy was also guided by a transnational belief in the need to provide assistance to the ‘underdeveloped’ parts of the world, which Gilbert Rist has dubbed a “global faith”.<sup>44</sup> Development itself was a standalone goal of a good deal of foreign aid policy throughout the Western world. Tracing the international connections made by Australian policymakers, and the extent to which they were influenced by this

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<sup>43</sup> David Goldsworthy and P. G. Edwards, eds., *Facing North: A Century of Australian Engagement with Asia*, 2 vols. (Carlton South, Vic.: Melbourne University Press, 2001); David Lowe, ed. *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945-65* (Geelong, Vic.: Deakin University Press, 1996), 5; Christopher Waters, “The MacMahon Ball Mission to East Asia 1948,” *Australian Journal of Politics and History* 40, no. 3 (1994): 351. Other examples of this scholarship include: Carl Bridge, ed. *Munich to Vietnam: Australia's Relations with Britain and the United States Since the 1930s* (Carlton, Vic.: Melbourne University Press, 1991); Edwards and Pemberton, *Crises and Commitments*; Neville Meaney, “Australia, the Great Powers and the Coming of the Cold War,” *Australian Journal of Politics and History* 38, no. 3 (1992); Pemberton, *All the Way*.

<sup>44</sup> Rist, *History of Development*.

‘global faith’, progresses our understanding of Australian policy formation beyond national and regional interests.

Crucially, examining the interactions between Australian policymakers and international theorists does not just help explain *why* development was an important component of aid policy; it also explains *how* development came to be part of Australia’s foreign policy. Developmental experts played a vital role in facilitating the incorporation of development into policy. David Ekbladh, Nils Gilman and Joseph Hodge have shown that key development theorists such as Walt Rostow and W. Arthur Lewis were central to both the formulation of modernisation theory and policy creation in the United States and United Kingdom.<sup>45</sup> A similar process took place in Australia. H.C. ‘Nugget’ Coombs, John Crawford and Arthur Tange were ‘academic bureaucrats’ – policymakers with postgraduate training in economics – and they were keenly interested in the latest intellectual developments abroad. Their positions near the centre of Australian political power meant that they were more than mere observers of global intellectual trends in development; they oversaw the incorporation of development into policy.<sup>46</sup> By pointing to the important role played by ‘academic bureaucrats’ in post-war policy formation, this thesis contributes to scholarship on the departmental figures involved in policy formation, particularly with regard to the Department of External Affairs.<sup>47</sup>

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<sup>45</sup> Ekbladh, *The Great American Mission*, 192; Gilman, *Mandarins of the Future*, 199; Hodge, *Triumph of the Expert*, 266.

<sup>46</sup> Stuart Macintyre, *Australia’s Boldest Experiment: War and Reconstruction in the 1940s* (Sydney, NSW: NewSouth Publishing, 2015), 266-267; Tim Rowse, *Nugget Coombs: A Reforming Life* (Cambridge: Cambridge University Press, 2002); P. G. Edwards, *Arthur Tange: Last of the Mandarins* (Crows Nest, N.S.W.: Allen & Unwin, 2006).

<sup>47</sup> Joan Beaumont, Christopher Waters, David Lowe, and Garry Woodard, eds., *Ministers, Mandarins and Diplomats: Australian Foreign Policy Making, 1941-1969* (Melbourne: Melbourne University Press, 2003); Samuel Furphy, ed. *The Seven Dwarfs and the Age of the Mandarins: Australian Government Administration in the Post-war Reconstruction Era* (Acton, ACT: ANU Press, 2015); Adam Henry, *The Gatekeepers of Australian Foreign Policy 1950-1966* (North Melbourne, Victoria: Australian Scholarly Publishing, 2015).

## The Age of International Development

Development was not invented in 1945, nor did it disappear after 1975. Nevertheless, the three decades following the Second World War mark a high point in thought and policy regarding the promotion of international development. Historians have dubbed the period spanning from the mid-1940s through to the mid-1970s as the ‘age of development’.<sup>48</sup> While 1945 marks a clear dividing point in international history, the end of the age of international development was a product of much more complex forces. By the mid-1970s, the international process of decolonisation was effectively complete, as new states embarked on the process of consolidating their newfound independence. This resulted in a brief shift in international relations, as the bloc of developing countries took a much greater degree of control over their place in the international development system.<sup>49</sup> Combined with economic and energy crises in the West and the neo-liberal challenge to post-war Keynesianism, these forces spelled the end of the post-war age of international development by the mid-1970s.<sup>50</sup> In terms of Australian aid policy, the period 1945 to 1975 saw a major investment in international development.<sup>51</sup> Starting with Eddie Ward’s New Deal for PNG in 1945 and culminating with the establishment of the Australian Development Assistance Agency (ADAA) and independence for PNG in the mid-1970s, the thirty years after the Second World War were marked by Australian participation in the age of international development.

The concept of ‘development’ was often seen at the time as interchangeable with terms such as ‘modernisation’, ‘growth’ and ‘progress’. The ambiguity as to the precise meaning of ‘development’ made it particularly useful to experts and policymakers in the

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<sup>48</sup> Rist, *History of Development*, 71; Cooper, “Writing the History of Development,” 8.

<sup>49</sup> Nils Gilman, “The New International Economic Order: A Reintroduction,” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015).

<sup>50</sup> Stuart Hall, “The Neoliberal Revolution,” *Soundings*, no. 48 (2011): 9-11.

<sup>51</sup> Rosser, “Neo-liberalism and the Politics of Australian Aid Policy-Making,” 375.

decades following the Second World War. Frederick Cooper argues that this ambiguity rests in the simultaneous notions of “increasing production and increasing welfare.”<sup>52</sup> Taking Cooper’s observation as its starting point, this thesis defines development as a comprehensive process of social, economic and political progress that was largely perceived as positive until at least the mid-1970s. More specifically, economic development was seen as a process that would improve people’s standard of living as a result of increased production. This improvement in living standards was expected to then lead to social and political change. Modernisation was one form of development that revolved around the belief that social, economic and political change had a specific destination, which was generally exemplified by ‘modern’, Western civilisation. Developmentalism was the ideological belief held by many experts and policymakers that the process of development was an inherently positive thing and was something to be actively encouraged. This thesis examines ‘development’ as pursued by national and multilateral agencies for international development. Although NGOs played a significant role in the development sphere during the post-war decades, they fall beyond the scope of this thesis except where they directly engaged with government policy. Moreover, it looks only at long-term, planned programs for development; aid provided for disaster relief or for other humanitarian purposes also falls outside its scope.

The terminology used by experts and policymakers to define poorer countries also underwent a process of evolution over the period under analysis. In the early post-war period the term ‘backward’ was often applied, which then became ‘underdeveloped’ after United States President Harry S. Truman’s 1949 inaugural address. By the 1960s, the term ‘developing’ was more acceptable. The rationale behind these changes in terminology was varied, and forms part of the analysis within the thesis. To give just one example, in 1957 External Affairs officials debated the relative merits of the term

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<sup>52</sup> Frederick Cooper, *Decolonization and African Society: The Labor Question in French and British Africa* (Cambridge: Cambridge University Press, 1996), 206.

‘developing’ versus ‘underdeveloped’, reaching the conclusion that the former was less likely to give offence to the countries that fit that term.<sup>53</sup> In keeping with this usage, ‘backward’ and ‘underdeveloped’ will be used in the first half of the thesis, replaced by ‘developing’ as that term became ubiquitous in the 1960s.

‘Development’ as a concept (or to follow Latham, an ideology) was rarely stable, or even coherent. Indeed, the theory and practice of international development were strongly contested throughout the three decades following the Second World War, with competing schools of thought gaining prominence at different times. This thesis contends that Australian developmentalism was defined by two schools of thought between 1945 and 1975. The first, which emerged from the work of Eugene Staley and Paul Rosenstein-Rodan in the mid-1940s, emphasised the role of government policy in driving economic growth, which would thereby facilitate the development process.<sup>54</sup> For these theorists, increased production needed to be actively encouraged in order to safeguard the welfare of poorer peoples. It was in this capacity that development took on what Rist refers to as a “transitive meaning”. No longer was development a process that just happened; “now it was possible to ‘develop’ a region.”<sup>55</sup> This growth-centric model assumed a level of orthodoxy throughout the 1950s and 1960s, manifested most clearly in the work of West Indian born-British economist, W. Arthur Lewis, and American modernisation theorists such as Walt Rostow.<sup>56</sup> In Australia, this approach was epitomised in the immediate post-war period by John Crawford and Douglas Copland, and then later by Heinz Arndt.<sup>57</sup> Department of External Affairs officials were

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<sup>53</sup> D. Dexter minute, September 20, 1957, NAA: A1838, 2020/1/2 PART 1.

<sup>54</sup> Eugene Staley, *World Economic Development: Effects on Advanced Industrial Countries* (Montreal: International Labour Office, 1944); P.N. Rosenstein-Rodan, “The International Development of Economically Backward Areas,” *International Affairs* 20, no. 2 (1944).

<sup>55</sup> Rist, *History of Development*, 73.

<sup>56</sup> W. Arthur Lewis, *The Theory of Economic Growth* (London: Allen & Unwin, 1955); W. W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (London: Cambridge University Press, 1960).

<sup>57</sup> John Crawford and A. A. Ross, *Wartime Agriculture in Australia and New Zealand 1939-50* (Stanford, Calif.: Stanford University Press, 1954); D. B. Copland, *The Changing Structure of the Western Economy* (Montreal:

particularly drawn to these ideas in the 1950s and 1960s, and the growth-centric approach influenced early post-war aid policies, particularly the Colombo Plan and the Paul Hasluck period in PNG.

The second school of developmentalist thought revised the Western-oriented, growth-centric assumptions of Rostow and his international counterparts. From the 1950s onward, economists challenged the orthodox position, arguing that developmental policy brought benefits not to the poor, but rather to those already in a position of economic and political power. Raul Prebisch developed the earliest iteration of what would eventually become known as dependency theory in 1950, and by the mid-1960s the notion had taken hold.<sup>58</sup> The earliest demonstration of the political power of dependency theory was the 1964 UNCTAD, which posed significant challenges to Australia's previous conception of its own developmental position. By the late 1960s, dependency theory attracted an Australian following, most evident in the work of Rex Mortimer.<sup>59</sup> By the end of the decade, dependency theory was joined by numerous other theoretical concepts and positions that challenged the growth orthodoxy. Self-reliance and basic needs approaches exemplified the shift away from growth as the fundamental goal of developmental theory and policy, and found a ready audience in Australia in the 1970s. Crucially, this thesis demonstrates that both schools of thought influenced Australian aid policy, as debates progressed during the 1950s, 1960s, and beyond. The complex evolution of ideas that marked the age of international development between 1945 and 1975 was reflected at key moments in Australian foreign and colonial policies.

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McGill University Press, 1963), 18; H. W. Arndt, *A Small Rich Industrial Country: Studies in Australian Development, Aid and Trade* (Melbourne ; Canberra: Cheshire, 1968).

<sup>58</sup> United Nations Economic Commission for Latin America., *The Economic Development of Latin America and its Principal Problems* (Lake Success: United Nations Dept. of Economic Affairs, 1950); H. W. Arndt, *Economic Development: The History of an Idea* (Chicago: University of Chicago Press, 1987), 120; Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*, Revised ed. (Harmondsworth: Penguin, 1971).

<sup>59</sup> Rex Mortimer, ed. *Showcase State: The Illusion of Indonesia's "Accelerated Modernisation"* (Sydney: Angus & Robertson, 1973).

## Structure of the Thesis

This thesis draws upon a combination of official government documents and personal papers to demonstrate the place of developmental ideas in Australian aid policy. It is grounded in a close reading of the official files of Australian government departments, housed at the National Archives of Australia in Canberra. In addition, it makes use of US State Department files, obtained from the National Archives and Records Administration (NARA) in College Park, Maryland along with UN documents held at their archive in New York City. Examination of the international archive is necessary in order to follow the links between Australian aid and international intellectual and political trends. In addition to official records, this thesis takes account of the published works and private records of individuals who played important roles in linking scholarship with policy, including Douglas Copland, John Crawford, Heinz Arndt and Rex Mortimer. These personal collections serve to bridge the gap between ideas and policy, and highlight the evolution of developmental theory and its utility to policymakers between 1945 and 1975.

The chapters of this thesis explore the major sites at which the Australian government engaged with international development between 1945 and 1975. Chapter One examines Eddie Ward's New Deal for PNG, which represents Australia's first post-war attempt to provide developmental 'aid'. It was in this context that development emerged as a prominent component of Australian policy. Chapter Two explores the establishment of the Colombo Plan in the context of increased international attention to developmental issues in Southeast Asia. Driven by developmental as well as political considerations, Australia's enthusiasm for the Colombo Plan demonstrated its clear engagement with development for its own purposes. Chapter Three discusses the 'Hasluck era' in Australian colonial rule in PNG during the 1950s and early 1960s, which

coincided with the rise of the dominant modernisation paradigm in international development. A close examination of Hasluck's developmental policy reveals the increasing complexity in Australian engagement with developmental theories and concepts, as well as a growth in the interaction between colonial and foreign policy. Chapter Four explores an explicit Australian challenge to the developmental status quo: the Middle Zone policy at the 1964 UNCTAD. This policy, which aimed to present Australia as neither 'developed' nor 'developing', firmly demonstrated that Australian foreign policy was closely tied to international political and intellectual trends. Chapter Five presents the first detailed historical analysis of the 1964-1965 Interdepartmental Review of Australian External Aid Policy, which was marked by an increased awareness of the intersections between Australian assistance to PNG and Asia. The review confirmed the official view that the vast sums of aid to PNG should be considered together with development assistance to Southeast Asia, undercutting the assumption that the Colombo Plan dominated Australian aid. Finally, Chapter Six examines Australian developmental thought in the second half of the 1960s and first half of the 1970s. As new ideas challenged the 'global faith' in development, Australian aid policy began to fragment, a process exacerbated by the end of Australian colonial rule in PNG. This fragmentation was the product of three decades of engagement with development and its aftermath introduced a new phase in Australian aid policy. Together, these six chapters mark the principal moments in Australian aid during the age of international development.

Ultimately, this thesis adds to the historical understanding of Australian aid by looking beyond the political dimensions of the Colombo Plan. It shows the dominance of PNG in Australian aid policy, and that Australian experts and policymakers were closely engaged with the constantly evolving field of international development.

Therefore, this thesis not only uncovers new dimensions in the analysis of Australian aid

between 1945 and 1975, it also contributes to the historical understanding of the age of international development. The Australian case study reveals the close interaction between colonial governance and post-war development practice. This thesis acknowledges the place of political considerations in the establishment of Australian aid policy, but emphasises that development was considered important in its own right. By making this important claim, we gain a richer, more complex vision of the Australian attempt to improve the standard of living of people living in the poorer regions to its north during the age of international development.

## Chapter 1

### **“Stone Age to the Twentieth Century”: Trusteeship and the New Deal for Papua New Guinea, 1945-1949**

On July 19, 1945, Eddie Ward presented his proposed bill for the civil administration of the territories of Papua and New Guinea.<sup>1</sup> This bill reinstated civilian control over Australia’s largest colonial possession, after several years of war and military administration. Amidst references to improving labour conditions for the indigenous population and expressions of gratitude for the role played by ‘fuzzy wuzzy angels’ in preserving Australia’s security, Ward outlined his vision for post-war PNG, highlighting the need for reform in “native affairs and native labour conditions.” The Minister expressed his hope that the Australian administration of PNG would “set an example to the world by the conditions we establish there.”<sup>2</sup> This speech contained the “first instalment [sic]” of Australia’s post-war policy for PNG, known as the New Deal. As an attempt to “plan for the development of these Territories”, the New Deal marks the first Australian step in its involvement in the post-war age of international development.<sup>3</sup>

Over the next four years, the Labor government, guided by international principles of trusteeship, instituted the New Deal in its attempt to promote development in PNG. Prior to the Second World War, the separate territories of Papua and New Guinea were expected to pay for themselves, with little or no Commonwealth assistance. Expatriate business interests relied upon a system of indentured labour (particularly in the Mandate of New Guinea), and spending on indigenous health and education was almost non-existent.<sup>4</sup> The New Deal’s key objectives were to improve living conditions

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<sup>1</sup> In 1949 the amalgamation of these two territories was made official. Between 1945-49, Papua and New Guinea were effectively administered as a unit. As a result, this thesis will use the term ‘Papua New Guinea’ to refer to Australia’s colony from 1945 onwards.

<sup>2</sup> *CPD*, House of Representatives, no. 29, 1945, July 19, 1945, 4306.

<sup>3</sup> *CPD*, July 19, 1945, 4306.

<sup>4</sup> James Griffin, Hank Nelson, and Stewart Firth, *Papua New Guinea: A Political History* (Richmond: Heinemann Educational Australia, 1979), 11.

of indigenous Papua New Guineans through the removal of indentured labour and the promotion of agricultural development. In order to achieve these goals, the Commonwealth Government significantly increased its financial assistance to PNG. From a prewar (1938/9) level of £42,500 per annum, the Australian grant to Papua and New Guinea had risen to £3.2 million by 1948/9.<sup>5</sup> This significant increase in funding set the tone for the next three decades of Australian colonial rule, and economic assistance to PNG became the dominant component of Australian aid.

This chapter will examine the New Deal for PNG in the context of the rise of international developmental thought following the end of the Second World War. While political and strategic imperatives were present in post-war Australian colonial policy, a humanitarian and developmental desire to improve the standard of living of the indigenous population was a major consideration. The emphasis on development in the New Deal was a result of shifting attitudes towards the nature of colonialism, which were manifested most clearly in the UN concept of trusteeship. At the heart of this vision was the belief in a more active government role in providing developmental assistance. This was particularly pronounced in PNG, where experts and policymakers alike were struck by the extreme 'primitiveness' of the indigenous population.

The incorporation of development into Australian policy was facilitated by the emergence of a new phenomenon in Australian policymaking, the rise of the 'academic bureaucrat'. Academic experts, predominantly from the fields of economics and anthropology, were recruited into the Department of Post-War Reconstruction (PWR) and the Directorate of Research and Civil Affairs (DORCA). Their presence in the Commonwealth bureaucracy helped to establish an environment whereby scholarly thinking was incorporated into Australian policy.<sup>6</sup>

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<sup>5</sup> Paul Hasluck, *Australian Policy in Papua and New Guinea* (University of Sydney, 1956), 3-4.

<sup>6</sup> Stuart Macintyre, *Australia's Boldest Experiment: War and Reconstruction in the 1940s* (Sydney, NSW: NewSouth Publishing, 2015), 122-159.

The development paradigm of the 1940s was new, and there was far from universal acceptance of its main principles within the Commonwealth bureaucracy. Outside Canberra, the expatriate community in PNG established a considerable resistance to developmental policy in the belief that the increased awareness of indigenous welfare posed a threat to their interests. The New Deal reflected both the complexities within Australia's understanding of development, as well as the difficulties in implementing the ideas through policy. Ultimately, while the New Deal marks the first Australian attempt to provide developmental assistance after the Second World War, its implementation was limited by political imperatives. This would emerge as a motif in Australian aid between 1945 and 1975.

Eddie Ward's policy for PNG has attracted attention from a range of historical perspectives. It is generally acknowledged that Ward's public expressions regarding PNG placed significant emphasis on the development of the colony.<sup>7</sup> The guidance for this policy is often presented as coming from DORCA, demonstrated by an oft-quoted reference to Conlon and the plan for a "Rooseveltian new deal for New Guinea."<sup>8</sup> The emphasis on the policy as providing a 'new deal' for PNG is instructive, as it provides a link to the emerging international conception of development. David Ekbladh and Nils Gilman have demonstrated that American postwar attitudes to development were informed by the experience of the 1930s and the New Deal policy of President Franklin D. Roosevelt, as exemplified by the establishment of the Tennessee Valley Authority

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<sup>7</sup> Ian Downs, *The Australian Trusteeship Papua New Guinea, 1945-75* (Canberra: Australian Government Publishing Service, 1980), 3; Scott MacWilliam, *Securing Village Life: Development in Late Colonial Papua New Guinea* (Canberra: ANU E Press, 2013), 38-39; Margriet Roe, "Papua-New Guinea and War 1941-5," in *Australia and Papua New Guinea*, ed. W. J. Hudson (Sydney: Sydney University Press, 1971), 146-149; Elwyn Spratt, *Eddie Ward: Firebrand of East Sydney* (Adelaide: Rigby, 1965), 143-145; Arthur Hoyle, *Eddie Ward: The Truest Labor Man* (Canberra: A. Hoyle, 1994), 127-161.

<sup>8</sup> J.K. Murray, "In Retrospect 1945-1952: Papua-New Guinea and Territory of Papua and New Guinea," in *The History of Melanesia*, ed. Ken Inglis (Port Moresby: University of Papua New Guinea, 1969), 177. Murray's quote is found in Graeme Sligo, *The Backroom Boys: Alfred Conlon and Army's Directorate of Research and Civil Affairs, 1942-46* (Newport, NSW: Big Sky Publishing, 2013), 102; Roe, "Papua-New Guinea and War 1941-5," 145.

(TVA).<sup>9</sup> This manifested itself in the combination of principles of economic justice with what Elizabeth Borgwardt calls an “affirmative vision” of government regarding improved standards of living.<sup>10</sup> Examining the same period, Joseph Hodge and other historians of colonial development argue that after the Second World War European colonial policy was similarly driven by an increased governmental interest in development.<sup>11</sup> Ward’s vision of colonial development reveals that Australian conceptions of development also fit into this broader international framework.

### **Development at the End of the Second World War**

Scholarly understanding of development underwent a shift in the mid to late 1940s. At the heart of this shift was the recognition that global peace and prosperity depended on increased economic development in poorer parts of the world. When combined with increasing governmental interest in development, the stage was set for the rise of the age of international development. The two key scholars who helped to propel this new understanding were Paul Rosenstein-Rodan and Eugene Staley. Writing in 1944, Rosenstein-Rodan presented a strong case for increased international attention to ‘backward’ economies.<sup>12</sup> Staley expanded upon Rosenstein-Rodan’s call in the same year, in *World Economic Development*.<sup>13</sup> The strength of his views can be gleaned from the

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<sup>9</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010), 4, 8; Nils Gilman, “Modernization Theory, the Highest Stage of American Intellectual History,” in *Staging Growth: Modernization, Development, and the Global Cold War*, ed. David C. Engerman, et al. (Amherst: University of Massachusetts Press, 2003), 56-57.

<sup>10</sup> Elizabeth Borgwardt, *A New Deal for the World: America’s Vision for Human Rights* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2005), 256.

<sup>11</sup> Joseph Morgan Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism* (Athens: Ohio University Press, 2007), 209; Frederick Cooper, “Writing the History of Development,” *Journal of Modern European History* 8, no. 1 (2010): 9; Marc Frey, “Control, Legitimacy, and the Securing of Interests: European Development Policy in South-east Asia from the Late Colonial Period to the Early 1960s,” *Contemporary European History* 12, no. 4 (2003): 397.

<sup>12</sup> P.N. Rosenstein-Rodan, “International Development of Economically Backward Areas,” *International Affairs* 20, no. 2 (1944).

<sup>13</sup> Eugene Staley, *World Economic Development: Effects on Advanced Industrial Countries* (Montreal: International Labour Office, 1944).

opening pages of the book, where Staley writes: “It cannot be too often repeated that improvement in living standards depends fundamentally on improvement in the capacity of a people to produce. No programme of charity can abolish want.”<sup>14</sup> For Staley, economic assistance had to go beyond the simple protection of peoples’ welfare; rather, development would take place when people were given the means to increase their own production. This idea was central to developmental thinking in the decades following the Second World War. Over time, Staley’s ideas were steadily incorporated into international policies towards the ‘underdeveloped’ parts of the world.<sup>15</sup>

In Australia, a number of prominent economists were involved in research into the development process, establishing the connections between Australian foreign affairs and global trends. The largest number focused on their own country’s historical development, producing a burgeoning domestic field of developmental theory. Edward Shann, Brian Fitzpatrick and Alan Shaw produced extensive histories of Australian development in the 1930s and 40s, building towards a consensus that increased efficiency in primary industry had been the engine for Australian growth and improved living standards.<sup>16</sup> Importantly, in the pre-war period these experts presented development as a process divorced from state intervention.

Two members of this burgeoning field of economists, H.C. ‘Nugget’ Coombs and John Crawford, were engaged by the Commonwealth bureaucracy, which drew upon their academic expertise. Crawford had established himself as a prominent Australian economist prior to the Second World War, as seen in his collaboration with British-born Colin Clark, one of Australia’s earliest developmental theorists. This collaboration

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<sup>14</sup> Staley, *World Economic Development*, 2.

<sup>15</sup> For discussion of the incorporation of Staley’s ideas into American policy, see David A. Baldwin, *Economic Development and American Foreign Policy, 1943-62* (Chicago: University of Chicago Press, 1966), 53; Ekbladh, *The Great American Mission*, 65-69.

<sup>16</sup> E. O. G. Shann, *An Economic History of Australia* (Cambridge: University Press, 1930); Brian Fitzpatrick, *The British Empire in Australia: An Economic History 1834-1939* (Melbourne: Melbourne University Press in association with Oxford University Press, 1941), 502; A. G. L. Shaw, *The Economic Development of Australia*, Rev. ed. (London: Longmans, Green, 1946), 89, 173.

culminated in a pioneering study of national income statistics, an area of research that assumed great prominence in developmental studies.<sup>17</sup> Recruited into the Department of Post-War Reconstruction (PWR), which oversaw Australian planning for the transition back to a peacetime economy, Crawford quickly adapted to the bureaucratic environment.<sup>18</sup> During this period, he steadily refined his understanding of the importance of agriculture in the process of economic development.<sup>19</sup> Reflecting upon the work of PWR a quarter of a century later, Coombs identified Crawford as giving “Australian political and economic thinking its characteristic patterns during the forties and early fifties.”<sup>20</sup> Crawford’s evolving understanding of development emerged out of the Keynesian setting of PWR. This environment is best explained in the opening line of Coombs’ memoir, written in 1981: “The publication in 1936 of John Maynard Keynes’ *General Theory of Employment, Interest and Money*, was for me and for many of my generation the most seminal intellectual event of our time.”<sup>21</sup> Through individuals such as Crawford and Coombs, Australian policymaking began to be linked to the emergence of development in the mid-1940s.<sup>22</sup>

Australian experts and policymakers engaged with Staley’s ideas. A 1946 briefing document prepared by PWR cites Staley’s work in discussing the link between manufacturing and industrial development.<sup>23</sup> Interestingly, this paper cited Staley in the context of describing the United States as the epitome of the developmental process, a notion that assumed greater importance over the next two decades. In his analysis of

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<sup>17</sup> Colin Clark and John Crawford, *The National Income of Australia* (Sydney: Angus & Robertson, 1938).

<sup>18</sup> Macintyre, *Australia’s Boldest Experiment*, 142.

<sup>19</sup> Peter D. Groenewegen and Bruce J. McFarlane, *A History of Australian Economic Thought* (London: Routledge, 2011), 222.

<sup>20</sup> H.C. Coombs, Farewell speech for J.G. Crawford, Australian National University, March 9, 1973, State Library of New South Wales, Mitchell Library, Coombs Papers, MLMSS 4268, Box 1.

<sup>21</sup> H. C. Coombs, *Trial Balance* (South Melbourne: Macmillan, 1981), 3. Further discussion of Coombs’ Keynesian views can be found in Tim Rowse, “Coombs the Keynesian,” *History of Economics Review*, no. 30 (1999).

<sup>22</sup> Staley, *World Economic Development*, 40.

<sup>23</sup> Untitled PWR paper, Brief for Australian delegation to International Trade Organisation Conference, 1946, National Library of Australia (Hereafter cited as NLA), Crawford Papers, MS 4514, Box 1.

modernisation theory as the dominant American understanding of development, Gilman writes that these ideas represented “the most explicit and systematic blueprint ever created by Americans for reshaping foreign societies.”<sup>24</sup> Staley’s academic authority was also highlighted at a meeting organised by the Australian Institute of International Affairs (AIIA) during the war. In a discussion of post-war international reconstruction, Staley’s work, with its emphasis on international organisations, was presented as an example of the approach that produced the best results following the end of hostilities.<sup>25</sup> The meetings of the AIIA provided PWR’s academic bureaucrats with information that guided them in the latter part of the Second World War, and illustrate the place of international development in Australian post-war planning.

While PWR was primarily concerned with domestic policy, a related group of academic bureaucrats worked on Australia’s policy towards PNG. This was Alfred Conlon’s DORCA, which brought together a wide variety of experts to study the post-war needs of PNG and to make policy recommendations.<sup>26</sup> Its membership included anthropologists such as Camilla Wedgwood and W.E.H. Stanner, the poet James McAuley, and economist and future Secretary of the Department of External Affairs, James Plimsoll. The post-war Administrator of PNG, Keith Murray, testified to DORCA’s historical importance. At the second Waigani Seminar, held in Port Moresby in 1968, Murray reflected that Conlon and his Directorate had played a “decisive” role in

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<sup>24</sup> Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), 5.

<sup>25</sup> K.H. Bailey, “Political Setting of Economic Reconstruction,” June 4, 1942, NAA: A989, 1943/735/651. The discussion centred around Staley’s examination of “The Economic Organisation of the Peace,” which built on ideas made in Eugene Staley, *World Economy in Transition* (New York: Council on Foreign Relations, 1939).

<sup>26</sup> Peter Ryan, “Conlon, Alfred Austin Joseph (Alf) (1908-1961)”, Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/conlon-alfred-austin-joseph-alf-9804/text17331>, published in hardcopy 1993, accessed online 14 September 2014. Sligo, *The Backroom Boys*; Cassandra Pybus, “Conlon’s Remarkable Circus,” in *Scholars at War: Australasian Social Scientists, 1939-1945*, ed. Geoffrey Gray, Doug Munro, and Christine Winter (Canberra: ANU E Press, 2012).

calling for a “revolutionary new system” in PNG following the war.<sup>27</sup> For Murray, the newfound governmental interest in ‘native advancement’ was a radical departure from the pre-war situation, and was the central component of the post-war “Rooseveltian New Deal” in PNG.<sup>28</sup> After the war, some of the members of DORCA continued to exert an influence on Australian colonial policy through the short-lived Australian Pacific Territories Council, which was loosely modeled on the British Colonial Research Committee.<sup>29</sup> The New Deal, with its promises of development for the indigenous population of PNG, was a product of academic bureaucrats applying their academic and economic training to the ‘problem’ of Australia’s post-war colonial administration.

### **Trusteeship and Colonial Development**

Staley’s conception of development was not the only idea that guided Australian colonial officials. The principle of trusteeship, which had underpinned British colonial practices since the middle of the nineteenth century, was also influential. William Bain provides a useful definition of trusteeship as “an idea that sanctions the rule of one man over another, in lands that are not his own, so long as the power of dominion is directed towards the improvement of the disadvantaged.”<sup>30</sup> This was most clearly exemplified in the first half of the twentieth century by the Lugardian notion of the ‘dual mandate’. According to Lord Frederick Lugard, who obtained his colonial experience in West Africa, British colonial rule should ensure that indigenous welfare and economic development (which meant the exploitation of natural resources) co-existed, and that

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<sup>27</sup> Murray, “In Retrospect 1945-1952,” 178.

<sup>28</sup> Murray, “In Retrospect 1945-1952,” 181.

<sup>29</sup> J.R. Halligan, “Proposed External Territories Research Council,” January 31, 1945, NAA: A518, R815/1/1 PART 1.

<sup>30</sup> William Bain, “The Idea of Trusteeship in International Society,” *The Round Table* 92, no. 368 (2003): 70. See also Camilla Boisen, “The Changing Moral Justification of Empire: From the Right to Colonise to the Obligation to Civilise,” *History of European Ideas* 39, no. 3 (2013): 336.

ultimately “development should be undertaken in such a way as to benefit the people of the country equally with others.”<sup>31</sup> This approach informed some pre-war Australian colonial practices, particularly in Papua under Sir Hubert Murray, whose paternalistic policies led to a less exploitative system than in New Guinea.<sup>32</sup> Importantly, trusteeship shared many similarities to post-war developmental thought, particularly as both were interested in “lifting the ignorant and the infirm into the ranks of civilized life.”<sup>33</sup> This quote, which Bain uses to describe trusteeship, could also be applied to Staley’s conception of development.

After the Second World War, the concepts of trusteeship and development coalesced, with significant implications for Australian colonial policy in PNG.<sup>34</sup> The post-war notion of trusteeship was formalised through the UN Charter. Australia’s obligations were set out in the trusteeship agreement for New Guinea, signed in December 1946. According to this agreement, Australia was responsible for the promotion of “economic, political, social and educational advancement” in the trust territory.<sup>35</sup> This was in accordance with Article 73 of the UN Charter, which advised that the advancement of the indigenous population had to occur “with due respect for the culture of the peoples concerned.”<sup>36</sup> According to Neta C. Crawford, this section, drafted by African-American colonial expert Ralph Bunche, encapsulated the “core idea of

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<sup>31</sup> F.D. Lugard, *The Principle of Trusteeship for Backward Races* (Marlborough, England: Adam Matthew Digital, 2007), 162.

<sup>32</sup> Hubert Murray, *Papua of To-day: Or an Australian Colony in the Making* (London: P. S. King & Son, 1925), viii.

<sup>33</sup> Bain, “The Idea of Trusteeship in International Society,” 72.

<sup>34</sup> Daniel Gorman, “Britain, India, and the United Nations: Colonialism and the Development of International Governance, 1945-1960,” *Journal of Global History* 9, no. 3 (2014): 486.

<sup>35</sup> “Trusteeship Agreement for the Territory of New Guinea,” in *Australia and Papua New Guinea*, ed. W. J. Hudson (Sydney: Sydney University Press, 1971), 189. The formal establishment of administrative union in 1949 between Papua and New Guinea confirmed a unity of policy that had existed from the end of the Second World War.

<sup>36</sup> Article 73, United Nations Charter, <http://www.un.org/en/sections/un-charter/chapter-xi/>, accessed May 6, 2016.

trusteeship – the benevolent governance of the incapable by the capable outsider.”<sup>37</sup>

Under this system, Australia was obliged to promote the advancement of the indigenous people in a manner that respected their cultural traditions. This provided a framework for Ward and officials in the Department of External Territories, led by J.R. Halligan, to implement the New Deal. Nevertheless, while the international concept of trusteeship offered some guidance to policymakers, the notion of “economic, political, social and educational advancement” offered a large degree of discretion for Australians to apply their own conception of how this process might take place.

As a product of the intersection of ideas of international development and trusteeship, the New Deal is a clear example of the connection between Australian policy and global intellectual trends. In 1940, the British Government passed the Colonial Development and Welfare Act, which set aside an annual figure of £5 million for the development of its colonies. Arising out of the need to rally colonial support for the war and British concerns over American anti-imperialism, this policy served as the first example of the connection between colonialism and the age of international development.<sup>38</sup> Joseph Hodge and Frederick Cooper have shown that development became a central feature of British colonial policy after the Second World War, departing from earlier policies that regarded development as a process outside the remit of government.<sup>39</sup> These changes were mirrored in Australia. Ward demonstrated his awareness of the British Colonial Development and Welfare Act when identifying the need for increased spending for colonial development. Writing in mid-1945, the Minister stated:

In this connection attention is directed to the provision made by the British Government for the welfare and development of British Colonies – a sum of

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<sup>37</sup> Neta C. Crawford, “Decolonization through Trusteeship: The Legacy of Ralph Bunche,” in *Trustee for the Human Community: Ralph J. Bunche, the United Nations, and the Decolonization of Africa*, ed. Robert A. Hill and Edmond J. Keller (Athens: Ohio University Press, 2010), 109.

<sup>38</sup> Frey, “Control, Legitimacy, and the Securing of Interests,” 397-398.

<sup>39</sup> Hodge, *Triumph of the Expert*, 209; Cooper, “Writing the History of Development,” 10.

£12,000,000 has been provided by the British Treasury for such expenditure over a period of years.<sup>40</sup>

Departmental secretary J.R. Halligan also commented on the new British colonial development policy, observing: “The primary aim of Colonial policy is to protect and advance the interests of the inhabitants of the colonies.”<sup>41</sup> Health and education were a central part of British attempts at colonial development in Africa, and they were also at the heart of the New Deal, which Stuart Macintyre describes as a “positive colonial policy.”<sup>42</sup>

### **Ward’s New Deal for Papua New Guinea**

The New Deal for PNG reflected the influence of both trusteeship and post-war ideas of development. It exemplified the international reconfiguration of colonialism that in the British context has been referred to by D.A. Low and John Lonsdale as the ‘second colonial occupation’.<sup>43</sup> The welfare of the indigenous population was to be protected through labour reform, in particular the abolition of indentured labour. As important was Canberra’s acknowledgement that the Commonwealth had a responsibility to fund PNG’s development, echoing Staley and Rosenstein-Rodan. Commonwealth spending was vastly increased to promote development through the improvement of agriculture, health and education. The post-war era of financial assistance for international development began.

One of the key components of Ward’s New Deal for PNG was the removal of indentured labour throughout the colony. This was in keeping with the trusteeship ideal

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<sup>40</sup> E.J. Ward draft agendum, “Territories of Papua and New Guinea. Ministerial Sub-Committee: Economic Development of the Territories,” June 29, 1945, NLA, Ward Papers, MS 2396, Box 43A.

<sup>41</sup> J.R. Halligan, “Colonial Development and Welfare Act 1940,” January 31, 1945, NAA: A518, R815/1/1 PART 1.

<sup>42</sup> Macintyre, *Australia’s Boldest Experiment*, 309-310.

<sup>43</sup> D. A. Low and J.M. Lonsdale, “Introduction: Towards the New Order 1945-1963,” in *History of East Africa*, ed. D. A. Low and Alison Smith (Oxford: Clarendon Press, 1976), 12-16.

of governing in the interests of the governed. Prior to the Second World War, large numbers of young indigenous men were ‘recruited’ from their villages to work on Australian-controlled plantations and mines, under contracts that lasted many years, with serious punishments for violations.<sup>44</sup> Ward identified this system as detrimental to the welfare of the indigenous population, and he devoted energy to securing its removal. In his July 19, 1945 speech, Ward observed that pre-war labour practices in PNG “would shock every decent citizen.”<sup>45</sup> The Minister linked his distaste for indentured labour with a belief that it held back the development of the colony. At an important Native Labour Conference, held in Sydney in December 1944, and attended by colonial experts such as J.W. Burton (whose son John Burton soon became the Secretary of the Department of External Affairs), Ian Hogbin (a member of DORCA), and A.P. Elkin (head of the anthropology department at the University of Sydney), Ward reflected on the pre-war years as an “opportunity for exploiting both the country’s resources and the population”, and noted that this situation had to change.<sup>46</sup> For the Minister, the New Deal would not just be motivated by strategic considerations, but also by the “humanitarian consideration of our duty to the natives and their ultimate elevation to the degree that they are able to meet the stresses which the modern world imposes on society.”<sup>47</sup>

The New Deal also involved a significant increase in Commonwealth assistance to PNG. Following the resumption of civil administration at the end of 1945, over £7 million was spent by the Commonwealth Government in PNG during Ward’s tenure as Minister for External Territories.<sup>48</sup> In recognition of the international climate of support for colonial development, Ward recommended that Commonwealth funds should be

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<sup>44</sup> Ralph Shlomowitz, “Mortality and Indentured Labour in Papua (1885-1941) and New Guinea (1920-1941),” *The Journal of Pacific History* 23, no. 1 (1988).

<sup>45</sup> *CPD*, House of Representatives, no. 29, 1945, July 19, 1945, 4301.

<sup>46</sup> Minutes of Native Labour Conference, December 2, 1944, NLA, Ward Papers, MS 2396, Box 43A.

<sup>47</sup> Minutes of Native Labour Conference, December 2, 1944.

<sup>48</sup> Department of Territories, “Papua and New Guinea,” n.d. [December 1964], NAA: A1838, 2020/1/24/23.

provided “not only to assist the Administration to meet its expenditure but also to finance native welfare schemes.”<sup>49</sup> In so doing, Ward established PNG as the dominant recipient of Australian aid spending for the next three decades.

In the years following 1945, a number of factors affected the Department of Territories’ capacity to implement their goals of protecting indigenous welfare and promoting development in PNG. These are outlined in more detail below. It is important to note, however, that even though officials in Canberra and Port Moresby were never able to fully implement their developmental visions, the very fact that the government had committed to a substantial increase in funding to PNG’s development is a clear indication of the historical significance of Eddie Ward’s New Deal.

### **‘Primitive’ Papua New Guinea**

One of the key features of Australian colonial policy in PNG was the colonists’ perception of the indigenous population as being particularly ‘primitive’. Comments regarding the extreme ‘primitiveness’ of the Papua New Guineans were ubiquitous throughout almost the entire period covered in this thesis, and were made by both experts and officials in their descriptions of PNG.<sup>50</sup> This terminology is important, as it demonstrates that developmental classifications (‘primitiveness’ being at an extreme end of the developmental spectrum) dominated official attitudes towards the colonised population. At the official level, invocations of the ‘primitive’ were common throughout the New Deal. Not long after Ward’s appointment to the portfolio of External Territories, a departmental paper commented on the job he faced: “It is necessary to guide them from the Stone Age to the Twentieth Century, and all that this implies

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<sup>49</sup> Ward draft agendum, “Territories of Papua and New Guinea.”

<sup>50</sup> Hudson and Daven touch on the continued influence of the idea that the indigenous population of PNG were living in ‘stone age’ conditions, W.J. Hudson and Jill Daven, “Papua and New Guinea since 1945,” in *Australia and Papua New Guinea*, ed. W.J. Hudson (Sydney: Sydney University Press, 1971), 155.

without impairing, or at least seriously damaging, the original structure.”<sup>51</sup> In 1947, the administration in Port Moresby described the indigenous population as “for the most part primitive, illiterate in the vernacular as well as in English, inexperienced and quite untried in modern techniques.”<sup>52</sup> Australian experts also employed this kind of language, with British-born DORCA member Lucy Mair observing the ‘natives’ in their “primitive state”, and James McAuley suggesting that the population was still “neolithic in culture”.<sup>53</sup> The pervasiveness of the Australian perception of the ‘primitiveness’ of PNG underpinned the establishment and progress of the New Deal.

Not only did the ‘primitiveness’ of the indigenous population guide Australian attitudes towards colonial policy, but it also demonstrated the size of the Australian developmental task. Representatives of plantation interests and Christian missions commented on the extreme primitiveness of the indigenous population at the Native Labour Conference in December 1944, with Dr. F.O. Thiele, the representative of Lutheran missions, presenting the most striking observations. Thiele was in favour of indenture, and supported this view by making the following observations of the people of PNG:

They have just come out the Stone Age a little while ago. We cannot compare them with ourselves or with other races which came out of the Stone Age many years ago, and we have to deal with them as we would deal with a child.<sup>54</sup>

In contrast, A.P. Elkin expressed his disagreement with the “child race matter” referring to it as “bunkum”.<sup>55</sup> Elkin’s views, which were supported by other experts such as J.W. Burton and DORCA representative Ian Hogbin, were used to support an anti-indenture

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<sup>51</sup> Department of External Territories, “The Territories of Papua and New Guinea under Australian Control,” January 17, 1944, NLA, Ward Papers, MS 2396, Box 43A.

<sup>52</sup> Territory of Papua-New Guinea, “Memorandum on the Policy of the Administration,” September 8, 1947, NLA, Ward Papers, MS 2396, Box 43A.

<sup>53</sup> Lucy Mair, *Australia in New Guinea* (London; Melbourne: Christophers, 1948), 6; A. H. McDonald, ed. *Trusteeship in the Pacific* (Sydney: Angus & Robertson, 1949), 36.

<sup>54</sup> Minutes of Native Labour Conference, December 1, 1944. Another example of an advocate of the indenture system using the ‘primitiveness’ of the indigenous population as a justification for its continued existence can be seen in a paper by ANGAU member George R. Whittaker, “Proposed Modification of the Indenture System. Native Labour,” July 1, 1945, NAA: A518, BZ840/1/3.

<sup>55</sup> Minutes of Native Labour Conference, December 1, 1944.

position. Nevertheless, the perception of PNG ‘primitiveness’ remained pervasive in debates about the implementation of the New Deal. Australian officials used the ‘primitiveness’ of the PNG population to explain the difficulties they faced in the attempt to promote development. T.P. Fry, a legal scholar who worked for DORCA, provided a clear example of this logic when explaining the nature of PNG society:

The fact is that in these Territories there are a million natives still living primitive lives in village communities, a small European community which provides the rulers, managers and experts and has entirely different cultural and economic functions and requirements, and other small communities such as the Chinese and half-castes whose functions and requirements are different again.<sup>56</sup>

The syllabi for the training of colonial officials at the Australian School of Pacific Administration (ASOPA) also emphasised the contrasts between ‘European’ and ‘Melanesian’ systems of living, influencing a further generation of colonial officials.<sup>57</sup> Australian officials thought that their task was particularly difficult because of the extreme primitiveness of the population. However, their difficulties were compounded by the lack of consensus in Canberra.

### **Contests Over Development: Within the Bureaucracy**

Following the end of the Second World War, Australian colonial policy in PNG attracted debate between different Commonwealth departments. While this demonstrated the high level of Australian interest in the promotion of development in PNG, the diversity of developmental attitudes complicated officials’ attempts to devise the best method to implement the New Deal. Ward’s goals were obstructed by different political objectives within the Canberra bureaucracy. This illustrates the tension between developmental and

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<sup>56</sup> T.P. Fry, “Relief and Rehabilitation in Australia’s Territories in New Guinea,” January 1945, NLA, Ward Papers, MS 2396, Box 43A.

<sup>57</sup> Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3<sup>rd</sup> ed. (London; New York: Zed, 2008), 69-79; Gilman, *Mandarins of the Future*, 5-8; Edward W. Said, *Orientalism* (London: Penguin, 1995), 326-327.

political imperatives in Australian aid, which is a recurring theme of this thesis.

Development as a broad component of Australian policy attracted almost universal acceptance. How to implement it was another matter altogether.

On three occasions during the New Deal, in 1944, 1947, and 1949, an Inter-Departmental Committee was created to consider a plan for the development of PNG. The 1949 version was a product of Prime Ministerial intervention, as Ben Chifley instructed Ward to reconstitute the Committee and establish a development plan, expressing his belief that it was “desirable that the consideration of plans for the development of the Territory of Papua-New Guinea should be pursued actively.”<sup>58</sup> Clearly, the Prime Minister was becoming frustrated at the lack of progress. These meetings involved numerous individuals and government departments whose conception of development played an important role in Australia for many years to come. In attendance at the meeting of September 26, 1949 were Halligan, External Affairs Secretary John Burton, and John Crawford in his capacity as Director of the Bureau of Agricultural Economics.<sup>59</sup> At this meeting Crawford, already an acknowledged Australian expert in development theory, explained that three objectives were necessary for any plan to promote the development of PNG: developing the territory’s resources in the interests of the indigenous population of PNG and raising their standard of living; using the resources to meet Australian requirements; and finding an international market for PNG’s resources.<sup>60</sup> This was a vision for PNG that sought to incorporate the indigenous economy into the international economy, with the expectation of improved standards of living that came with it.

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<sup>58</sup> J.B. Chifley to E.J. Ward, August 1, 1949, NAA: A518, A927/1.

<sup>59</sup> Department of External Territories, “Territory of Papua and New Guinea – Reconstitution of Ministerial and Inter-Departmental Committee to Plan the Development of Papua and New Guinea,” September 1949, NAA: A1838, 301/9. Other departments represented included Treasury, Works and Housing, and the PNG Administration, with an observer from the Commonwealth Bank.

<sup>60</sup> Department of External Territories, “Reconstitution of Ministerial and Inter-Departmental Committee.”

This vision of PNG development was undermined by inter-departmental differences that established a pattern of debate that would persist throughout the age of international development. In the 1949 meetings of the committee, H.J. Goodes, the Assistant Secretary of the Treasury Department, argued for a clearer sense of the relationship between welfare and development, emphasising the “considerable sums” that the Commonwealth Government had already spent on PNG.<sup>61</sup> In response, Burton challenged the Treasury attempt to create a distinction between welfare and development, arguing that “economic development must in the long run benefit the welfare of the native people provided that such policy was developed thoroughly.”<sup>62</sup> This foreshadowed future debates between Treasury and External Affairs over the nature of Australian aid policy. Treasury’s emphasis on the size of Australia’s contribution was in keeping with their concerns over domestic Australian development.

The international changes taking place in colonial development also attracted the attention of the committee. Burton circulated a paper on British colonial policy in Fiji, which invoked some of the principles of trusteeship, as it denied that attempts were being made to turn Fiji into a “tolerable likeness of Australia or New Zealand.” Instead, British policy was directed at making limited improvements in agriculture, infrastructure and social services, as a consequence of its inflexible budget of £3 million.<sup>63</sup> This was a useful report for Commonwealth planners, as financial constraints and a shortage of supplies was a major obstacle to long-term development planning for PNG. The British colonial example provided inspiration for policymakers who sought to understand how an administering power could direct the use of limited funds. From its earliest origins, Australian aid policy was conceived with recognition of limited resources in mind.

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<sup>61</sup> Department of External Territories, “Reconstitution of Ministerial and Inter-Departmental Committee.”

<sup>62</sup> Department of External Territories, “Reconstitution of Ministerial and Inter-Departmental Committee.”

<sup>63</sup> Fijian Administration, “Revised Development Plan,” attached to J. Burton to H.J. Goodes, December 8, 1949, NAA: A1838, 301/9.

Little progress was made by the committee, despite its recognition of the need for a developmental plan for PNG. T.A. Pyman, an External Affairs expert on trusteeship matters, was deeply critical of the Committee. Writing in 1949, Pyman targeted the “disjointed” work of the 1944 and 1947 Committees, which had the effect of producing “desultory investigations of isolated topics.” What was needed was “a more limited programme with far greater emphasis upon the inter-relationship between economic, social and political development in the Territories.”<sup>64</sup> The lack of will to implement developmental policy was at least in part a product of the absence of an agreed set of steps to follow. Ironically, while Pyman suggested a need for more focused policies, he did not elaborate on how to achieve a plan that satisfied his own recommendations. The debate over the best way to implement development was reflective of the diversity of developmental attitudes in Canberra. Unfortunately for the New Deal, the differences of opinion were such that a decisive program for developmental assistance could not be drawn up.

### **Agriculture as the Basis for Development**

While the Department of External Territories struggled to come up with a vision of how to reform labour policy in PNG, there was a general agreement regarding the promotion of agricultural development in the colony. It was largely accepted that agricultural improvement was central to the development of PNG. This was in keeping with colonial development practices throughout the world.<sup>65</sup> However, there was disagreement about how to use the limited (albeit significantly increased from before the war) resources of the Administration in Port Moresby to fund specific agricultural programs. The policy discussions on agricultural development in the New Deal highlight some of the

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<sup>64</sup> T.A. Pyman for J. Burton, September 26, 1949, NAA: A1838, 301/9.

<sup>65</sup> Hodge, *Triumph of the Expert*, 250.

persistent issues involved in post-war Australian aid. Australian expertise in agriculture was repeatedly drawn upon throughout the age of international development, but this expertise was not resourced to ensure the best results. As with later attempts to promote development in Southeast Asia, developmental policy was vulnerable to debates over best practice and the most appropriate allocation of resources.

Agricultural improvement was a core part of Ward's vision for colonial development. In December 1946, Ward argued that agriculture must form "the main basis for the ultimate prosperity" of the indigenous population, outlining the state of indigenous agriculture in the following terms:

Relatively speaking, the native peoples are at present in a primitive stage of agricultural development; but it is believed they can gradually be instructed and led into the cultivation of such crops as coffee, tea, cocoa, cinchona, fibres etc. eventually reaching a stage where a mutual trade will be established between the Commonwealth and her dependencies.<sup>66</sup>

This was analysis that could have been taken straight from the pages of Staley or Rosenstein-Rodan, which also emphasised the role of 'advanced' countries in providing technical assistance to improve agricultural production.<sup>67</sup>

Administrator Keith Murray was also a strong advocate for increased Commonwealth assistance to agricultural improvement in PNG. In a gesture to his own career, Murray was interested in the role of Australian agricultural experts in providing a colonial version of technical assistance. At a conference on the work of ASOPA, the Administrator presented his views:

The attempt to get the New Guinea economy developed in the way it ought to be developed, the integration of that economy into the Australian economy, if we are going to do that, we won't do it until the agriculturalist has gone through a School of Colonial Administration as well as knowing the technical side of agriculture.<sup>68</sup>

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<sup>66</sup> Ward, "External Territories of the Commonwealth."

<sup>67</sup> Rosenstein-Rodan, "International Development of Economically Backward Areas," 160; Staley, *World Economic Development*, 75.

<sup>68</sup> Minutes, "Conference Concerning the Future Activities of the Australian School of Pacific Administration," Sydney, April 19, 1947, NAA: A518, A114/1/1 PART 2.

Murray's vision of the connection between agricultural development and technical assistance was typical of the post-war developmental age. As he noted in the context of calling for a more decisive policy from Canberra:

The future prosperity of the Territory will be dependent upon a steady rise in the economic productivity of the native people. This can be achieved by the stimulation of an improved subsistence agriculture linked with native production of revenue crops – European technical assistance and control being in accordance with what particular circumstances require.<sup>69</sup>

Like Ward, Murray placed agricultural improvement at the heart of PNG's overall development plan.

Ward's emphasis on agriculture had been inspired by Australia's own development, which was often linked to the increased efficiency in agricultural production.<sup>70</sup> 'Nugget' Coombs commented on the fact that, similar to Australia, "the future development of the Territory seems to depend on the development of agricultural products produced for export."<sup>71</sup> In late 1949, External Territories official E.J. Wood re-examined the centrality of agriculture within a broader developmental program for PNG. He identified three basic components of a "balanced plan for development": improved economic standards, "better methods of carrying out agricultural production", and the ways in which those methods could be taught.<sup>72</sup> The fact that this paper was produced in late 1949 demonstrates two things. First, it shows the continued relevance of improved agricultural practices in the Commonwealth vision of PNG's development. Second, it suggests that little progress had been made between Ward's statement of 1946 and the end of his tenure in late 1949. In a process that would become familiar over the next three decades, the implementation of Australian developmental policy was obstructed by bureaucratic debate and administrative difficulties.

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<sup>69</sup> Territory of Papua and New Guinea, "Memorandum on the Policy of the Administration," September 8, 1947, NLA, Ward Papers, MS 2396, Box 43A.

<sup>70</sup> Shaw, *The Economic Development of Australia*, 173.

<sup>71</sup> H.C. Coombs to J.B. Chifley, July 7, 1949, NAA: A518, A927/1.

<sup>72</sup> E.J. Wood, "Agricultural Policy," November 15, 1949, NAA: A518, B927/1 PART 1.

A number of agricultural programs had been initiated during the New Deal, including a series of District Agricultural Stations that provided “research, extension, and native project development activities.”<sup>73</sup> This was technical assistance work that aimed to improve agricultural production in PNG. Also, “the foundations of future progress” were being laid, with seeds distributed by district officers to establish indigenous food production.<sup>74</sup> This was aimed at overcoming what Administration officials identified as ‘native’ practices that were “wasteful of effort” and “wasteful of resources”.<sup>75</sup> But while increased funds were going to the Administration in Port Moresby, personnel difficulties and bureaucratic inertia prevented more resources from being devoted to specific agriculture programs. This illustrates the gradual nature of Australian colonial development policy in the early post-war years.

In spite of Ward’s enthusiasm for the New Deal and the increased Commonwealth expenditure on PNG, the lofty goals outlined by the Minister in 1945 were not achieved. By the middle of 1948, around one third of the indigenous workforce in New Guinea continued to work under indenture.<sup>76</sup> Health reform was limited by a “lack of staff and adequate supply of materials”, while a housing shortage (which was also an issue in Australia) undermined attempts to improve living standards.<sup>77</sup> Slow progress was expected, owing to the ‘primitiveness’ of the indigenous population. Nevertheless, the fact that around three quarters of Australia’s grant to PNG was being

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<sup>73</sup> Commonwealth of Australia, “Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea, July 1, 1947 to June 30, 1948,” 21, NLA, Ward Papers, MS 2396, Box 43A.

<sup>74</sup> “Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea, July 1, 1947 to June 30, 1948,” 51.

<sup>75</sup> Wood, “Agricultural Policy.”

<sup>76</sup> “Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea, July 1, 1947 to June 30, 1948,” 51.

<sup>77</sup> “Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea, July 1, 1947 to June 30, 1948,” 36, 40.

spent on “welfare, development and reconstruction” (compared to zero before the war) indicates that a new phase in Australian policy had begun.<sup>78</sup>

### **Indentured Labour and the Expatriate Community**

At the heart of Ward’s vision of agricultural improvement was increased indigenous production. This was linked to both the trusteeship notion of improving indigenous welfare, as well as the recognition that a self-governing PNG (still a distant vision in 1945) would require a local economic base. Ward and his Department agreed that the indentured labour system was to be removed, but accepted that it would take until 1950 to be completely abolished. In the meantime, they failed to produce a clear vision of the system to replace indentured labour. By 1949, there was little achievement in this regard. With indentured labour about to come to a complete end, it was replaced with vague references to labour policy that sought to balance indigenous welfare with the establishment of an efficient labour force. Rather than leap forward with an active labour policy, departmental officials, led by Halligan, repeatedly sent the reform back for further inter-departmental discussion.<sup>79</sup> This reflected the importance of getting the policy right, as labour was an essential component of economic development.<sup>80</sup> In effect, however, the continued debates simply added more voices to the policymaking process, increasing the delay in implementing the New Deal.

As with many features of the New Deal, the desire to abolish indentured labour was in keeping with international shifts taking place following the Second World War.

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<sup>78</sup> “Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea, July 1, 1947 to June 30, 1948,” 15.

<sup>79</sup> Downs describes Halligan as being reluctant to impose radical reform after the war. Downs, *The Australian Trusteeship Papua New Guinea, 1945-75*, 15.

<sup>80</sup> Rosenstein-Rodan, “International Development of Economically Backward Areas,” 161; Kurt Mandelbaum, *The Industrialisation of Backward Areas* (Oxford: B. Blackwell, 1945), 1; T.P. Fry, “Papua and Mandated New Guinea Today,” *Pacific Affairs* 19, no. 2 (1946): 159.

Writing on the British context, Hodge explains that post-war colonialism employed “science and technology in opening up the tropics not only for the benefit of European trade and industry but also for the moral and material advancement of colonial peoples.”<sup>81</sup> In keeping with the emphasis on indigenous economic activity, European enterprise was to be regulated to prevent a return to the pre-war system of exploitation. This was strongly opposed by the expatriate community in PNG, parts of which were firmly opposed to the New Deal. Self-interested business owners expressed concern over the consequences of colonial development policies that supposedly privileged indigenous interests.

The government was not well-disposed to the expatriates’ argument. W. Cottrell-Dormer, the Administration Director of Agriculture, Stock and Fisheries, opposed any increase to the European-run plantation system. While recognising the economic potential and increased export earnings that could come from new plantations, Cottrell-Dormer opposed expatriate proposals to expand the cocoa industry:

If European settlement is excessive the peoples of the Territory will become a race of wage-earners dependant [sic] upon European industry for their livelihood and losing the greater part of their native self-reliance; under such conditions these peoples would gradually find themselves in the same plight as the people of the West Indies and similarly be landless and poverty-stricken in times of depressed prices for the commodities grown by their European masters.<sup>82</sup>

By avoiding the mistakes of other colonial powers, Australian officials such as Cottrell-Dormer sought to maximise the role indigenous Papua New Guineans could play in their own development.

A vocal minority in the expatriate community opposed the new government’s attitude and protested against reforms to labour, which would impact on mining and plantation interests. The New Deal’s abolition of indentured labour and new attitudes towards indigenous agriculture produced a hostile reaction amongst some expatriates.

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<sup>81</sup> Hodge, *Triumph of the Expert*, 7.

<sup>82</sup> W. Cottrell-Dormer to J.R. Halligan, n.d. [c. May 1946], NAA: A518, A58/3/3.

Expatriate organisations including the New Guinea Planters' Association argued that because "the native lacks any sense of responsibility", some kind of employment contract was "absolutely essential in the present stage of native development."<sup>83</sup> Hostility to the New Deal was expressed in the *Pacific Islands Monthly*, a magazine that reflected the views of colonial business interests. Written in the context of a proposed visit by Ward to PNG (which never eventuated), the article imagined a scenario where he was 'Shanghai-ed' up the Sepik River, discovering the 'real' New Guinea in the process. For the anonymous author:

Of such things are planters' dreams made. It is scarcely possible that anything so unfortunate and realistic could happen to the man who made New Guinea safe for Fuzzy Wuzzy, freed the slaves from the evil machinations of predatory planters, and tied a tin-can to the tail of the exploiters.<sup>84</sup>

This expatriate opposition was a problem for government authorities, as Australian planters still had an important role to play in PNG development. The humanitarian impulses behind the New Deal were a particular target of expatriate interests, as they clearly posed a threat to their vision of a European-centric economy.

PNG Administrator Keith Murray acted as a kind of middleman between expatriate interests and New Deal officials in the Territories Department. His approach was informed by both the developmental and political imperatives that guided Australian aid. Writing to Ward in 1947, Murray emphasised the significance of production in tropical products for the Australian market. Identifying that this production would be optimised with "a healthy and contented native people", the Administrator argued that his views were "not a starry-eyed idealism, nor sentimental; they are merely realistic and humanitarian."<sup>85</sup> As the New Deal progressed, however, Murray found himself increasingly frustrated by Canberra's apparent inability to implement developmental policy. In 1947, a frustrated Murray wrote to the Inter-Departmental Committee, stating

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<sup>83</sup> Minutes of Native Labour Conference, December 2, 1944.

<sup>84</sup> *Pacific Islands Monthly*, November 1947, NAA: A518, T800/1/7.

<sup>85</sup> J.K. Murray to E.J. Ward, September 10, 1947, NLA, Ward Papers, MS 2396, Box 43A.

that while “Australia can and does produce concrete, soundly based, realistic thinking in relation to New Guinea, there has seemed to be difficulty in providing the administrative basis of action.”<sup>86</sup> The Administrator was particularly concerned at the lack of personnel to implement these plans. For Murray, the “fundamental problem” was “one of recruitment and supply”.<sup>87</sup> From the viewpoint of Port Moresby, it was one thing to meet and discuss developmental ideas with regard to PNG, but another thing completely to fund and implement them.

Partly to overcome this issue, Murray established his own committees for developmental policy, but he acknowledged that they lacked one important thing – economists. This was “a most serious handicap” and ensured that the PNG Administration continued to be reliant upon advice and guidance from Canberra.<sup>88</sup> This had the effect of further exasperating the Administrator, who let out his frustrations on Christmas Day 1948, in a handwritten letter to Ward. Murray was firm in his attitude:

The Inter-departmental Committee on New Guinea has not produced a plan for the economic development of the Territory. The finalisation of policy regarding the economic development of the native people and of the Territory is basic, and the Committee should be made capable of producing it; they simply must be aware of its importance.<sup>89</sup>

Just like the criticism from the expatriates, Murray’s criticism of Ward points to differing attitudes between Canberra and Port Moresby. This was to become a common refrain plaguing development policy in the future. Criticism of Canberra’s supposed lack of understanding of local conditions became a regular feature of Australian aid between 1945 and 1975, both in PNG and Southeast Asia.

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<sup>86</sup> J.K. Murray to Chairman, Inter-Departmental Committee on the Planning and Development of New Guinea, April 27, 1947, NLA, Ward Papers, MS 2396, Box 43A.

<sup>87</sup> J.K. Murray to Chairman, Inter-Departmental Committee, April 27, 1947.

<sup>88</sup> J.K. Murray to J.R. Halligan, August 22, 1947, NLA, Ward Papers, MS 2396, Box 43A.

<sup>89</sup> J.K. Murray to E.J. Ward, December 25, 1948, NLA, Ward Papers, MS 2396, Box 43B.

## **The New Deal: Australia's First 'Aid' Program**

Ward's New Deal for PNG was the first post-war example of Australian policy that sought to promote overseas development through the use of Commonwealth resources. Conceived through the international principle of trusteeship, it was a departure from pre-war colonial policy in its emphasis on indigenous economic activity. By the end of Ward's tenure as Minister at the end of 1949, there were mixed feelings about the achievements of the New Deal. Murray exemplified the competing feelings of frustration and satisfaction in his letter of condolence to Ward following the defeat of the Chifley Labor Government in the Federal election of December 1949. Encapsulating his continued desire for active Federal government involvement, Murray wrote: "The groundwork for economic development is being surely done, but much remains to be expected because of the dependence of economic development on major discussions which the Inter-departmental Committee on N.G. was to work on."<sup>90</sup> Numerous obstacles undermined the implementation of development policy. These included continued negotiations over the exact meaning of development, and resistance to increased state intervention in the PNG economy. The debate over labour policy exemplified two of the dominant conceptions of development in PNG between 1945 and 1949. Expatriate Australians with business interests in PNG desired a return to the pre-war situation, where exploitative labour practices produced a process of development with very limited beneficiaries. In contrast, Ward and his Department, guided by the principles of trusteeship, were more interested in creating policy that benefitted the indigenous population. While this did not preclude expatriate interests, it required a significant shift in attitudes and policy both in Canberra and Port Moresby. In the absence of this shift, implementation of development programs was delayed. While the

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<sup>90</sup> J.K. Murray to E.J. Ward, December 21, 1949, NLA, Ward Papers, MS 2396, Box 43B.

broad framework of developmental policy had more or less been identified by 1949, debate over the most effective method of implementation continued.

Another important factor was the competition for resources that emerged out of policies directed at Australia's own development. The debates in the inter-departmental committee over the purpose of assistance to PNG between External Affairs and Treasury demonstrated that there were limits to the amount of resources that Australia could provide. Knowing this, Ward was loath to ask Cabinet for significant amounts of money for PNG, as he was aware of the pressing concerns for domestic programs.<sup>91</sup> This pattern continued for the next three decades, as Australian aid spending was limited by the requirements of domestic development. The perception of Australia's developmental position by government officials impacted upon aid policy. As a rich country with colonial responsibilities, Australia was considered to be an 'advanced' (soon to be rephrased as 'developed') economy.<sup>92</sup> This was obvious when comparing Australia with 'primitive' PNG. It also created tension, as the post-war requirements of trusteeship and development left Australia with a responsibility to provide economic assistance to its dependent territories, with the transfer of developmental resources that entailed. Similar questions would be raised by Australia's involvement in the Colombo Plan, which is discussed in the next chapter. Ward's New Deal for PNG, as Australia's first attempt to participate in the international system of developmental assistance, established many of the trends that would dictate Australian policy over the next three decades.

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<sup>91</sup> Department of External Territories, Notes on Meeting to discuss the legislative provisions to be made for an administrative union of the Territory of Papua with the Trust Territory of New Guinea, May 18, 1948, NLA, Ward Papers, MS 2396, Box 43B.

<sup>92</sup> United Nations. Department of Economic Affairs., ed. *Economic Development in Selected Countries: Plans, Programmes and Agencies* (Lake Success: 1947), 33.

## Chapter 2

### **“By Every Means in Our Power”: The Establishment of the Colombo Plan, 1949-1957**

On January 11, 1950, Australian External Affairs Minister Percy Spender presented a proposal to the Commonwealth Meeting of Foreign Ministers in Colombo. Addressing the political crisis facing South and Southeast Asia in the aftermath of the 1949 communist revolution in China, Spender asserted that “the problem in Asia lies in the poverty of the region.”<sup>1</sup> The solution was to provide developmental assistance, thereby improving the standard of living in the poor countries of the region. In addition to improving the lives of millions, this would undermine the appeal of communism, which thrived in places that suffered from widespread poverty.<sup>2</sup> The plan that emerged from the conference, and that was formalised by two further Consultative Committee meetings throughout 1950, evolved into the Colombo Plan. For over two decades the Colombo Plan was Australia’s primary means of assisting South and Southeast Asian countries in furthering their plans for economic development. Cold War calculations were clearly significant to the formation of the Colombo Plan. They formed a core argument for why increasing spending in foreign nations was in Australia’s national interest. However, as this chapter shows, the anti-communist argument formed only one part of a broader developmentalist rationale for the Plan. Moving analysis beyond the Cold War, this chapter contributes a fuller understanding of the reasons for Australia’s contribution to the Colombo Plan.

This chapter examines the degree to which Australian policymakers engaged with international ideas of development in formulating the Colombo Plan. In so doing, it

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<sup>1</sup> Commonwealth Meeting on Foreign Affairs, “Economic Policy in South and South-East Asia: Memorandum by the Australian Delegation,” January 11, 1950, NAA: A10617, 1950/1.

<sup>2</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010), 97-99.

demonstrates how international ideas of development became incorporated into post-war Australian foreign policy. In the years immediately preceding the establishment of the Colombo Plan, American officials employed the emerging field of developmental theory as a component of foreign policy through the establishment of the Point Four program. Point Four emerged out of President Harry S. Truman's 1949 inaugural speech, where he called for a "bold new program" to provide technical assistance to the poorer parts of the world.<sup>3</sup> Central to Point Four was the belief that technical assistance and technological improvement would facilitate the process of development.<sup>4</sup> Similar assumptions operated in Point Four as in the Colombo Plan.

However, these assumptions were not shared by all. Interdepartmental differences, primarily between External Affairs and Treasury, evolved into ideological distinctions in the decades following the Second World War, and represented competing Australian understandings of international development. Ultimately, the enthusiasm felt by Australian officials for development in the early days of the Colombo Plan was challenged by the difficulties of putting the idea into practice. This challenge reflected the tension at the heart of Australian aid policy, as developmental and political imperatives were constantly in competition.

This chapter expands on the existing literature by placing the origins of the Colombo Plan within the context of the age of international development. Scholarship on the Australian experience of the Colombo Plan largely revolves around its importance to Australian foreign policy towards Asia in the 1950s and 1960s.<sup>5</sup> David Lowe

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<sup>3</sup> Truman Inauguration Speech, January 20, 1949 in Dennis Merrill, ed. *Documentary History of the Truman presidency*, vol. 27 (Bethesda, MD.: University Publications of America, 1995), vol. 27, 24.

<sup>4</sup> Ekbladh, *The Great American Mission*, 77-78.

<sup>5</sup> Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra: Pandanus Books, 2004); David Lowe, "The Colombo Plan," in *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945-65*, ed. David Lowe (Geelong, Vic.: Deakin University Press, 1996); Nicholas Brown, "Student, Expert, Peacekeeper: Three Versions of International Engagement," *Australian Journal of Politics and History* 57, no. 1 (2011); Lowe, "Journalists and the Stirring of Australian Public Diplomacy.," David Lowe, "Australia's Colombo Plans, Old and New: International Students as Foreign Relations," *International Journal of Cultural Policy* 21, no. 4 (2015). Examples of analysis of the Colombo Plan outside of the

demonstrates that the Colombo Plan was a means by which Australian policymakers sought to negotiate the complexities surrounding the Cold War and the process of decolonisation in Asia.<sup>6</sup> Daniel Oakman has emphasised its centrality in Australian attempts to engage with Asia, as shown by the acceptance of significant numbers of Asian students to Australian universities in the decades following its establishment in 1950.<sup>7</sup> This chapter contributes by showing that developmental imperatives also guided the establishment of the Colombo Plan. Recently, American historians including Ekbladh, Latham and Cullather, have established that development discourse and ideology made its way into the formation of American foreign aid policy.<sup>8</sup> This chapter engages with this approach to demonstrate the place of development in the minds of policymakers in establishing the Plan. In doing so, it extends the story of the Colombo Plan beyond national and regional political interests.

### **Developmental Theory and the Shift from Relief to Development**

Following the end of the Second World War, moral and political claims for global economic equality became internationally prominent. As historian Michael Barnett puts it: “Humanitarianism went global after World War II.”<sup>9</sup> In order to repair the destruction wrought by years of war, international agencies, both public and private, worked to

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Australian context include: Shigeru Akita, Gerold Krozewski, and Shōichi Watanabe, eds., *The Transformation of the International Order of Asia: Decolonization, the Cold War, and the Colombo Plan* (Milton Park, Abingdon, Oxon: Routledge, 2014); Keith Spicer, “Clubmanship Upstaged: Canada’s Twenty Years in the Colombo Plan,” *International Journal* 25, no. 1 (1969); Nicholas Tarling, “The United Kingdom and the Origins of the Colombo Plan,” *The Journal of Commonwealth and Comparative Politics* 24, no. 1 (1986).

<sup>6</sup> David Lowe, *Australian Between Empires: The Life of Percy Spender* (London: Pickering & Chatto, 2010), 130-131; Lowe, “The Colombo Plan,” 105.

<sup>7</sup> Oakman, *Facing Asia*, 1-3.

<sup>8</sup> Ekbladh, *The Great American Mission*; Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building in the Kennedy Era* (Chapel Hill, N.C.: University of North Carolina Press, 2000); Nick Cullather, *The Hungry World: America’s Cold War Battle Against Poverty in Asia* (Cambridge, Mass.: Harvard University Press, 2010).

<sup>9</sup> Michael N. Barnett, *Empire of Humanity: A History of Humanitarianism* (Ithaca, New York: Cornell University Press, 2011), 118.

provide relief to those suffering in war-torn areas. These same agencies soon moved into the field of development, as the objective of providing “help” turned into one of achieving “self-help”.<sup>10</sup> Development therefore emerged as an extension of humanitarianism. Moreover, improvements in the standard of living of poorer peoples were seen as preventing future crises. In this context, developmental economists assumed an important position, as they provided the intellectual framework for this new kind of aid.

The Atlantic Charter provided inspiration to post-war developmental theorists. The fifth article of the Atlantic Charter pledged to “the object of securing for all, improved labour standards, economic advancement and social security.”<sup>11</sup> Eugene Staley opened his 1944 work, *World Economic Development*, by quoting the fifth article of the Charter. But Staley argued that simply protecting these economic rights was not enough, emphasising that “improvement in living standards depends fundamentally on improvement in the capacity of a people to produce. No programme of charity can abolish want.”<sup>12</sup> Elizabeth Borgwardt makes the persuasive case that the Atlantic Charter served as the basis for the American attempt to produce a “New Deal for the World”.<sup>13</sup> By internationalising the principles of the New Deal, the Atlantic Charter brought questions of economic welfare and development to a global stage.

Staley and his colleagues argued that living standards could only be improved through increased governmental intervention in the promotion of development. In *World*

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<sup>10</sup> Barnett, *Empire of Humanity*, 105.

<sup>11</sup> “The Atlantic Charter,” August 14, 1941, <http://avalon.law.yale.edu/wwii/atlantic.asp>, accessed February 28, 2017.

<sup>12</sup> Eugene Staley, *World Economic Development: Effects on Advanced Industrial Countries* (Montreal: International Labour Office, 1944), 1-2.

<sup>13</sup> Elizabeth Borgwardt, *A New Deal for the World: America’s Vision for Human Rights* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2005), 34. Mark Mazower spends some time explaining the ways that the Charter facilitated both anti- and pro-imperial understandings of the post-war world. Mark Mazower, *No Enchanted Palace: The End of Empire and the Ideological Origins of the United Nations* (Princeton: Princeton University Press, 2009), 55.

*Economic Development*, Staley drew together the call for development with the post-war vision of a more prosperous global society:

A great international programme of development, fitting the capital needs of some areas to the abundant savings of other areas, might provide just the extra stimulus needed to put the post-war era into the upward phase of a new “long wave” in economic activity.<sup>14</sup>

With its roots in the international appeal of the Atlantic Charter, Staley’s work drew explicit links between international political action and the necessity of promoting economic development throughout the world. W. Arthur Lewis, one of the ‘founding fathers’ of developmental economics, built on Staley’s work.<sup>15</sup> Saint Lucian by birth and the Professor of Political Economy at the University of Manchester, Lewis argued that:

The crux of the problem is usually a backward system of agriculture – lack of scientific knowledge, poor equipment, inefficient marketing, insecure tenure, an uneconomically small scale of operation, and, frequently also, rural overpopulation. There are recognised remedies – an agricultural extension service, cooperative and other provision of credit, cooperative and other reorganisation of marketing, legislation to protect the security of tenants.<sup>16</sup>

International assistance would be required to implement these so-called “remedies”. In a 1951 study commissioned by the UN, Lewis and his colleagues suggested that the development process also required a change in mindset, “for what is required is a radical change in the outlook of the peoples of the under-developed countries.”<sup>17</sup> According to the authors, technological improvement in the United States and Europe had been a product of a “long scientific tradition”, which was thought to be lacking in the ‘underdeveloped’ world. Tacit in this analysis was the view that reforms in

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<sup>14</sup> Staley, *World Economic Development*, 45.

<sup>15</sup> H. W. Arndt, “Economic Development: A Semantic History,” *Economic Development and Cultural Change* 29, no. 3 (1981): 465; Cullather, *The Hungry World*, 148; Ekbladh, *The Great American Mission*, 165; Gerald M. Meier and Dudley Seers, eds., *Pioneers in Development* (New York: Oxford University Press, 1984), 147. Staley also commented on the importance of Lewis’ work in his 1961 study of ‘underdeveloped’ economies, Eugene Staley, *The Future of Underdeveloped Countries: Political Implications of Economic Development*, Rev. ed. (New York: Praeger, 1961), 421.

<sup>16</sup> William Arthur Lewis, *Principles of Economic Planning* (Washington, D.C.: Public Affairs Pr., 1951), 122-123.

<sup>17</sup> United Nations Department of Economic Affairs, *Measures for the Economic Development of Under-developed Countries: Report by a Group of Experts Appointed by the Secretary-General of the United Nations* (New York: United Nations Publications, 1951), 30. The other economists involved in the study were Alberto Baltra Cortez, D.R. Gadgil, George Hakin, and Theodore W. Schulz.

‘underdeveloped’ countries would lead them to resemble the modern, industrial, ‘developed’ West.

As developmental thought became more internationally prominent, policymakers throughout the ‘developed’ world took note of Staley and Lewis’ calls for official assistance to poorer nations. Lewis presented these ideas in their clearest form in 1949, when he argued that “planning is at the same time much more necessary and much more difficult to execute in backward than in advanced countries.”<sup>18</sup> For Lewis, planning was required in these countries because of the lack of existing development, which meant that a much more active government was necessary than in ‘advanced’ countries, where national income enjoyed a steady increase “from decade to decade.”<sup>19</sup> Lewis’ understanding of the role of international capital and the need for substantial provision of developmental assistance was brought to the UN in 1951, in a study on *Measures for the Economic Development of Under-developed Countries*. Working with a number of other economists, Lewis concluded that “the transfer of capital that is required to raise rapidly the living standards of under-developed countries is far beyond what is currently envisaged.”<sup>20</sup> Foreign aid needed to become a significant part of international policy.

Discussion of international developmental problems made its way into Australian academic circles in the post-war period. In 1948, E.E. Ward, Australian delegate to the UN Economic Commission for Asia and the Far East (ECAFE) and later Lecturer in Political Science at the University of Melbourne, wrote that:

As the world becomes smaller in communications, and education spreads, more people in Asia are becoming conscious of their relatively poor conditions of life and believe that the benefits of scientific and technical progress and advanced economic organisation can, and should, be realised just as much in the East as in the West.<sup>21</sup>

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<sup>18</sup> Lewis, *Principles of Economic Planning*, 121.

<sup>19</sup> Lewis, *Principles of Economic Planning*, 122.

<sup>20</sup> Department of Economic Affairs, *Measures for the Economic Development of Under-developed Countries*, 75.

<sup>21</sup> E.E. Ward, “The Economic Commission for Asia and the Far East,” *Australian Outlook* 2, no. 3 (1948): 142.

Writing a year after Ward, academic bureaucrat Frederic Eggleston wrote on the perils of overpopulation in Asia, linking it to concerns over development. For Eggleston, development in Asia required a reduction in the rate of population increase alongside the provision of “trained skills of all kinds, including not only the technician but the accountant and business-manager.”<sup>22</sup> This was Australian analysis in the same vein as that of Staley and Lewis, and provides examples of the transnational spread of developmental thought in the second half of the 1940s.

Yet, anxiety about the level of Australia’s own development shadowed discussions about its potential to become involved in international development. As seen in the previous chapter, Australian economists had long taken an interest in the process of development. Much of their work focused on Australia’s own development. The underdeveloped North of the continent had posed a problem to Australian experts and policymakers for decades.<sup>23</sup> Where Australia’s historical development had been premised on agricultural improvement, Douglas Copland famously coined the term “Milk Bar economy” to express his fear that Australia was specialising in consumer industries at the expense of more basic products.<sup>24</sup> According to Nicholas Brown, Copland’s analysis portrayed Australia’s progress as fragile and prone to being upset by imbalanced attitudes towards consumption.<sup>25</sup> At the heart of this was uncertainty over Australia’s status as a ‘developed’ country, and its capacity to sustain further development. Copland’s long-time colleague at Melbourne University, G.L. Wood, expressed a more confident attitude regarding Australia’s development, depicting the country as having “all the equipment

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<sup>22</sup> F.W. Eggleston, “The Dynamics of Overpopulation,” *Australian Outlook* 3, no. 1 (1949): 8.

<sup>23</sup> Russell McGregor, *Environment, Race, and Nationhood in Australia: Revisiting the Empty North* (New York: Palgrave Macmillan, 2016). Northern development continues to be an issue in Australian politics, as demonstrated by the publication of a government white paper in 2015. Commonwealth of Australia, *Our North, Our Future: White Paper on Developing Northern Australia* (Canberra: Commonwealth of Australia, 2015).

<sup>24</sup> D. B. Copland, “Balance of Production in the Australian Post-War Economy,” *Economic Record* 25, no. 2 (1949): 4.

<sup>25</sup> Nicholas Brown, *Governing Prosperity: Social Change and Social Analysis in Australia in the 1950s* (Cambridge: Cambridge University Press, 1995), 88-89.

and trappings of a modern industrial state.”<sup>26</sup> Yet, this anxiety resurfaced regularly in discussions of Australia’s capacity to finance international development projects.

### **Aid Becomes Foreign Policy**

Early post-war programs tended to focus on reconstructing parts of the world affected by the Second World War, particularly in Europe. The UN Relief and Rehabilitation Agency (UNRRA) provided economic assistance to countries both in Europe and Asia. Australia was the fourth highest contributor to UNRRA, a fact emphasised by Australian policymakers.<sup>27</sup> Australia’s involvement in UNRRA provided an early example of the competition between developmental and political imperatives in Australian aid policy. In commenting on what would replace UNRRA following its conclusion in 1947, a *Sydney Morning Herald* editorial suggested that if UNRRA’s work was not to be carried on, “human misery on a vast and tragic scale is certain to result.”<sup>28</sup> In contrast, the Assistant Secretary of the Treasury Frederick Wheeler, in commenting on an External Affairs request for increased post-UNRRA funds, argued that the submission was motivated by the “political advantage” that would accrue to the Minister for External Affairs as a result of a generous Australian contribution.<sup>29</sup> From its earliest stages, Australian aid policy was a product of both humanitarian (soon to become more overtly developmental) and political motives.

In 1947, around the same time as UNRRA concluded, the UN established the Economic Commission for Asia and the Far East (ECAFE), which had the explicit goal

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<sup>26</sup> G. L. Wood, “The Australian Achievement,” in *Australia: Its Resources and Development*, ed. G. L. Wood (New York: Macmillan, 1947), 14.

<sup>27</sup> The bulk of Australia’s UNRRA contribution went to China. “Statement on Australia’s Contribution to Humanitarian Funds,” NAA: A1068, R47/3/1.

<sup>28</sup> “After UNRRA,” *Sydney Morning Herald*, May 14, 1947.

<sup>29</sup> F.H. Wheeler to J.B. Chifley, June 15, 1948, NAA: A571, 1947/1529 PART 2.

of assisting in the reconstruction and development of Asian countries.<sup>30</sup> Commenting several years after the establishment of the Colombo Plan, R.G. Neale identified ECAFE as one of the Plan's intellectual antecedents. Importantly, Neale also identified the "lesser known" British programs of colonial development in his analysis, providing an indication of the shared origins of the Colombo Plan and the New Deal for PNG.<sup>31</sup>

As the 1940s progressed, the United States established their own economic reconstruction programs, with the most notable being the European Recovery Program (ERP). More commonly known as the Marshall Plan, it was sometimes presented as a precursor to the Colombo Plan.<sup>32</sup> By providing European countries with American dollars, the ERP also indirectly funded programs of colonial development in Asia, including in British Malaya and French Indochina.<sup>33</sup>

Perhaps most significant was the American Point Four program. The "bold new program" that emerged out of Truman's inaugural address was an American plan to provide expert advice to the underdeveloped countries, a policy in keeping with the ideas of scholars such as Lewis.<sup>34</sup> In his inauguration, Truman expressed his faith in American technological skill, claiming: "The material resources which we can afford to use for the assistance of other peoples are limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible."<sup>35</sup> Over the following years, Point Four technical assistance projects were launched in numerous countries including

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<sup>30</sup> H.V. Evatt, Ministerial Statement on Foreign Affairs, June 6, 1947, State Library of New South Wales, Mitchell Library, Dr. H.V. Evatt Papers, MS 1309, Folder 1. Ekbladh explains the distinction between 'reconstruction' and 'development' after the Second World War, in Ekbladh, *The Great American Mission*, 94.

<sup>31</sup> R. G. Neale, "Australian Interests In and Attitudes Towards Economic Assistance to Asia," in *Australian Policies Toward Asia: Australian Papers, Institute of Pacific Relations Conference, 1954*, ed. Gordon Greenwood (Melbourne: Australian Institute of International Affairs, 1954), 1-2.

<sup>32</sup> John Carr-Gregg, "The Colombo Plan: A Commonwealth Program for Southeast Asia," *International Conciliation*, no. 467 (1951): 18; L. P. Singh, *The Colombo Plan: Some Political Aspects* (Canberra: Dept. of International Relations, Research School of Pacific Studies, Australian National University, 1963), 7.

<sup>33</sup> Members of the United States State Department expressed concern over British economic issues and the effect it might have on the ability of the United Kingdom to provide aid funding in Southeast Asia, State Department, "Southeast Asia & Philippines," April/May 1951, Box 2854, Decimal File, 1950-54, Central File for State Department Records, RG 59, National Archives at College Park, MD. (Hereafter cited as NACP).

<sup>34</sup> Ekbladh, *The Great American Mission*, 77-78.

<sup>35</sup> Merrill, *Documentary History of the Truman presidency*.

Iran, Indonesia and Pakistan. By 1950, development was becoming incorporated into the heart of American policies towards ‘underdeveloped’ regions.

Southeast Asia quickly became the primary area of interest for Australian policymakers with an interest in the economic development of ‘backward’ countries. In this context, the arrival of the ‘academic bureaucrat’ during the Second World War impacted upon Australian foreign policy in a similar way to the effect of DORCA on Australian colonial policy. Academic bureaucrats folded the latest international theoretical developments into Australian foreign policy. One key figure was Arthur Tange, who began his career in PWR before moving to the fledgling Department of External Affairs, where he eventually rose to become departmental head. Tange played a pivotal role in the formation of the Colombo Plan proposal.<sup>36</sup> Prior to entering PWR, Tange received postgraduate training in economics at the University of Western Australia under the prominent economic historian Edward Shann, whose daughter he went on to marry. Another important official was John Burton, who was Secretary of the Department of External Affairs at the time of the 1950 Colombo Conference. A recipient of a doctorate from the London School of Economics (LSE), Burton rose quickly to become departmental secretary under H.V. Evatt.<sup>37</sup> Despite his departure shortly after the establishment of the Colombo Plan, Burton remained committed to development. In his 1954 book *The Alternative*, Burton argued for the “giving of economic and technical assistance on a much increased scale to governments prepared to institute fundamental reforms for the sake of world peace.”<sup>38</sup> Observations like these demonstrate Australian academic bureaucrats’ commitment to developmentalism.

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<sup>36</sup> Arthur Tange, *Defence Policy-Making: A Close-up View, 1950-1980* (Canberra: ANU E Press, 2008), 2.

<sup>37</sup> Adam Hughes Henry, “John Burton: Forgotten Mandarin?” in *The Seven Dwarfs and the Age of the Mandarins: Australian Government Administration in the Post-war Reconstruction Era*, ed. Samuel Furphy (Acton, ACT: ANU Press, 2015), 223.

<sup>38</sup> John W. Burton, *The Alternative: A Dynamic Approach to our Relations with Asia* (Sydney: Morgans Publications, 1954), 115.

Enthusiasm for overseas development was bolstered by events in Asia, which married political imperatives to developmental rhetoric. In late 1949, China came under the control of the Communist Party led by Mao Zedong, which complicated existing issues regarding peace with Japan and the economic, political and security consequences of decolonisation in the region.<sup>39</sup> Australian representatives in the region were called to Canberra to meet and discuss how to respond. The views put forward were presented in a document written by External Affairs official, L.R. 'Jim' McIntyre, in consultation with Tange and Burton. McIntyre saw a direct relationship between the low standard of living in the 'underdeveloped' countries of Southeast Asia and the threat of communism.

McIntyre wrote:

For Australia the problem is at present political and economic; it calls for sustained and co-ordinated action to encourage and strengthen established governments throughout the area, to cultivate and maintain the goodwill of the peoples, and to help them raise their standards of living and thereby increase their resistance to Communism.<sup>40</sup>

According to this view, increased developmental assistance to Southeast Asian countries would produce increased political stability, which would undermine the appeal of communism throughout the region. In following this logic, McIntyre drew on a connection that had already been established in the United States, and which has been examined by Nick Cullather.<sup>41</sup> This American influence interacted with the growing liberal internationalist tendencies of the Chifley Government, which had become increasingly convinced of the need to engage with the Asia-Pacific region. As Christopher Waters and Julie Soares have identified, Evatt, Burton, and Chifley all acknowledged the importance of promoting prosperity in Asia as a means of countering

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<sup>39</sup> P. Gifford, "The Cold War Across Asia," in *Facing North: A Century of Australian Engagement with Asia*, ed. David Goldsworthy and P.G. Edwards (Carlton South, Vic.: Melbourne University Press, 2001); David Lowe, ed. *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945-65* (Geelong, Vic.: Deakin University Press, 1996).

<sup>40</sup> L.R. McIntyre, "Australian Policy in South East Asia," December 12, 1949, NAA: A1068, DL47/5/6.

<sup>41</sup> Cullather, *The Hungry World*, 7.

the apparent attractions of Communism.<sup>42</sup> According to McIntyre, Australian policy ought “to be determined largely, even though not entirely, by the extent to which we can help to foster the economic development of the region.”<sup>43</sup> The Colombo Plan, proposed a month after McIntyre drafted his memorandum, joined colonial policy in PNG as the second facet of the Australian contribution to the age of international development.

At the time that McIntyre wrote his analysis of Australian policy towards Southeast Asia, the Commonwealth Government provided small-scale programs of technical assistance to Indonesia and Malaya. A small number of Commonwealth scholarships were offered, whereby Indonesian scholars could attend courses at Australian universities.<sup>44</sup> This funding was taken from Australia’s contribution to post-UNRRA relief, which demonstrates that humanitarian assistance was becoming increasingly developmental.<sup>45</sup> McIntyre’s arguments, circulated to Burton and Tange, were therefore not produced in a policy vacuum. Tange’s responsiveness to these ideas undoubtedly drew upon his wartime experiences of flying to the United Kingdom via cities like Karachi, where he was exposed to the “extremes of wealth and poverty” in what became known as ‘underdeveloped’ countries.<sup>46</sup> It also drew on his familiarity with shifts in economic theory that emerged out of the Second World War, a time when Tange was heavily involved in international economic affairs.<sup>47</sup>

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<sup>42</sup> Christopher Waters, “The Great Debates: H.V. Evatt and the Department of External Affairs, 1941-49,” in *Ministers, Mandarins and Diplomats: Australian Foreign Policy Making, 1941-1969*, eds. Joan Beaumont, Christopher Waters, David Lowe, and Garry Woodard (Melbourne: Melbourne University Press, 2003), 53; Julie Soares, “Engaging With Asia: The Chifley Government and the New Delhi Conferences of 1947 and 1949,” *Australian Journal of Politics and History*, 57, no. 4 (2011): 509.

<sup>43</sup> McIntyre, “Australian Policy in South East Asia.”

<sup>44</sup> McIntyre, “Australian Policy in South East Asia.”

<sup>45</sup> *Sydney Morning Herald*, May 29, 1948, NAA: A571, 1947/1529 PART 2.

<sup>46</sup> A.H. Tange to Mrs Elsie Tange, September 16, 1945, Tange Papers, NLA, MS 9847, Box 2.

<sup>47</sup> P.G. Edwards, *Arthur Tange: Last of the Mandarins* (Crows Nest, N.S.W.: Allen & Unwin, 2006), 30-41.

## The Colombo Plan

External Affairs officials were still in the process of refining their plans when the Menzies Liberal Coalition government came to power on December 19, 1949. The new Minister for External Affairs, Percy Spender brought a different perspective to the Department on many issues.<sup>48</sup> However, Spender shared the previous government's view regarding development assistance. Less than a month after becoming External Affairs Minister, Spender represented Australia in Colombo. Although Spender claimed that the Colombo Plan was formulated *en route* to the conference, in fact it built upon the plan previously formulated by the Department of External Affairs.<sup>49</sup> McIntyre tells the story of Spender pacing the halls of his guesthouse in Jakarta, excitedly outlining his plan before heading to Colombo.<sup>50</sup> While there is little reason to doubt that discussions between the new minister and his departmental officials added flesh to the bones of the Australian proposal, these men were building on ideas that had evolved throughout the previous years.

Australian recommendations, in conjunction with papers presented by the Ceylonese and New Zealand delegations, became the foundation of the Colombo Plan.<sup>51</sup> Two consultative committee meetings were held in Sydney in May 1950, and London in September and October. The Sydney meeting was marked by disagreement between Australia and the United Kingdom over whether the program should emphasise long or short-term planning. The Australian delegation was in favour of urgent action, largely because they sought immediate American involvement in the Plan.<sup>52</sup> Other parties,

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<sup>48</sup> Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan* (Sydney: Sydney University Press, 1969), 32. Lowe, *Australian Between Empires*.

<sup>49</sup> Spender, *Exercises in Diplomacy*, 214.

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

<sup>51</sup> Commonwealth Meeting on Foreign Affairs, Final Communique, January 14, 1950, NAA: A4639, 37.

<sup>52</sup> Telegram from Australian Government to United Kingdom Government, April 19, 1950, David Lowe and Daniel Oakman, eds., *Australia and the Colombo Plan, 1949-1957* (Barton, A.C.T.: Dept. of Foreign

particularly the British, were more cautious, and tensions arose. At the second ministerial meeting, Spender exclaimed: “While Australia did not deny the necessity for long term study and planning ... the United Kingdom point of view was disturbing in that it implied a lack of any real attempt to carry out the decisions of the Colombo Conference.”<sup>53</sup>

David Lowe suggests that Spender’s “over-stepping of the mark” threatened not only British interest in the Plan, but also that of the United States.<sup>54</sup> A compromise agreement was reached in Sydney that established a Bureau to provide technical assistance to all countries in the region, as well as calling for another meeting in London in September to continue examining the development programs submitted by the Commonwealth countries in the region.<sup>55</sup>

Throughout 1950, Spender repeatedly explained the motivations behind the Colombo Plan, even as negotiations continued. On one side were the strategic imperatives of maintaining political and economic stability in an area of strategic importance to Australia. However, the Minister also provided developmental arguments for the Plan. In a speech to Parliament following the Sydney conference, Spender outlined the rationale for Australian assistance. Rather than opening with the political benefits of aid, the Minister explained that “on humanitarian grounds we cannot ignore the basic needs of such a large and important section of the world’s population.”<sup>56</sup> In the External Affairs notes on the London conference of September, reference was made to the fact that the Australian delegation fought to ensure that “humanitarian” concerns

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Affairs and Trade, 2004), 115; Cablegram from Spender to Harrison, May 10, 1950, Lowe and Oakman, *Australia and the Colombo Plan, 1949-1957*, 131.

<sup>53</sup> Minutes of the Second Plenary Session, Commonwealth Consultative Committee Meeting, Sydney, May 15, 1950, NAA: A10617, 1950/5. In the same address, Spender threatened to postpone further meetings until other delegations demonstrated “signs of any action” of the agreements from the Colombo conference.

<sup>54</sup> David Lowe, “Percy Spender and the Colombo Plan 1950,” *Australian Journal of Politics and History* 40, no. 2 (1994): 170-171.

<sup>55</sup> Department of External Affairs Notes on London Meeting of Commonwealth Consultative Committee, October 1950, NAA: A9879, 2202/E PART 1.

<sup>56</sup> CPD, House of Representatives, no. 23, 1950, June 6, 1950, 3723.

were present in the face of British emphasis on balance of payments issues.<sup>57</sup> Even before the Plan's formal beginning, tension between political and developmental objectives were coming into conflict. Press reports on the 1950 conferences also commented on this tension. After the Colombo meeting, the Brisbane *Courier-Mail* suggested that in the Australian proposal "the humanitarian motive either comes first or last – according to the viewer."<sup>58</sup> This apt reading of Australian aid policy did not detract from the fact that the improvement of the welfare of Asian peoples was a goal in itself of the Colombo Plan.

The Colombo Plan's developmental and political objectives were evident in the early years of its operation. In September 1951, the department prepared a brief for new Minister Richard Casey to be used in a meeting with Indonesian Foreign Minister, Ahmad Subardjo. Outlining Australia's dual reasons for supporting the Colombo Plan, the brief explained that:

The Plan was conceived not only for humanitarian reasons, but as a counter to internal and external communist influences and activities, and to bring South and South-East Asian countries into a closer relationship with the 'Western' developed and democratic countries.<sup>59</sup>

Over the next two decades, these developmental and political imperatives would at times be complementary, while at other times they would produce contradictions in Australian policy. Importantly, however, they were both present throughout the entire period of the Colombo Plan's existence.

In March 1950, Spender secured £13 million for the Colombo Plan in its first year.<sup>60</sup> This can be seen as a substantial gesture of support for the Plan in its very early stages, as well as an indication of Spender's ability to achieve his policy goals in Cabinet.

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<sup>57</sup> Department of External Affairs, "Departmental Notes on the London Meeting of the Commonwealth Consultative Committee. September 6 to October 4, 1950," NAA: A9879, 2202/E PART 1.

<sup>58</sup> "Spender Plan Emerges," *The Courier-Mail*, January 14, 1950.

<sup>59</sup> Economic & Technical Assistance Section, "Notes for the Minister, Proposed Meeting with Dr. Subardjo on the Colombo Plan," September 19, 1951, NAA: A1838, 3004/11 PART 1.

<sup>60</sup> Minutes, Cabinet Committee on Aid to South-East Asia, March 22, 1950, NAA: A1209, 1957/5406.

As it transpired, this figure was whittled down in Cabinet to £8.75 million and then only £4.225 million in Colombo Plan aid was actually provided in 1951-2, the first full financial year of the Plan.<sup>61</sup> Difficulties at both the donor and recipient ends explain the shortfall. In recipient countries, developmental plans were often vague and the equipment and resources needed to put them into action were also required in Australia. As such, it took Australian officials far longer to identify and organise aid projects than Spender and his department had anticipated. After negotiations between officials of the Departments of External Affairs and Treasury, Australia went on to pledge £31.25 million in developmental funding for the first six years of the Plan. Of this, £8.75 million was allocated in the financial year 1951/2, with £4.2 million going to India, £2 million to Pakistan, £300,000 to Ceylon, and the remaining £2.25 million being held in reserve for potential new members, such as Indonesia.<sup>62</sup> Early examples of Colombo Plan programs included a hydroelectric scheme in India, a mass literacy program in Indonesia, and an irrigation scheme in Pakistan.<sup>63</sup> These programs fitted neatly with the dominant developmental ideas of the time, which emphasised the importance of improved infrastructure and education as key requirements for growth.<sup>64</sup>

The Colombo Plan provided for technical as well as economic assistance. Australian technical assistance comprised of scholarships for Asian students to study in Australia and the sending of Australian experts overseas to assist in local development projects. For Oakman, this part of the Plan was most important. As he suggests: “Just as the presence of international students challenged racial stereotypes, so the expert

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<sup>61</sup> Department of External Affairs press release, June 15, 1951, NAA: A1209, 1957/5406. Annex to Department of External Affairs, “Papua/New Guinea: The Australian Effort,” n.d. [Written at some point in the middle of 1964], Tange Papers, NLA, MS 9847, Box 6. To put this figure into perspective, the Australian grant to PNG was over £5.5 million in 1951-2.

<sup>62</sup> Department of External Affairs, “Colombo Plan - Progress Report of the Australian Effort, April 17, 1951 to September 17, 1951,” NAA: A1838, 2020/1/12 PART 1.

<sup>63</sup> R.G. Casey, “The Colombo Plan: Report Presented to the Australian Parliament on 9<sup>th</sup> April, 1954,” NAA: A1838, 740/4/5 PART 1.

<sup>64</sup> Cullather, *The Hungry World*, 108.

program changed Australian perceptions of Asian people and work practices.”<sup>65</sup> By the middle of 1957, at the end of the first term of the Colombo Plan, Australia had provided 2041 Training Awards for study in Australia, and 237 Australian experts had been sent to recipient nations to provide technical assistance. These figures were second only to the United States during the same period, and demonstrate one area where Australian assistance was substantial in international terms.<sup>66</sup> Australian economic assistance involved food gifts as well as funds and equipment for specific programs. The Australian commitment to India and Ceylon primarily comprised gifts of flour and wheat, but by January 1952 none of the £2 million for Pakistan had been allocated. The purpose of these gifts was to generate counterpart funds that would enable government investment in developmental projects. By the end of the Plan’s first six-year term, Australia had spent £18.5 million on economic assistance and almost £3.5 million on technical assistance.<sup>67</sup> While dwarfed by aid provided by countries like the United States, this was a clear sign that Australia was a part of the international system of developmental assistance in Asia.

In the early years of the Colombo Plan, Australian assistance was largely reserved for the newly independent states of India, Pakistan and Ceylon. This was partly a product of their independence, which meant they were responsible for drafting their own developmental programs, as well as due to the perception of their extreme plight with regard to food shortages.<sup>68</sup> In contrast, Malaya and British Borneo, which were still under British colonial control, received far less economic assistance from Australia in the Plan’s early years. This was mainly because the British continued to direct the development of

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<sup>65</sup> Oakman, *Facing Asia*, 206.

<sup>66</sup> Department of External Affairs, “The Colombo Plan’s First Six Years – Australia’s Part to June 30, 1957,” August 23, 1957, NAA: A1838, 740/4/5 PART 1.

<sup>67</sup> Department of External Affairs, “The Colombo Plan’s First Six Years.”

<sup>68</sup> Department of External Affairs Notes on London Meeting of Commonwealth Consultative Committee, October 1950.

these colonies, using funds allocated by the Colonial Development and Welfare Act.<sup>69</sup> Australia did provide scholarships to these colonies, and 492 students from British Southeast Asian colonies came to Australia in the first six years of the plan. Nevertheless, the fact that Australian Colombo Plan aid was predominantly given to India, Pakistan and Ceylon in its very early years suggests a distinction between colonial development and foreign aid. This can be linked also to Australian assistance to PNG, which continued to grow as the Colombo Plan was created. In the early 1950s, there was little interaction between the two dominant spheres of Australian aid, despite Spender briefly also occupying the portfolio of External Territories.<sup>70</sup> While driven by the same intellectual framework, it would not be until the beginning of the 1960s that Australian policymakers started to conceive of assistance to PNG and the Colombo Plan as being closely connected.

### **The Colombo Plan's International Dimensions**

Australia's role in the creation of the Colombo Plan demonstrates the importance of the circulation of transnational ideas and policies in the establishment of Australian policy. While Australian officials were undoubtedly motivated by the political and diplomatic benefits that would accrue as a result of providing aid to Asian countries, the Plan also needs to be seen as a product of the international rise of developmental assistance in the late 1940s and early 1950s. External Affairs officials took particular note of Point Four. In his review of the Colombo Conference, the Counselor of the American Embassy in Colombo observed: "In this connection it has been learned that the Department's

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<sup>69</sup> Marc Frey, "Control, Legitimacy, and the Securing of Interests: European Development Policy in South-east Asia from the Late Colonial Period to the Early 1960s," *Contemporary European History* 12, no. 4 (2003): 401.

<sup>70</sup> Scott MacWilliam, *Securing Village Life: Development in Late Colonial Papua New Guinea* (Canberra: ANU E Press, 2013), 79-80; Lowe, *Australian Between Empires*, 140.

booklet, POINT 4 (revised December 1949), which had been loaned to the Ceylon legation, was passed on to the Australians.”<sup>71</sup> In March 1950, John Burton issued a memorandum to the heads of all government departments reflecting on the nature of American foreign aid policy towards Southeast Asia. In his observations on American policy, Burton suggested that “an initiative by Commonwealth countries is expected to have a favourable reaction upon the United States and it is the intention to keep the United States fully informed of the broad lines of Australian intentions.”<sup>72</sup> This was a clear indication in that Colombo Plan aid would interact with the American aid program.

American officials also commented on the interaction between the two programs. The American Consul-General in Singapore, William R. Langdon, called for the Colombo Plan to be given “financial and moral aid” by the United States.<sup>73</sup> The report of the International Development Advisory Board (better known as the Rockefeller Report), published in March 1951, advocated a strong American response to the problem of economic development, in conjunction with the rest of the ‘free world’ (in other words, the Colombo Plan).<sup>74</sup> The United States Ambassador in Canberra, Pete Jarman, considered the Colombo Plan as being “complementary to our own plans and policies including Point Four.”<sup>75</sup> Together, the Colombo Plan and Point Four sought to establish a ‘free world’ system of technical and economic assistance to the ‘underdeveloped’ countries of the world. This would serve humanitarian goals by lifting the standard of living across the ‘underdeveloped’ world. It would also serve political goals, by reducing the attractions of communism and binding donor and recipient nations.

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<sup>71</sup> John B. Ketcham to the Department of State, January 25, 1950, Box 3519, Decimal File, 1950-54, RG 59, NACP.

<sup>72</sup> Memorandum from Burton to Heads of Departments, March 13, 1950, Lowe and Oakman, *Australia and the Colombo Plan, 1949-1957*, 74.

<sup>73</sup> William R. Langdon to the Department of State, October 30, 1950, Box 2854, Decimal File, 1950-54, RG 59, NACP.

<sup>74</sup> Report, International Development Advisory Board, March 1951, Merrill, *Documentary History of the Truman presidency*, vol. 27, 525.

<sup>75</sup> Pete Jarman to Dean Acheson, March 24, 1950, United States Department of State, *Foreign Relations of the United States, 1950. East Asia and the Pacific*, vol. 4 (Washington, D.C.: Government Printing Office, 1976), 66.

Australian officials were also mindful of the UN program of technical assistance. Within External Affairs there was a feeling that while the UN program was worthwhile, more needed to be done. When discussing the potential for Australian aid to Indonesia in 1949, McIntyre argued: "It is desirable that Australia should consider ways and means of extending technical assistance to Indonesia over and above whatever general contribution we may make to the United Nations technical assistance programme."<sup>76</sup> Prime Minister Robert Menzies also indicated that the Colombo Plan should supplement UN attempts to provide technical assistance.<sup>77</sup> Following the negotiations in Sydney and London, the Colombo Plan emerged as a product of these observations. The global dimensions of the Colombo Plan can be seen in External Affairs' commentary on the London meeting in September 1950:

This scheme will not compete with existing organisations ... The expansion of the technical aid programme of the United Nations and Specialised Agencies and of United States activities in this field through the Point Four programme underlines the need for close liaison and co-operation among the various agencies now operating in the field of technical assistance if the available man-power is to be used to best advantage.<sup>78</sup>

From its very beginning, Australian policymakers perceived the Colombo Plan as being part of a broader international developmental project.

### **Developmental Debates: External Affairs and Treasury**

Australia's involvement in attempts to promote economic development in the 'underdeveloped' countries signified its membership of a small group of 'developed' nations. Yet in Australia, debate continued about the degree to which Australia should be considered 'developed'. This debate was foreshadowed in the establishment of the New

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<sup>76</sup> McIntyre, "Australian Policy in South East Asia."

<sup>77</sup> R.G. Menzies, quoted in Department of External Affairs press release, "The Ceylon Conference," January 16, 1950, NAA: A3318, L1950/3/2/28.

<sup>78</sup> Department of External Affairs Notes on London Meeting of Commonwealth Consultative Committee, October 1950.

Deal for PNG, but it became much more pronounced in 1950. The two key Commonwealth departments involved in this debate were External Affairs and Treasury. The developmental attitudes of these departments exerted a significant influence on Australian aid policy through to the mid-1970s.

External Affairs was the strongest advocate for the notion of Australia as a ‘developed’ nation, with a responsibility to provide assistance to the ‘underdeveloped’ world. In 1954, Casey presented a report to Parliament that explained the rationale behind the Colombo Plan, along with its early achievements. In explaining “Australia’s interest” in the Plan, Casey explained:

In extending aid to countries of the area, Australia has recognised that the economically more developed countries have a responsibility to see that the peoples of less developed areas of the world should receive the opportunity to improve their standards of living towards that level enjoyed by countries of the Western world.<sup>79</sup>

Casey evoked two key notions related to post-war Australian developmentalism; faith in Australian development and acceptance of the responsibilities that come with that status. These comments share striking similarities with E.E. Ward’s 1951 analysis, which contrasted the characteristics of “modern democratic states” such as Britain and Australia with the absence of these features in ‘underdeveloped’ recipient states.<sup>80</sup> For External Affairs officials and academic observers, the Colombo Plan both signified and reinforced Australia’s status amongst the ‘developed’ economies.

In contrast, Treasury officials were inclined to place Australian aid spending in the context of broader domestic priorities. For them, every pound spent on development overseas undermined Australia’s own development. Given its ongoing concern over Australian economic growth, Treasury department officials were more likely to present Australia as a ‘developing’ country in its own right. Greg Whitwell observes that during

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<sup>79</sup> R.G. Casey, “The Colombo Plan: Report Presented to the Australian Parliament,” April 9, 1954, NAA: A1838, 740/4/5 PART 1.

<sup>80</sup> E.E. Ward, “The Colombo Plan,” *Australian Outlook* 5, no. 4 (1951): 196.

the 1950s, Treasury officials were committed to the notion that “balanced growth necessitated recognising limits and not exceeding them.”<sup>81</sup> This position assumed a level of orthodoxy in the Treasury, and would be the cause of ongoing tension with External Affairs. Treasurer Arthur Fadden presented this view to Menzies in 1951, citing budgetary difficulties as a reason for limiting Australian spending on the Colombo Plan.<sup>82</sup> Several years later, at an interdepartmental meeting in 1955, Treasury raised objections to Colombo Plan spending, again citing budgetary concerns. In a moment that encapsulated the differences between the two departments, the External Affairs representative exclaimed: “Australia could hardly say to South East Asia and her partners in the Colombo Plan, such as the United States, that she could not afford to do what she was doing.”<sup>83</sup>

The difference in attitudes between External Affairs and Treasury demonstrated the vulnerability of developmental policy to political debate. The clearest demonstration of this in the early 1950s emerged over the amount of funding to be devoted to the Colombo Plan. Spender’s original goal was to secure £13 million for the first year of the Plan, with no clear indication of how much would be spent over the entire six-year term.<sup>84</sup> However, the spending limit was gradually worn down, largely through the efforts of the Treasurer, Arthur Fadden. The Treasurer, with some support from Menzies, managed to whittle down the Australian commitment for the first six-year phase of the Colombo Plan to a total of £25 million.<sup>85</sup> He attributed the need for a lower figure to budgetary concerns, presenting what would become familiar arguments that revolved around the need to balance spending for domestic and international development.

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<sup>81</sup> Greg Whitwell, *The Treasury Line* (Sydney: Allen & Unwin, 1986), 122-123.

<sup>82</sup> A.W. Fadden to R.G. Menzies, March 15, 1951, NAA: A1209, 1957/5406.

<sup>83</sup> Minutes of Inter-departmental Meeting on the Colombo Plan, May 19, 1955, NAA: A1838, 740/4/5 PART 1.

<sup>84</sup> R.G. Menzies to P.C. Spender, September 21, 1950, NAA: A1209, 1957/5406.

<sup>85</sup> F.H. Wheeler to A.S. Brown, October 4, 1950, NAA: A1209, 1957/5406; A.W. Fadden to R.G. Menzies, March 15, 1951, NAA: A1209, 1957/5406.

Spender and officials inside the Department of External Affairs were disappointed with the reduction in funds for the Plan, although they did manage to get the figure raised to £31.25 million for the first six years of the plan. Nevertheless, Thomas Critchley, who led the Australian delegation to the meeting of officials in Colombo in February 1951, expressed his regret “that the Australian Government, which had large and increasing demands at present on its financial resources, was not in a position to make available greater assistance than that announced.”<sup>86</sup> External Affairs was regularly rebuffed in its attempts to secure increased funding for the Colombo Plan.

### **The Early Years of the Colombo Plan**

Following the formal establishment of the Colombo Plan at the end of 1950, Australian policymakers devised ways of responding to the developmental plans of the inaugural recipient countries. Just as during the formative meetings of the Plan, developmental and political imperatives guided policymakers. Projects were chosen for a combination of these reasons, with mixed success. In the early years of the Colombo Plan, the Department of External Affairs’ zeal for development resulted in the selection of projects that were difficult to implement. The most famous example involved the provision of tractors to Pakistan in order to improve agricultural efficiency. While some farmers were able to make use of the Australian machinery, the vast majority of Pakistani farmers could not, and the costs associated with the project undermined much of the assistance.<sup>87</sup> Throughout the first term of the Plan, the tension between politics and development impacted on Australian aid.

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<sup>86</sup> Minutes of First Business Meeting of Colombo Plan Consultative Committee, Colombo, February 13, 1951, NAA: A9879, 2202/E PART 1. External Affairs officials raised a similar point in a memorandum on March 27, 1952, where it was commented that a demonstration of American interest in increased resources might convince Treasury to agree to increased Australian spending. NAA: A1838, 3004/11 PART 1.

<sup>87</sup> *Canberra Times*, February 9, 1959.

As the Colombo Plan evolved, Australian officials with their Commonwealth counterparts worked on expanding its membership. Australian policymakers were particularly determined to extend the Colombo Plan to the United States (as a donor) and Indonesia (as a recipient). National and regional interests were clearly influential in this regard. American involvement would significantly increase the amount of assistance that could be provided through the plan and Australian officials were very interested in maintaining close ties with Indonesia. Nevertheless, the early expansion of the Plan also reflects the internationalisation of developmental assistance after 1949, and demonstrates the Australian recognition that the Plan needed to go beyond the Commonwealth.

Securing American involvement in the Colombo Plan was a primary consideration for both Australia and the United Kingdom at the London meeting of the consultative committee in 1950. Spender best expressed this in a cablegram to Menzies during the conference. Commenting on his priorities at the conference, the External Affairs Minister wrote: “The first is the vital importance for Australia’s long-term security of a United States commitment to sustain the economic (and indirectly the political) stability of this area.”<sup>88</sup> Political concerns were prominent in Spender’s mind. Still, there were also developmental reasons behind Australia’s desire for American involvement. The technical assistance component of the Plan was also a signal to the United States and their Point Four program that the Commonwealth was willing to invest in the development of the region. The report of the London conference drew explicit influence from the American Point Four program, which had recently been formally established by the Act for International Development.<sup>89</sup> Ultimately, these tactics achieved their desired aim, as the United States joined the Colombo Plan at the beginning of 1951.

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<sup>88</sup> Cablegram from Spender to Menzies, September 27, 1950, Lowe and Oakman, *Australia and the Colombo Plan, 1949-1957*, 241.

<sup>89</sup> “The Colombo Plan for Co-operative Economic Development in South and South-East Asia,” London, October 1950, NAA: A9879, 2202/E PART 1. State Department memorandum, “Point IV Legislation,” July 12, 1950, Merrill, *Documentary History of the Truman Presidency*, vol. 27, p. 421.

Following this, Australian officials' ongoing concern over American commitment to the Colombo Plan was rooted in developmental language. For instance, a Department of External Affairs memorandum from 1952 commented:

The Colombo Plan must be regarded as a bid to interest the United States in providing an enlarged volume of economic aid to South and South-East Asia. Without it, the prospects of reaching the modest targets of the Colombo Plan are remote.<sup>90</sup>

The developmental requirements of Colombo Plan recipients were huge. India's development program for the period 1951-7 alone required over £600 million in external capital, which was well beyond the capabilities of the Commonwealth.<sup>91</sup> American involvement was therefore required to satisfy the developmental goals of the Plan. In the first full year of the Colombo Plan (1951-2), the United States provided \$282.5 million to 'Asia and the Pacific', which included Colombo Plan countries, as well as countries such as Taiwan and South Korea.<sup>92</sup> The involvement of the United States served to both internationalise the Colombo Plan and expand its developmental resources.

Australian attempts to bring Indonesia into the Colombo Plan also demonstrated the international forces that underpinned Australian aid policy. Well before 1950, Australian experts and officials recognised the importance of providing developmental assistance to Indonesia. According to William MacMahon Ball, political scientist turned diplomat who toured Southeast Asia in 1948, Indonesia needed help, and "they would prefer it to come from Australia than from the United States."<sup>93</sup> According to Ball, this was because Australia's relatively low level of global power made it less likely to pose a political threat to countries emerging out of colonial rule. In his December 1949

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<sup>90</sup> Department of External Affairs Memorandum, March 19, 1952, NLA: A1838, 3004/11 PART 1. A similar point is raised in A.H. Tange to T.K. Critchley, February 10, 1950, Lowe and Oakman, *Australia and the Colombo Plan, 1949-1957*, 61.

<sup>91</sup> "The Colombo Plan for Co-operative Economic Development in South and South-East Asia".

<sup>92</sup> Department of External Affairs, "Colombo Plan Economic Development and Technical Co-operation Programmes - Progress Report of the Australian Effort, April 17, 1951 to September 17, 1951."

<sup>93</sup> W. MacMahon Ball, "Interim Notes on Netherlands East Indies," attached to W. MacMahon Ball to J. Burton, June 7, 1948, Ball Papers, NLA, MS 7851, Box 29. Christopher Waters, "The MacMahon Ball Mission to East Asia 1948," *Australian Journal of Politics and History* 40, no. 3 (1994).

memorandum, McIntyre identified Indonesia as the place where Australian assistance efforts should be focused, stating:

In the economic field, however, the effectiveness of what Australia may be able to do will be determined rather more by the extent to which we are prepared to divert resources from other uses. The fact that our capacity to do this is limited is, as was stated earlier, the principal argument in favour of concentrating on the territory where economic assistance promises to be most effective – at the present time Indonesia.<sup>94</sup>

Here we see McIntyre engaging with developmental factors in recommending that aid should be sent to Indonesia. McIntyre argued that Australian funds would have the greatest developmental impact there. The notion of aid ‘effectiveness’ would become an ongoing concern in External Affairs, as officials were constantly required to monitor whether or not Australian aid had a positive impact on the development of the recipient country. Despite strong Australian pressure from the earliest days of the Colombo Plan, Indonesia did not join until 1953. As a consequence, Australian aid spending was spread over a wide number of countries, thereby creating a precedent that guided Australian aid for the next several decades.

The wide spread of Colombo Plan aid was a product of political imperatives, as the perceived political benefits that came from aid projects in a large number of countries trumped the developmental arguments for concentrating aid in fewer locations. Nevertheless, the developmental basis of the Colombo Plan remained. A 1952 External Affairs discussion noted that the Plan was “a humanitarian attack on poverty” and not just a response to “the menace of Communism.”<sup>95</sup> Richard Casey, who had a strong interest in the public relations aspects of the Colombo Plan, was also keen to stress the Plan’s developmental imperatives. This was evident in Casey’s 1954 report to Parliament that emphasised Australia’s ‘responsibility’ as a developed nation. This notion of responsibility conjured up a vision of Australia’s developmental obligations in PNG.

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<sup>94</sup> McIntyre, “Australian Policy in South East Asia.”

<sup>95</sup> External Affairs Notes on the “Political Objectives of the Colombo Plan,” March 27, 1952, NAA: A1838, 3004/11 PART 1.

While Casey was a keen proponent of the diplomatic benefits derived from the Colombo Plan, he also had a firm sense of the place of development within the Plan.

As the Plan progressed, Australian officials were faced with the challenge of implementing their vision of developmental assistance. This proved difficult. Almost exactly two years after the Colombo conference, of the budgeted £8.75 million, over half had yet to be provided to recipient countries.<sup>96</sup> This slowness persisted, as the machinery for providing large-scale aid to South and Southeast Asia required much more administrative work than the technical assistance component of the Plan. Indeed, Creighton Burns aptly identified this issue in a 1954 piece for *Australia's Neighbours*, when he wrote: "By 1952 the exuberant idealism of the original conception had hardened into restrained optimism. This has now given way to set-jaw determination which seems to carry with it a hint of disillusionment."<sup>97</sup> Officials in Canberra held a similar view. Commenting on the lack of progress in providing assistance to Pakistan, an official in the Economic and Technical Assistance section of the Department of External Affairs wrote: "Taking the Colombo Plan as a whole, it is probably fair to say that the Australian effort is not, at this stage at least, as impressive as might have been hoped."<sup>98</sup> Similar observations were made at the end of the Plan's first term, with External Affairs Assistant Secretary, Keith Waller, explaining:

Many of the projects to which we are now wholly or partly committed seem, for this distance, to have been badly chosen, despite our commendable desire to get the Plan into top gear. In my opinion, this poor selection was partly because of haste to commit funds, partly because the Minister yielded too easily to pressure at Consultative Committee meetings and partly because we did not think out thoroughly what was involved.<sup>99</sup>

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<sup>96</sup> Economic and Technical Assistance Section, "The Colombo Plan – Present Status of the Australian Effort," January 8, 1952, NAA: A1838, 2020/1/12 PART 1.

<sup>97</sup> Creighton Burns, "Progress Report on the Colombo Plan," *Australia's Neighbours*, January 1954. This article is found in NAA: A1838, 2020/1/12 PART 1.

<sup>98</sup> Economic and Technical Assistance Section, "The Colombo Plan – Present Status of the Australian Effort."

<sup>99</sup> J.K. Waller to A.H. Tange, March 21, 1957, NAA: A1838, 2020/1/2 PART 1.

This commentary points to the tension between political and developmental imperatives in Australian aid policy. Because the Plan had both political and developmental objectives, Australian officials ran the risk of choosing projects that might not be the best for the development of a recipient country. This was often the case, and helps to explain why External Affairs felt disappointed with the progress of the Plan.

Throughout the 1950s, Australian involvement in the Colombo Plan continued to be guided by the principles established by Percy Spender and his department. The initial six-year term of the plan was extended to 1961 at the Singapore meeting of the Consultative Committee in 1955. The spending total of £22 million was less than the £31.5 million that Spender had fought so hard for in 1950, and points to some of the difficulties faced by Australian officials. Looking back in 1957 at the plan to spend £8,950,000 in 1950, Foreign Aid Branch official David Dexter commented: “It seems fantastic that we should ever have hoped to spend these amounts in such a brief period.”<sup>100</sup> Nevertheless, by 1957 Australia had played a central role in establishing a vital component of the international system of developmental assistance in Southeast Asia.

### **The Colombo Plan: More than just Engagement**

In his reflections on Australian foreign policy, Arthur Tange claimed that 1950 was the most significant year in Australia’s brief foreign affairs history. This year saw the start of the Korean War, the establishment of the Colombo Plan, and the consolidation of the new Menzies Government.<sup>101</sup> While pinpointing single moments (or even individual years) as causing monumental shifts in policy can be problematic, 1950 was indeed an important year for Australian aid policy, as it was marked by the establishment of the Colombo Plan, the second component of Australia’s involvement in the age of

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<sup>100</sup> D. Dexter draft memorandum, April 15, 1957, NAA: A1838, 2020/1/2 PART 1.

<sup>101</sup> A.H. Tange, “Notes for Memoir,” n.d. Tange Papers, NLA, MS 9847, Box 25.

international development. By the end of the Plan's first term in 1957, the Colombo Plan and PNG were established as the dominant spheres of Australian development assistance. Developmental ideas had clearly established themselves within the Commonwealth bureaucracy, albeit in diverse ways. While the Colombo Plan served important diplomatic purposes, it was also a product of the increased international attention being paid to development. The enthusiasm of Australian officials for development, demonstrated in this chapter, was a major driving force behind the establishment of the Plan.

The Colombo Plan was not marked by a great deal of interaction with Australian aid to PNG in its early years. Nevertheless, it was clear that both the New Deal for PNG and the Colombo Plan were products of very similar international intellectual forces. Both emerged out of intensified calls by development experts to incorporate their ideas into government policy. In Canberra, bureaucrats with academic expertise promoted both policies. In External Affairs, academically trained officials such as Arthur Tange and John Burton were central to the establishment of the Colombo Plan.<sup>102</sup> These figures played a similar role to that of DORCA in the New Deal. As the 1950s progressed, the similarities between the Colombo Plan and Australian colonial policy would become more pronounced, leading Australian officials to make explicit links between the two policies.

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<sup>102</sup> Joan Beaumont, Christopher Waters, David Lowe, and Garry Woodard, eds. *Ministers, Mandarins and Diplomats: Australian Foreign Policy Making, 1941-1969* (Melbourne: Melbourne University Press, 2003).

## Chapter 3

### **“New Codes and a New Order”: Papua New Guinean Development in the Hasluck Era, 1951-63**

On October 26, 1961, Paul Hasluck spoke on the economic development of PNG to the New South Wales branch of the Economic Society of Australia.<sup>1</sup> For over a decade from 1951 to 1963, Hasluck served as Minister for Territories in the Menzies Coalition Government. During this time, he and his department exerted almost complete control over the administration and development of PNG. In his speech, Hasluck discussed the major facets of Australian colonial policy of the 1950s and early 1960s. Laden with the rhetoric of modernisation theory, his comments reflected the influence of the evolving understanding of development on Australian policy:

In Papua and New Guinea economic change means a transition from the primitive life to the more demanding routine of commerce and industry; from sharing one's wealth within the village and family to the life of individual enterprise and individual saving and spending; from the security and protection of the group to a competitive unpredictable world of rising and falling prices and fluctuating employment. Primitive beliefs and codes must gradually give way to new codes and a new order and social adjustments must be made.<sup>2</sup>

This characterisation of the developmental process in PNG was typical of the attitudes of the Hasluck period. The Australian colonial administration was to bring profound and irreversible changes, which would see the ‘primitive’ lifestyles of the indigenous population replaced with ‘modern’ practices. Importantly though, there was also a note of concern in Hasluck’s address, as the upheaval of the modernisation process clearly occupied his mind. His tenure would be marked by the attempt to balance the forces of development with the maintenance of social and political stability.

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<sup>1</sup> Drafts of the speech are located at NAA: A452, 1961/6694. The finished copy of the address was published the following year: Paul Hasluck, “The Economic Development of Papua and New Guinea,” *Australian Outlook* 16, no. 1 (1962).

<sup>2</sup> Hasluck, “The Economic Development of Papua and New Guinea,” 19.

This chapter will examine Australian developmental policy in PNG throughout Paul Hasluck's tenure as Minister for Territories. While Hasluck was Minister, Australian aid policy assumed many of its dominant characteristics, which reflected the consolidation of international and Australian developmental thought. By the end of the 1950s, modernisation theory became formalised and consolidated in the United States. While American theorists gave their attention to issues concerning the economic and social development of Latin American, African, and Asian countries, many Australian academics focused on PNG. Nevertheless, these ideas proved useful to Australian experts and policymakers in their analysis of 'primitive' PNG. Australia's colonial development policy under Hasluck was a product of the adaptation of international ideas to the 'unique' situation of PNG. This adaptation combined with Hasluck's belief that the development of PNG would be a gradual process, with self-independence still many decades away.

The Hasluck era in PNG was a time when developmental imperatives began to take precedence over political goals in Australian colonial policy. As the strategic rationale behind strengthening PNG dissipated throughout the 1950s, Australia's trusteeship responsibilities became the dominant driver of colonial development.<sup>3</sup> While there was political pressure associated with UN oversight, as Chapter One demonstrated, the notion of trusteeship was permeated with humanitarian concern for the improvement of the standard of living of dependent peoples. The evolution of Australian developmental policy in PNG throughout the Hasluck era reflected the greater level of attention that Australian policymakers paid to the strengthening orthodoxy of the modernisation paradigm. Agricultural improvement and educational assistance were the dominant features of Australian development policy. These features had guided the Australian experience of development, which was perceived as being a

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<sup>3</sup> Scott MacWilliam, *Securing Village Life: Development in Late Colonial Papua New Guinea* (Canberra: ANU E Press, 2013), 116.

product of increasingly efficient production of primary exports. In the Colombo Plan, agricultural improvement was promoted through the provision of economic and technical assistance, while the scholarship program provided educational opportunities to Asian students. These characteristics were also a central component of Hasluck's policy in PNG. As a time when development trumped politics, the Hasluck era is a vital period in the history of Australian aid.

This chapter contributes to the scholarship on Australian colonial policy in PNG by engaging with international context of development in the 1950s and early 1960s. Much of the Australian literature presents the Hasluck period as one of consistency, both in administrative and policy terms. In his biography of Hasluck, Geoffrey Bolton depicts the Minister's Western Australian upbringing as guiding his faith in a "yeoman myth of rural productivity", which helps to explain his attitude towards agricultural development in PNG.<sup>4</sup> Ian Downs and Scott MacWilliam employ the term 'uniform development' to describe Hasluck's policy, which was essentially aimed at slowly 'improving' the lives of the entire indigenous population without creating an elite who experienced more rapid development.<sup>5</sup> This chapter traces the origins of the concept of 'uniform development' in order to demonstrate that Hasluck's conception of development was a product of a broader intellectual context. This is in keeping with the approaches of historians such as Joseph Hodge, Suzanne Moon and Frederick Cooper, who have demonstrated that colonial development policies should be seen as a component of the post-war system of international development.<sup>6</sup> During the same period, American aid policy became driven by the dominant modernisation paradigm, as outlined by Nick Cullather, David Ekbladh

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<sup>4</sup> G. C. Bolton, *Paul Hasluck: A Life* (Crawley: UWA Publishing, 2014), 88.

<sup>5</sup> Ian Downs, *The Australian Trusteeship Papua New Guinea, 1945-75* (Canberra, Australian Government Publishing Service, 1980), 94, 116; MacWilliam, *Securing Village Life*, 93, 116.

<sup>6</sup> Joseph Morgan Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism* (Athens: Ohio University Press, 2007), 2; Frederick Cooper, "Writing the History of Development," *Journal of Modern European History* 8, no. 1 (2010): 10; Suzanne Moon, *Technology and Ethical Idealism: A History of Development in the Netherlands East Indies* (Leiden: CNWS Publications, 2007), 149-150.

and David Engerman.<sup>7</sup> This chapter adds to the historical understanding of this period by tracing the international dimensions of Hasluck's colonial development policy.

## Modernisation Theory

Hasluck's tenure as Minister for Territories coincided with the emergence of modernisation theory as the orthodox conception of development. As Gilbert Rist points out:

The general framework for the 'development' adventure was in place by the early sixties. The core of the doctrine had been clearly stated, the international organizations had managed to arouse widespread interest and to mobilize growing resources, decolonization was well under way, and the rulers of the new Third World States had discovered ways in which they could themselves benefit from offers of international aid.<sup>8</sup>

The consolidation of developmental theory went hand in hand with the evolution of developmental policies throughout the Western world. After almost a decade, post-war aid policies had moved beyond the experimental phases of the late 1940s and early 1950s. Australian aid programs in PNG and Southeast Asia were part of this international trend.

The modernisation paradigm formed part of the increased formalisation of developmental economics throughout the 1950s. W. Arthur Lewis' 1955 *The Theory of Economic Growth* became a central text in development studies.<sup>9</sup> In this book, Lewis treated 'growth' and 'development' as interchangeable, and he argued for the improvement of technical expertise (particularly in agriculture) as the key requirement in

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<sup>7</sup> Nick Cullather, *The Hungry World: America's Cold War Battle Against Poverty in Asia* (Cambridge, Mass.: Harvard University Press, 2010), 150; David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010), 149-150; David C. Engerman, "West Meets East: The Center for International Studies and Indian Economic Development," in *Staging Growth: Modernization, Development, and the Global Cold War*, eds. David C. Engerman, Nils Gilman, Mark H. Haefele and Michael E. Latham (Amherst: University of Massachusetts Press, 2003), 202.

<sup>8</sup> Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3<sup>rd</sup> ed. (London; New York: Zed, 2008), 92.

<sup>9</sup> H.W. Arndt, "Economic Development: A Semantic History," *Economic Development and Cultural Change* 29, no. 3 (1981): 465; Ekbladh, *The Great American Mission*, 164.

the developmental process.<sup>10</sup> Eugene Staley's analysis underwent a shift in approach that saw his theoretical model become more closely informed by Cold War assumptions. In setting out the argument of *The Future of Underdeveloped Countries*, first published in 1954, Staley made his position clear: "Economic development of these areas in cooperation with the West is a necessary part of the conditions for Western survival and for the survival in the world of some of the West's most important contributions to human progress."<sup>11</sup> Lewis and Staley's work in the 1950s contained the elements that became central to the modernisation paradigm most clearly expressed by Walt Rostow: an emphasis on economic growth along capitalist lines combined with the political imperatives of the Cold War. The orthodoxy established by these theorists in the late 1950s produced a vision of development that was useful to policymakers.<sup>12</sup>

The most prominent exponent of modernisation theory was Walt Rostow. Working at the Massachusetts Institute of Technology (MIT) throughout the 1950s, Rostow spent the decade gradually refining his understanding of the developmental process.<sup>13</sup> His 1960 book, *The Stages of Economic Growth: A Non-Communist Manifesto* was the defining statement of modernisation theory.<sup>14</sup> In it, Rostow identified five stages through which traditional societies must go to fully complete the process of modernisation. These stages were: traditional society, pre-conditions for take-off, take-off, drive to maturity, and the age of high mass consumption.<sup>15</sup> This process was more or

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<sup>10</sup> W. Arthur Lewis, *The Theory of Economic Growth* (London: Allen & Unwin, 1955), 10, 136.

<sup>11</sup> Eugene Staley, *The Future of Underdeveloped Countries: Political Implications of Economic Development*, Rev. ed. (New York: Praeger, 1961), 3.

<sup>12</sup> Other examples of the rising modernisation paradigm in the 1950s and early 1960s include: Millikan and Rostow, *A Proposal*; Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East* (Glencoe, Ill.: Free Press, 1958); Gabriel Almond and James S. Coleman, eds., *The Politics of Developing Areas* (Princeton: Princeton University Press, 1960); Lucian W. Pye, *Politics, Personality, and Nation Building: Burma's Search for Identity* (New Haven: Yale University Press, 1962).

<sup>13</sup> Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), 56-58.

<sup>14</sup> Ekbladh, *The Great American Mission*, 185.

<sup>15</sup> W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (London: Cambridge University Press, 1960). Rostow's intellectual progress can be seen throughout the 1950s as he worked towards his concise presentation of the modernisation process. An earlier example of his views can be found in Max Franklin Millikan and W. W. Rostow, *A Proposal: Key to an Effective Foreign Policy* (N.Y.: Harper, 1957).

less the same for all traditional societies, and the ultimate aim, that of “high mass consumption”, was typical of the United States-centric universalism of most modernisation theorists.<sup>16</sup> It was Rostow’s emphasis on ‘take-off’ as the critical moment in the development of a society that set his work apart. According to Rostow, it was during this period that a country was in a state of flux, caught somewhere between ‘traditional’ and ‘modern’ institutions. The role of the state was very important during this phase, as a strong central authority would be required to harness the forces of nationalism in the interests of continued economic growth.<sup>17</sup> As Cullather writes, Rostow’s idea of ‘take-off’ extended earlier theoretical approaches by identifying “more precisely when and where aid investments should go, and to whom.”<sup>18</sup> The political significance of Rostow’s ideas was further demonstrated with his recruitment into the Administration of United States President John F. Kennedy. With a clear sense of policy implementation in mind, Rostow’s vision of modernisation proved immensely useful to Australian policymakers. Whereas the establishment of the New Deal for PNG and the Colombo Plan in the late 1940s and early 1950s were marked by an atmosphere of experimentation in both developmental theory and policy, by the time of Hasluck’s tenure as Minister for Territories there were “clearer ideas about what ought to be done” in PNG.<sup>19</sup>

This consolidation in developmental thought filtered through to Australia, revealing the power of international flows on the Australian understanding of development. This is evident in the work of John Crawford, one of the central post-war ‘academic bureaucrats’. During the Hasluck period, Crawford was both a part of the policymaking bureaucracy as well as a leading academic. From 1950-1960 Crawford was

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<sup>16</sup> Ekbladh, *The Great American Mission*, 103.

<sup>17</sup> Rostow, *Stages of Economic Growth*, 30.

<sup>18</sup> Cullather, *The Hungry World*, 150.

<sup>19</sup> Paul Hasluck, *A Time for Building: Australian Administration in Papua and New Guinea, 1951-1963* (Carlton, Vic.: Melbourne University Press, 1976), 201.

head of two Commonwealth departments, Commerce and Agriculture (1950-56) and Trade (1956-60). He then left the Commonwealth Public Service to take up the position of Professor of Economics and Director of the Research School of Pacific Studies at the Australian National University (ANU).<sup>20</sup> Crawford therefore straddled the bureaucratic and academic worlds, placing him in an important position to guide the interaction of theory and policy. The dominant features of modernisation theory can be found in his comments on PNG in 1962. Crawford believed that in PNG “there can be no reversion to the pre-European state of affairs; there can be no effective sealing off from the impact of the world external to Papua-New Guinea.”<sup>21</sup> This belief that development was an irreversible process was central to the modernisation paradigm, and would be one of the key assumptions of policymakers operating throughout the Hasluck period.<sup>22</sup> Another example can be found in John Legge’s *Australian Colonial Policy*, published in 1956. Legge, a political historian better known for his work on Indonesia, traced the history of Australian policy in PNG, giving close attention to the process of development. His commentary on Australian attitudes towards development was revealing, as Legge observed that the “emphasis is on development rather than tradition – upon the evolution of a new machinery for local government rather than upon the adaptation of existing institutions.”<sup>23</sup> Both Crawford and Legge, through the acceptance of the ‘fact’ that ‘traditional’ PNG society was being replaced with ‘modern’, European features, demonstrated their adherence to the modernisation paradigm.

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<sup>20</sup> J.D.B. Miller, “Crawford, Sir John Grenfell (Jack) (1910-1984)”, Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/crawford-sir-john-grenfell-jack-1391/text22223>, published first in hardcopy 2007, accessed online July 19, 2016.

<sup>21</sup> J. G. Crawford, “Emerging Issues in New Guinea,” in *The Independence of Papua-New Guinea: What are the Pre-requisites? - Four Lectures Presented under the Auspices of the Public Lectures Committee of the Australian National University*, ed. David George Bettison, et al. (Sydney: Angus and Robertson, 1962), 63.

<sup>22</sup> Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill, N.C.: University of North Carolina Press, 2000), 15.

<sup>23</sup> J. D. Legge, *Australian Colonial Policy: A Survey of Native Administration and European Development in Papua* (Sydney: Angus & Robertson, 1956), 222.

## Australian Perceptions of PNG

As in the 1940s, the notion of PNG ‘primitiveness’ was ubiquitous amongst Australian observers into the 1960s. Just as this perception informed the New Deal for PNG, it also interacted with the emerging modernisation paradigm to provide an important intellectual foundation for Australian colonial policy under Hasluck. E.K. ‘Fred’ Fisk employed this conceptual framework in his analysis. A prominent expert in the issues associated with economic development in PNG, Fisk joined Crawford’s Research School of Pacific Studies in 1960. He had previously worked as a development expert in British Malaya, making him one of many examples of Australian scholars who investigated both Southeast Asia and PNG.<sup>24</sup> Commenting on PNG in 1962, Fisk observed, “it is questionable whether the term ‘underdeveloped’ should be applied to New Guinea at all. It would probably be more realistic to describe it by some other term, perhaps as an ‘undeveloped’ or ‘primitive’ economy.”<sup>25</sup> The constant invocations of PNG ‘primitiveness’ provided an added dimension to the modernisation paradigm in Australia. The work done in the United States largely dealt with ‘underdeveloped’ areas, such as Southeast Asia, and therefore was aimed at understanding how to guide the modernisation process in countries that fit that categorisation.<sup>26</sup> On the other hand, Australian scholars such as Fisk were of the opinion that PNG had not even reached the ‘underdeveloped’ stage of development. Consequently, Australian experts conceived of a developmental stage that existed prior to Rostow’s ‘traditional society’. This ‘pre-

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<sup>24</sup> Academy of the Social Sciences in Australia, “Dr Fred Fisk,”

<http://www.assa.edu.au/fellowship/fellow/deceased/94>, accessed August 22, 2015.

<sup>25</sup> E.K. Fisk, “The Economy of Papua-New Guinea,” in *The Independence of Papua-New Guinea: What are the Pre-requisites? - Four Lectures Presented under the Auspices of the Public Lectures Committee of the Australian National University*, eds. David George Bettison, E. K. Fisk, F. J. West, and J. G. Crawford (Sydney: Angus and Robertson, 1962), 26.

<sup>26</sup> Staley, *The Future of Underdeveloped Countries*.

traditional' stage can be considered an Australian contribution to 1950s and 1960s developmental theory, and was important in guiding its colonial policy.

The deployment of the idea of PNG as 'primitive' was pervasive during the 1950s. As John Kerr, who had served as an early principal of ASOPA (and who would later go on to become Governor-General of Australia) wrote: "In Australia we have listened for years to speeches making the all-too-obvious point that New Guinea is primitive and the difficulties in bringing it to a modern standard of civilisation are practically insuperable. Let us take this for granted."<sup>27</sup> Numerous areas of Australian society, be it academia, the press, or public service, followed Kerr's advice to simply take PNG 'primitiveness' for granted. A 1953 review in the Melbourne *Age* of Colin Simpson's novel *Adam with Arrows* presented PNG as "A Last Frontier of the Primitive World."<sup>28</sup> The *Canberra Times* reported in 1957 that a cancer survey in PNG would be the first of its kind "among an entirely primitive people."<sup>29</sup> A 1956 article in the *Age* on the construction of schools in the isolated town of Telefomin observed: "Thirty-one primitive school children who frightened their teachers five months ago are now cleaning their fingernails."<sup>30</sup> Indeed, education policy was a particularly fruitful field for the identification of the indigenous population as 'primitive.' A 1960 Territories Department paper that suggested revisions to teacher standards in PNG justified the recommendation on the observation of "primitive children who have never been subjected to the strains or sophistications of a modern society."<sup>31</sup> The assumption of PNG's primitiveness influenced Australian experts as they adapted and applied the modernisation paradigm to local conditions.

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<sup>27</sup> J.R. Kerr, "The Political Future of New Guinea," *Australian Outlook* 13, no. 3 (1959): 185.

<sup>28</sup> *The Age*, October 31, 1953.

<sup>29</sup> *Canberra Times*, October 30, 1957.

<sup>30</sup> *The Age*, August 16, 1956, located in NAA: A452, 1957/3985.

<sup>31</sup> Territories Department, 'Education - Papua and New Guinea,' August 5, 1960, NAA: A452, 1960/4427.

Anthropologists, who had long taken an interest in the island of New Guinea, also incorporated the notion of the PNG ‘primitive’ into their analysis of cultural change in PNG. These experts were acquainted with the field of developmental theory. Australian anthropologist and former DORCA member W.E.H. Stanner observed the substantial interest in development throughout the world, in a review for *Australian Outlook*. He highlighted the value of development for places such as PNG, and observed that in the broad field of development, “something like a body of stable, if still intermediate, doctrine is starting to emerge.”<sup>32</sup> Throughout the 1950s, anthropologists investigated various elements of PNG society, consolidating the image of the population as amongst the most ‘primitive’ in the world. A 1952 article by prominent anthropologist Cyril Belshaw on the subject of community development in Papua featured analysis of its “primitive agricultural society.”<sup>33</sup> Belshaw, who had been educated under Raymond Firth at the LSE, produced this article while involved in a government-sponsored study of PNG with geographer Oskar Spate and economist Trevor Swan.<sup>34</sup> The language used by Belshaw was employed to explain the need for policies that resembled those seen in Australia many decades earlier. This served to highlight the contrast between ‘primitive’ Papua and ‘developed’ Australia.

The Australian conception of PNG as particularly ‘primitive’ distinguished Australia’s policy there from the Colombo Plan. As a supposedly ‘pre-traditional’ society, the Australian developmental task was made more difficult. This was in contrast to the Colombo Plan, where it was suggested that many of the recipient countries were

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<sup>32</sup> W.E.H Stanner, review of *Costa Rica: A Study in Economic Development*, by Stacy May, et al., *Australian Outlook* 9, no. 4 (1955): 251-252.

<sup>33</sup> Cyril S. Belshaw, “Community Development in Papua,” *Australian Outlook* 6, no. 1 (1952): 56.

<sup>34</sup> O.H.K. Spate, C.S. Belshaw, T.W. Swan, *Some Problems of Development in New Guinea: Report of a Working Committee of the Australian National University* (Canberra: Australian National University, 1953); Association for Social Anthropology in Oceania, “Cyril S. Belshaw,” <http://www.soc.hawaii.edu/asao/pacific/honoraryf/belshaw.htm>, accessed July 31, 2016. MacWilliam, *Securing Village Life*, 92-93. Swan would later go on to become involved with the Massachusetts Institute of Technology’s study of Indian development. H. W. Arndt, *A Course Through Life* (Canberra: National Centre for Development Studies, Australian National University, 1985), 44.

‘underdeveloped’ and fitted neatly into Rostow’s stages of development. The term ‘primitive’ was widespread in Australian depictions of PNG, while the phrase ‘underdeveloped’ was pervasive in External Affairs’ discussions of Colombo Plan countries.<sup>35</sup> These developmental differences resulted in slightly different policy approaches. Despite the ‘unique’ nature of the developmental challenge in PNG, as compared to Southeast Asia, Australian officials had greater control over the implementation of programs, given the nature of the colonial relationship. Territories officials had greater resources at their disposal, and because of their long-term vision for Australian colonial policy, they felt able to encourage slow, gradual development.

### **Paul Hasluck and Development**

Given the length of his tenure as Minister for Territories and his subsequent move to the External Affairs portfolio, Paul Hasluck’s attitude towards development was of immense importance to the evolution of Australian aid policy. A dominant minister, Hasluck was personally involved in many of the developmental programs that were implemented under his watch. In the words of official PNG historian Ian Downs: “In a country in which there was so much to be done before it could become a nation, Paul Hasluck had done more than anyone else.”<sup>36</sup> Hasluck’s attitude towards colonial development was dictated by his conservative worldview and could best be termed gradualist. He recognised the need for development, and it formed a central component of his policies for PNG, but there was always an underlying expectation that progress would be slow because of the ‘primitive’ level of PNG’s development. Historians of the period, such as

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<sup>35</sup> R.G. Casey, “The Colombo Plan: Report Presented to the Australian Parliament on 9<sup>th</sup> April, 1954,” NAA: A1838, 740/4/5 PART 1; Australian Embassy, Washington to Department of External Affairs, February 4, 1960, NAA: A3092, 221/1/4/7/6; Department of External Affairs, “Australian Aid for Under-Developed Countries,” n.d. [written in early 1962], NAA: A1838, 2020/1/2 PART 3.

<sup>36</sup> Downs, *The Australian Trusteeship Papua New Guinea, 1945-75*, 256.

Donald Denoon, have referred to the “glacial” pace of development under Hasluck.<sup>37</sup>

This vision of slow, gradual development was embedded into Australian colonial policy after 1951.

Hasluck’s academic and bureaucratic experience provided fertile ground for scholarly understandings of development to find their way into colonial policy. An early associate of ‘Nugget’ Coombs in Perth, he briefly lectured in history at the University of Western Australia between 1939-40, working with John Legge, before being brought into the Department of External Affairs at the behest of another Western Australian, Prime Minister John Curtin.<sup>38</sup> Hasluck quickly rose through the ranks of External Affairs and worked closely with the members of PWR. After falling out with External Affairs Minister H.V. Evatt in the late 1940s, Hasluck resigned from the Commonwealth bureaucracy, but soon returned to public affairs as the victorious Liberal candidate for Curtin in 1949.<sup>39</sup> After reluctantly assuming the Cabinet position of Minister for Territories in late 1951, Hasluck took some time to familiarise himself with the Australian responsibility for PNG. In his memoir, he reflected on the fact that he had “read the relevant textbooks” on colonial policy as an undergraduate student at the University of Western Australia, which exposed him to the ideas of Lugard and other British experts, and enabled him to incorporate the notion of trusteeship into colonial policy.<sup>40</sup> Indeed, Hasluck had played a role in drafting the trusteeship provisions in the

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<sup>37</sup> Donald Denoon, *A Trial Separation: Australia and the Decolonisation of Papua New Guinea* (Canberra: ANU E Press, 2012), 28.

<sup>38</sup> Bolton, *Paul Hasluck*, 29, 108, 186.

<sup>39</sup> Hasluck was not the only scholar who made the transition between bureaucracy and Parliament. Leslie Bury, who served as Treasurer and Minister for External Affairs in the late 1960s and early 1970s, also played a role in post-war reconstruction following the Second World War. Indeed, Bury served under Alf Conlon as a part of the Directorate of Research and Civil Affairs. Donald Boadle, “Bury, Leslie Harry Ernest (1913-1986)”, *Australian Dictionary of Biography*, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/bury-leslie-harry-ernest-12270/text22027>, published first in hardcopy 2007, accessed online July 17, 2016.

<sup>40</sup> Hasluck, *A Time for Building*, 5.

UN Charter, which provided another layer of oversight for Australian developmental policy in PNG.<sup>41</sup>

Perhaps one of the clearest statements of Hasluck's attitude towards the Australian role in PNG was presented to Parliament on September 1, 1954. Responding to his own question as to what "points of interest" Australia had in PNG, Hasluck began with familiar references to security and economics. The Second World War had demonstrated the strategic importance of PNG, and there was a clear economic imperative for the Territory to "produce enough to meet both Australian and world needs."<sup>42</sup> But for Hasluck, the duty of Australia to the indigenous population of PNG transcended these considerations. Having accepted the role of trustee, Australia's responsibility was profound. Speaking to his fellow members of Parliament, Hasluck explained his vision:

I think that what we do as a nation in the development of this Territory is something that we do in order to live up to our own standards, and in order to live up to our own ideas of national responsibility. I suggest that that is a national reason, far more compelling than any of the other reasons, strategic and economic, which might be argued very persuasively.<sup>43</sup>

This developmentalist and paternalistic justification for the Australian mission to develop PNG guided Hasluck throughout his long tenure as Minister for Territories, and points to the deep significance of developmental policy between 1951 and 1963.

Driven by his gradualist approach, Hasluck sought to avoid the social, political and economic instability that often accompanied the development process.<sup>44</sup> Uniform development was marked by a firm opposition towards the establishment of an educated indigenous elite that would lead the development of PNG. Although this can be seen as an egalitarian approach to development, it also limited the speed with which reforms could take place. In the field of education policy, for example, it saw the colonial

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<sup>41</sup> Hasluck, *A Time for Building*, 5.

<sup>42</sup> *CPD*, House of Representatives, no. 35, 1954, September 1, 1954, 847.

<sup>43</sup> *CPD*, September 1, 1954, 848.

<sup>44</sup> Cullather, *The Hungry World*, 244.

government expand primary education but stall the development of secondary and tertiary education. In a way, this policy was a response to the work of Australian scholars, who presented the transition from 'traditional' to 'modern' as "creating social maladjustment or even hostility" towards the Australian administration.<sup>45</sup> Hasluck was wary of the effects of development on the indigenous population of PNG, and this conditioned his attitude towards the pace at which progress should be encouraged. In 1955 Hasluck drew these considerations together, examining the dual forces of material and social progress:

If these two things get out of balance – if we push ahead in a ruthless and altogether careless fashion, merely exploiting the resources of the country – we could easily find ourselves facing great problems which, perhaps, might even destroy our administration there. We could also set up conditions which would be contrary to the welfare of the indigenous people.<sup>46</sup>

The balance between material and social progress was vital to Hasluck's emphasis on uniform development.

Hasluck justified his advocacy of uniform development by invoking the 'primitive' image of PNG. As he noted in October 1955, Australia's administrative and developmental "problem is much more complex and made more difficult by the circumstance of having a dependent, primitive population."<sup>47</sup> Hasluck maintained that significant proportions of the indigenous population were "still living a life only one or two stages above that of the primitive savage."<sup>48</sup> Indeed, Hasluck persisted with the image of the 'primitive' PNG population through the entirety of his tenure as minister, with references in 1962 to "primitive people – people who, until a matter of only four, five, six or ten years ago, were headhunters or cannibals, engaged in a perpetual state of

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<sup>45</sup> David George Bettison, "The People of Papua-New Guinea," in *The Independence of Papua-New Guinea: What are the Pre-requisites? - Four Lectures Presented under the Auspices of the Public Lectures Committee of the Australian National University*, ed. David George Bettison, et al. (Sydney: Angus and Robertson, 1962), 18.

<sup>46</sup> CPD, House of Representatives, no. 40, 1955, October 6, 1955, 1330.

<sup>47</sup> CPD, October 6, 1955, 1329.

<sup>48</sup> Paul Hasluck, *Australian Policy in Papua and New Guinea* (University of Sydney, 1956), 6.

belligerence.”<sup>49</sup> Because of the large developmental gap between the ‘primitive’ population of PNG and the ‘developed’ world, Hasluck indicated that development should be slow and under the close control of Australian officials.

Over time, however, the principles of uniform development became more difficult to maintain. By the early 1960s, the rise of a “more advanced” section of the indigenous population served to undermine Hasluck’s vision of gradual progress towards self-government. This shift coincided with the zenith of the modernisation paradigm in the early 1960s, as scholars such as Rostow argued for the centrality of an educated, entrepreneurial elite in the developmental process.<sup>50</sup> The Colombo Plan also provided a guide, with the scholarship program being directed at establishing a Western-educated elite throughout Southeast Asia. Of course in PNG, the Australian population was already providing that role, as shown in Hasluck’s memoir, where he commented that even in 1960 “white investment and management were needed for economic development.”<sup>51</sup> In spite of Hasluck’s policy of uniform development, an indigenous elite emerged. In his memoir, Hasluck presents the second half of his tenure as Minister for Territories as featuring a “growing sense of urgency.”<sup>52</sup> The emergence of an indigenous elite resulted in calls for increased representation in the Legislative Assembly and higher educational facilities. Reflecting on his policies, Hasluck accepted that:

The inequalities of opportunity for the Territory population both by reason of the uneven distribution of the natural resources of the country and the wide disparities in the advancement of the people, presented the prospect that economic progress would be uneven.<sup>53</sup>

This was partly a product of developmental policy throughout the ‘underdeveloped’ world, as the benefits of increased living standards and educational opportunities were

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<sup>49</sup> CPD, House of Representatives, no. 8, 1962, February 21, 1962, 97.

<sup>50</sup> Rostow, *Stages of Economic Growth*, 51.

<sup>51</sup> Hasluck, *A Time for Building*, 255.

<sup>52</sup> Hasluck, *A Time for Building*, 201.

<sup>53</sup> Hasluck, *A Time for Building*, 326.

rarely evenly spread.<sup>54</sup> According to the head of the Australian National University's New Guinea Research Unit, David Bettison, the elite emerged most clearly in "major towns and their hinterlands", which were areas that were more exposed to Australian developmental ideas than the isolated highland regions.<sup>55</sup> This corresponded with orthodox development theory. In recognising the "unevenness" of development, Hasluck's attitude in the early 1960s was marked by an acknowledgement of the need for more urgent developmental policy.

Writing in 1962, which Hasluck identified as a "turning point" in PNG, Bettison identified the emergence of an indigenous elite.<sup>56</sup> He identified the appearance of a "class of indigenous person who is looking to the future with ambitious eyes, a rapidly growing competence and a willingness to experiment with new and modern forms of organisation."<sup>57</sup> Hasluck also recognised the increased complexity of the Australian developmental task in the early 1960s, with the arrival of "a younger generation of articulate and knowledgeable [indigenous] men and women" who were "taking an increasing part in public life."<sup>58</sup> While the emergence of this elite 'class' might have caused him some concern, their arrival was accepted as an unavoidable consequence of the uniform development approach. This was in keeping with Hasluck's broader vision of development for PNG, which was to achieve a peaceful and stable transition towards self-government.

### **Development: A Prerequisite for Self-Government**

The preparation of PNG for self-government was at the heart of Australia's trusteeship agreement with the UN. As discussed in Chapter One, the eventual granting of

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<sup>54</sup> Gilman, *Mandarins of the Future*, 30.

<sup>55</sup> Bettison, "The People of Papua-New Guinea," 5.

<sup>56</sup> Hasluck's reference to 1962 as a "turning point" can be found in Hasluck, *A Time for Building*, 374.

<sup>57</sup> Bettison, "The People of Papua-New Guinea," 10.

<sup>58</sup> CPD, House of Representatives, no. 19, 1963, May 7, 1963, 1074.

independence was built into the idea of trusteeship. For historian Camilla Boisen, one of the central tenets of the trusteeship idea was that Europeans were to “hold the land in trust for the indigenous peoples, until they had reached a stage of civilisation at which self-determination was appropriate.”<sup>59</sup> This was manifested in the UN Trusteeship Council, which oversaw the preparation of trust territories for self-government. In her analysis of the Council, Neta Crawford commends this supervisory role, writing that “the twin practices of development assistance alongside international assistance in the transition to independent self-government became a model for increasing autonomy in other non-self-governing territories.”<sup>60</sup> In his memoir, Hasluck claimed that the end goal of his vision for PNG’s development was a form of self-government, with “the emergence of a society that lived on the highest standards of civilized man.”<sup>61</sup> However, his comments during his time as Minister for Territories give a different impression, as he frequently presented self-government as something that would not occur for some time. In order to justify these comments, he frequently cited developmental issues as the obstacle to independence.

Throughout the 1950s and 1960s, the UN Trusteeship Council underwent significant change as increasing numbers of Asian and African countries gained their independence. Officials in the Territories Department saw this as potentially creating issues for Australia, as:

The increase in the membership of the United Nations, which is resulting from the independence of new African nations, is likely to create problems for Australia. Some of these nations will tend to take an extreme ‘anti-colonial’ stand on matters relating to trusteeship and non-self-governing territories.<sup>62</sup>

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<sup>59</sup> Camilla Boisen, “The Changing Moral Justification of Empire: From the Right to Colonise to the Obligation to Civilise,” *History of European Ideas* 39, no. 3 (2013): 336.

<sup>60</sup> Neta C. Crawford, “Decolonization through Trusteeship: The Legacy of Ralph Bunche,” in *Trustee for the Human Community: Ralph J. Bunche, the United Nations, and the Decolonization of Africa*, eds. Robert A. Hill and Edmond J. Keller (Athens: Ohio University Press, 2010), 104.

<sup>61</sup> Hasluck, *A Time for Building*, 73.

<sup>62</sup> Territories Department notes on Questions Connected with Trusteeship and Non-Self-Governing Territories in the UN, June 27, 1960, NAA: A452, 1960/2803.

This changing context manifested itself in calls by the Council for more intensified promotion of development, which was expected to prepare PNG for self-government.<sup>63</sup> Some Australian experts joined in these calls, with John Crawford calling in 1962 for the Commonwealth to “proceed quite rapidly” in the preparation of the indigenous population for self-government.<sup>64</sup> This pressure would intensify further throughout the 1960s.

In spite of this growing international pressure, Hasluck held firm to his belief that self-government could not be provided in PNG until their development had reached a point where the country could “stand on their own feet.”<sup>65</sup> The Minister repeatedly cited the lack of development in PNG as a reason for continued Australian administration. In 1959, Hasluck explained: “There can never be any real and lasting advancement of the native people, and certainly no reality of self-government for the country until the country develops an economy that frees it from dependence on outside support to finance its own services.”<sup>66</sup> This viewpoint meant that the Australian government was reluctant to set a date for PNG’s independence. In a 1956 response to UN Trusteeship Council pressure for target dates, the Australian representative claimed that because the “inhabitants are in all stages of advancement from primitive tribesman to civilized life,” it would be “inappropriate” to look toward a particular date for independence.<sup>67</sup> Even more decisive was Hasluck’s 1960 comment that he foresaw continued Australian administration “for at least another 20 or 30 years.”<sup>68</sup> These comments reveal the complex position of development within Australian colonial policy,

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<sup>63</sup> “Extract from Conclusions and Recommendations of the Twenty-Fourth Session of the Trusteeship Council Relating to the Territory of New Guinea,” 1959, NAA: A452, 1958/4106.

<sup>64</sup> Crawford, “Emerging Issues in New Guinea,” 71.

<sup>65</sup> *CPD*, House of Representatives, no. 38, 1954, September 29, 1954, 1470.

<sup>66</sup> *CPD*, House of Representatives, no. 40, 1959, September 30, 1959, 1576.

<sup>67</sup> Excerpt from 1955-6 Australian report on New Guinea to UN Trusteeship Council, NAA: A452, 1960/374.

<sup>68</sup> *CPD*, House of Representatives, no. 41, 1960, October 13, 1960, 1990.

as development served to both justify continued Australian administration, while also being presented as the key element that would ensure PNG's independence.

In order to satisfy the ultimate objective of trusteeship and grant independence to PNG, Hasluck called for increased resources to promote development. Commenting on the connection between development and self-government in 1962, Hasluck explained: "Papua and New Guinea cannot reach and maintain self-government in any adequate sense without considerable further expenditure on basic facilities for economic development, such as roads, wharves, bridges, drainage, power supplies, marketing organisation."<sup>69</sup> The Commonwealth grant to PNG had risen significantly during the Hasluck period, from around £5.5 million in 1951-2 to £23.6 million in 1962-3.<sup>70</sup> In contrast, annual Australian Colombo Plan spending hovered between the £3-5 million mark during the same period. With the apparent lack of development providing the central obstacle to the end of Australian colonial rule, economic assistance to PNG assumed a dominant position within the overall system of Australian aid. As a consequence, the increase in Commonwealth funding to PNG brought increased Ministerial scrutiny over the implementation of developmental programs. This was particularly the case with regard to agricultural improvement and educational expansion.

### **Colonial Development Policy: Education and Agriculture**

As the 1950s progressed, Hasluck's developmental policy coalesced under the principles of uniform development. Speaking at the University of Sydney in 1956, Hasluck explained the aims of colonial development in PNG:

In general, when we turn attention to these economic activities, we have in mind the idea that the resources of the Territory should be developed in order to sustain

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<sup>69</sup> Hasluck, "The Economic Development of Papua and New Guinea," 23.

<sup>70</sup> Annex to Department of External Affairs, "Papua/New Guinea: The Australian Effort," n.d. [Written at some point in the middle of 1964], Tange Papers, NLA, MS 9847, Box 6.

the higher standard of living and the wider range of public services which are being established in the Territory, and partly in order to make available to the outside world commodities which the Territory can produce.<sup>71</sup>

Australian policymakers focused on two key areas to achieve these aims. Hasluck and officials in Canberra and Port Moresby believed that improved educational facilities would facilitate a rise in the standard of living, while an expanded agricultural sector would allow for increased production of commodities for export. This was an orthodox developmental approach, in keeping with both American modernisation practices, as well as British colonial development strategies in their remaining African possessions.<sup>72</sup>

Agricultural improvement and educational assistance were also at the heart of Australia's contribution to the Colombo Plan. Despite the fact that policymakers in Territories and External Affairs were conscious of the differences between PNG and Southeast Asia, there were clear areas of symmetry between the two strands of Australian aid policy, as orthodox concepts of development became more established.

Aside from Hasluck, two key figures drove the implementation of developmental policy in PNG. Departmental secretary Cecil 'Eski' Lambert was appointed in the middle of 1951 to replace previous permanent head J.R. Halligan. Hasluck valued Lambert's "practical" attitude, which had been honed in his earlier work for the Rural Bank of New South Wales, where he worked closely with John Crawford, and the Commonwealth Rural Reconstruction Commission.<sup>73</sup> The other person was Donald Cleland, Administrator of PNG from 1953 to 1967. A career army officer, Cleland was amongst the leadership of the wartime ANGAU. Appointed as the replacement for Keith Murray, Cleland's significance in Australian post-war colonial administration of PNG is perhaps

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<sup>71</sup> Hasluck, *Australian Policy in Papua and New Guinea*, 27.

<sup>72</sup> Cullather, *The Hungry World*, 3-4; Hodge, *Triumph of the Expert*, 231.

<sup>73</sup> Peter C. Grundy, "Lambert, Cecil Ralph (Eski) (1899-1971)", Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/lambert-cecil-ralph-eski-10774/text19105>, published first in hardcopy 2000, accessed online July 21, 2016. The link between Lambert and Crawford is mentioned in Stuart Macintyre, *Australia's Boldest Experiment: War and Reconstruction in the 1940s* (Sydney, NSW: NewSouth Publishing, 2015), 169.

second only to that of Hasluck.<sup>74</sup> The Minister was deeply reliant on Cleland for the efficient and prompt implementation of his vision for PNG's development.

The Australian emphasis on agricultural development reflected the power of international developmental ideas, as well as Australia's own historical development, on Australian policy in PNG. One of the central components of postwar developmental theories was that while Western investment was seen as crucial to the development of 'underdeveloped' economies, the ultimate goal was to establish a self-sustaining economy, fuelled by indigenous enterprise.<sup>75</sup> The Australian administration of PNG was no exception to this. Thus, while Hasluck placed great importance on the role of Australian private investment, it was to be conditional on the growth of indigenous enterprise. Given the 'primitive' nature of the indigenous economy of PNG, along with the fact that "the advice on mineral resources was not encouraging," it was little surprise that the first improvements would come in agriculture.<sup>76</sup> Hasluck commented on the progress being made in this field in 1957. He explained the government's policy of "advancement of native agriculture", through "better land use in village gardens and improved agricultural methods."<sup>77</sup> This was textbook developmental policy, as seen in Rostow's claim that much of the funding for modernisation would "come from rapid increases in output achieved by higher productivity in agriculture and the extractive industries."<sup>78</sup>

Agricultural development in PNG revolved around improving the production of older crops, such as copra and rubber, while introducing new ones, particularly cocoa

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<sup>74</sup> H.N. Nelson, "Cleland, Sir Donald Mackinnon (Don) (1901-1975)", Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/cleland-sir-donald-mackinnon-don-9762/text17247>, published first in hardcopy 1993, accessed online July 21, 2016.

<sup>75</sup> Eugene Staley, *World Economic Development: Effects on Advanced Industrial Countries* (Montreal: International Labour Office, 1944), 45; Lewis, *The Theory of Economic Growth*, 244-249.

<sup>76</sup> Hasluck, *A Time for Building*, 292.

<sup>77</sup> Hasluck, "Developments in Papua and New Guinea," *Canberra Comments*, June 15, 1957, NAA: A452, 1957/950.

<sup>78</sup> Rostow, *Stages of Economic Growth*, 22.

and coffee. In addition to expanding cash crop production, the Administration was instructed to increase food production. Hasluck emphasised that “this agricultural work among natives to ensure their food supply and to promote the advancement of their welfare is one of the basic requirements in our work in the Territory.”<sup>79</sup> By producing more agricultural goods for both export and domestic consumption, Hasluck expected that the people of PNG would be able to enjoy a higher standard of living. He expressed a level of pride in achievements with regard to coffee and cocoa, which had grown by “nearly 2,000 per cent” during his tenure.<sup>80</sup> Reflecting on agricultural growth in his memoir, Hasluck was so satisfied as to provide statistics, indicating that “in 1950-1 only 317 tons of cocoa beans and 33 tons of coffee beans were exported and by 1961-2 the figures were 10,014 and 3444.”<sup>81</sup>

Australian expertise was called upon to provide guidance to villagers who sought to expand their agricultural production. At a basic level, all district officers were a part of the system, as fundamental lessons were conducted from the first encounter between a patrol officer and the indigenous population. As Hasluck reflected, “from the day it opened, a patrol post commenced a course of education in economics.”<sup>82</sup> More significantly, the agricultural extension program trained 3000 indigenous farmers by 1960, with “137 European officers and 300 native agricultural assistants.”<sup>83</sup> These officers provided a colonial technical assistance function. W. Cottrell-Dormer, an agricultural extension officer based on the Southeastern tip of Papua, spent much of his time explaining why it was necessary to plant coffee beans, thereby starting “new businesses”:

People who have no money cannot pay tax to the Council. If the Council does not have enough money it cannot do things to help people. We all want better roads

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<sup>79</sup> P.M. Hasluck to D.M. Cleland, January 11, 1954, NAA: A518, C2/1/1.

<sup>80</sup> *CPD*, House of Representatives, no. 40, 1959, September 30, 1959, 1575.

<sup>81</sup> Hasluck, *A Time for Building*, 139.

<sup>82</sup> Hasluck, *A Time for Building*, 80.

<sup>83</sup> Hasluck, *A Time for Building*, 193.

and good schools and good hospitals. But if the Council has not got enough money it can do very little to help us get these things. So we must all do our best to get all the money we can from our copra business and we must also start new businesses. Then everyone will have money and be able to help pay for the good roads and other things we must have to make our country a good place to live in.<sup>84</sup>

This was the Australian experience of development transplanted onto its colonial possession. Improved agricultural production was expected to facilitate increased revenue, which would then pay for new public infrastructure.

Education was another major area of Australian interest, and it was in this field that Hasluck's policy of uniform development was most pronounced. The Minister emphasised investment in primary schooling for much of his tenure, in the belief that it could reach a much broader base of the indigenous population than the smaller proportion that were ready for higher education. Hasluck explained that "there is an urgent and immediate demand in the Territory for boys and girls with a primary education so that we can turn them into something better."<sup>85</sup> The emphasis on primary schooling was shown in enrolment numbers in Administration schools between 1954 and 1960. In the year 1954-5, there were 5201 primary pupils and 906 intermediate (a step between primary and secondary schooling) pupils, but by 1959-60 the number of primary pupils had risen to 17,895 while the intermediate number had dropped to 853.<sup>86</sup>

However, by the early 1960s policymakers began to discuss the need for increased investment in secondary teaching, along with suggestions of a tertiary institution. This was both due to, and in spite of, the principles of uniform development. Hasluck's investment in primary education had set the foundation for higher schooling, as students progressed through the system. The result for Hasluck was that "by 1961 the

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<sup>84</sup> W. Cottrell-Dormer, "Talk to Ealeaba Council at Gwalili," October 7, 1954, NAA: A518, C2/1/1. Cottrell-Dormer also displayed a paternalism that was reasonably common in PNG at this time, as seen through his repeated references to his 'boys' in his reports: W. Cottrell-Dormer to D.M. Cleland, January 16, 1955, NAA: A518, C2/1/1.

<sup>85</sup> Hasluck, *Australian Policy in Papua and New Guinea*, 15.

<sup>86</sup> Territories Department, "Education – Papua and New Guinea," August 5, 1960, NAA: A452, 1960/4427.

schools system was beginning to produce candidates for higher education in sufficient numbers for us to be able to turn more purposefully towards tertiary education in the Territory.”<sup>87</sup> He enlisted the services of George Currie, who had been a colleague of Hasluck’s at the University of Western Australia in 1939, and who had enjoyed a distinguished academic career in both Australia and New Zealand.<sup>88</sup> Currie’s report, which was not published until after Hasluck left the Territories portfolio, served as the blueprint for the establishment of the University of Papua New Guinea in 1965. The progression towards tertiary education in PNG can be seen as a marker of the consequences of Hasluck’s conception of uniform development.

Australian attitudes to education policy within PNG also demonstrated Australia’s understanding of its own developmental status. In a policy paper composed in 1960, the Territories Department, observing some of the limitations in its investment in education, sought to increase educational opportunities in a way that was less financially demanding. The key solution was to have indigenous, Australian-trained teachers doing the work that was previously done by expatriate teachers. The fundamental assumption driving this policy could have come straight from the work of E.K. Fisk (in an Australian context), or Walt Rostow. Evidence of this was the belief:

That the educational and cultural climate in the Territory is not equivalent with our own; that it will be a great number of years before there will be natives with Australian-equivalent tertiary training to staff Territory Services; that the natives are at a lower stage of development than we are, and the immediate need is simply to provide basic primary education to upward of 200,000 native children of school age.<sup>89</sup>

By drawing a distinction between the Australian and Papua New Guinean stages of development, the department had found a way to justify a more efficient education

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<sup>87</sup> Hasluck, *A Time for Building*, 386.

<sup>88</sup> D.E. Hutchison, “Currie, Sir George Alexander (1896-1984)”, Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/currie-sir-george-alexander-12384/text22257>, published first in hardcopy 2007, accessed online August 13, 2016; Hasluck, *A Time for Building*, 388.

<sup>89</sup> Territories Department, “Education - Papua and New Guinea,” August 5, 1960, NAA: A452, 1960/4427.

policy. Further, they employed an idea used in the Colombo Plan, by suggesting that indigenous teachers come to Australia to receive the benefits of ‘Western’ training. The convergence between the two theatres of Australian aid was becoming more pronounced.

### **Port Moresby versus Canberra**

Just as during Eddie Ward’s New Deal, tension between Canberra and Port Moresby created obstacles for development policy. It was one thing to have a broad vision of the best ways to improve the standard of living of the indigenous population, but implementation was another matter entirely. Hasluck’s penchant for maintaining firm control over the work of his department produced tensions between Canberra and Port Moresby. Hasluck kept a tight rein on the work of the Administration, and frequently expressed his frustration at the lack of progress made on the ground. He reflected in his memoir that “there is no area in which I have a greater sense of failure than in my inability to get the Territory Administration to work harder and do its job better.”<sup>90</sup>

Constant delays were exacerbated by criticism from expatriate private interests in PNG, which although not as vitriolic as against Ward, still constituted a challenge to Hasluck’s developmental objectives. As had been the case in the late 1940s and early 1950s in both the New Deal and the Colombo Plan, political imperatives revealed the fragility of the Australian commitment to promoting development through coherent and effective policy.

Throughout his time as Minister, Hasluck expected Australian private enterprise to supplement Administration attempts to assist in the promotion of PNG’s economic development. This was a clear step away from the New Deal. Early on in his tenure,

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<sup>90</sup> Hasluck, *A Time for Building*, 207.

Hasluck made it clear that “the European settlement will increase, and development of that territory will be mainly the result of European enterprise in the years immediately ahead.”<sup>91</sup> By 1960, Hasluck could identify some success in the developmental tutelage provided by Australian businesses in PNG, explaining that:

Many remarkable instances exist throughout the Territory of very great achievement by the exceptional man who, seeing what the European can do, has decided that he can do it too, and, with various forms of assistance, both as technical instruction from the Department of Agriculture and guidance from extension officers, and with some credit assistance, has been able to enter into production in quite a substantial way.<sup>92</sup>

Hasluck’s belief in the centrality of Australian private enterprise persisted through to 1963 when he commented on the links between expatriate interests and increased indigenous political representation. He maintained his belief in the role of Australian settlers, explaining:

It would be fatal for the Territory and for the people of the Territory if we in this Parliament were to do anything or if the Territory itself were to choose a path which meant a frightening of investment or an exodus of those who are ready to give and who can give so much to the Territory.<sup>93</sup>

In order to maintain the interest of potential Australian settlers, Hasluck and the Administration established land reform policies that would make investment appear more attractive. However, Hasluck remained interested in ensuring that indigenous farmers would have access to land, which resulted in the need for a fine balance between protecting indigenous interests and opening up new land to Australian settlers. This caused some tension between Port Moresby and Canberra, with administration officials favouring expatriate investors with better land. Hasluck was critical in his observation of this process, indicating that he had an “uneasy feeling that, while the Administration is now doing more to carry out this policy, it still does not fully grasp the ideas behind the

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<sup>91</sup> *CPD*, House of Representatives, no. 36, 1952, September 5, 1952, 1090.

<sup>92</sup> *CPD*, House of Representatives, no. 13, 1960, March 29, 1960, 689.

<sup>93</sup> *CPD*, House of Representatives, no. 20, 1963, May 15, 1963, 1405.

policy.”<sup>94</sup> In attempting to strike a balance between indigenous and European enterprise, Hasluck helped to generate an area of contention between Canberra and Port Moresby.

The conflict between Hasluck’s desire for control over developmental policy and his reliance on the Administration for its implementation often led to Ministerial criticism of Cleland and his staff. For instance in 1955, Hasluck was frustrated at the lack of progress with regard to agricultural development. He noted that:

When a clear instruction has been given, I regard it as the personal responsibility of the Administrator to ensure that every possible effort is being made to make the Government policy effective. The Government relies on the Administrator to ensure that there is an effective execution of its policy decision and this is still one field in which, in spite of the large measure of good work already done, I feel that the Administration still has to go a long way in order to meet the wishes of the Government.<sup>95</sup>

Hasluck was sharp in his criticism, and clearly saw limitations in the implementation of his developmental program. Hasluck’s frustration at the lack of progress found its way into criticism of both the Administration and the Department in 1960. Responding to comments by Lambert that Port Moresby should continue to pursue the drafting of plans, rather than implement policies that had already been decided upon, Hasluck was scathing:

Pursue? Pursue? Is this some illusory thing that we chase with a butterfly net? If the Administration and the Department could not immediately, on a chance request by Cabinet, place on my table an exact statement of what we are going to try to do in the next three years in any major field of activity in Papua and New Guinea then I think they have fallen down on the job.<sup>96</sup>

The increasing urgency associated with developmental policy was undermined by a hesitant department and administration.

Another complicating factor in Hasluck’s plans for colonial development was his observation of “colonialist attitudes” amongst both the administration and expatriate

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<sup>94</sup> P.M. Hasluck handwritten comment, October 31, 1955 on C.R. Lambert to P.M. Hasluck, October 4, 1955, NAA: A518, C2/1/1.

<sup>95</sup> Hasluck to C.R. Lambert, May 20, 1955, NAA: A518, C2/1/1.

<sup>96</sup> Hasluck to C.R. Lambert, January 29, 1960, NAA: A452, 1960/374.

population of PNG.<sup>97</sup> In his memoir, Hasluck commented on the beginning of his ministerial tenure, citing a speech he gave in November 1951:

One early point that I made was that in Papua and New Guinea the colonizing process was taking place after the colonial age had ended. Any nation administering such a territory today must place in the forefront of its thinking the conception that the people had rights of their own. Colonial days had passed and the Territory could never be treated as a colony in the old meaning of the term.<sup>98</sup>

Relations between Port Moresby and Canberra were influenced by Hasluck's pressure to move away from the "old meaning" of colonialism. Ultimately, while Hasluck envisioned a partnership between the indigenous and expatriate populations, the attitude of Australians within PNG was less open-minded. The subordinate role of indigenous development can be seen in the recommendations of representatives from the Lutheran missions, who suggested in 1958 that "the more the Native people's economic and political destiny is interwoven with European led movements the better it will be for the political stability of the country."<sup>99</sup> In contrast to Hasluck's emphasis on mutual interaction between the indigenous and European populations, the Mission representatives called for European interests to be prioritised. Attitudes such as these ran counter to Hasluck's rhetoric of racial harmony, and caused tensions within PNG. Ultimately, Hasluck felt that attitudes such as these were more closely reminiscent of earlier Lugardian notions of colonial rule, which he felt were a "device by which colonial rule could be assisted and perpetuated rather than a path towards the development of indigenous political institutions."<sup>100</sup> While Hasluck envisioned that the Australian presence would be required for some time, he was committed to eventual independence for PNG. In contrast, the self-interested attitudes of some expatriates challenged Australian colonial policy by undermining the focus on indigenous interests.

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<sup>97</sup> Hasluck, *A Time for Building*, 197-198.

<sup>98</sup> Hasluck, *A Time for Building*, 69.

<sup>99</sup> Lutheran Mission Memorandum, attached to John Kuder to D.M. Cleland, August 27, 1958, NAA: A452, 1958/3188.

<sup>100</sup> Hasluck, *A Time for Building*, 165.

## PNG and Australian Developmentalism

The Hasluck period in PNG consolidated the dominant characteristics of post-war Australian developmental assistance. In his memoir, Hasluck reflected on the place of economic theories in shaping his policies towards PNG. He was skeptical of their effectiveness, claiming: “It seemed to me that the economic doctrinaires were always likely to act so that the means to an end became an end in itself.”<sup>101</sup> For Hasluck, this was a critique of the ways that developmental theory could emphasise the centrality of a process like agricultural improvement without really conceiving of why this improvement was necessary. Through this important reflection, it is possible to draw an important conclusion regarding the Hasluck period of Australian colonial policy in PNG. For the Minister, the specific components of developmental theory were troublesome, as he felt they emphasised the means rather than the ends of policy. But, by incorporating them into his notion of uniform development, Hasluck co-opted developmentalism in a way that suited his goal of promoting a gradual trajectory towards self-government. Hasluck’s rhetoric and policy were laden with the attitudes of the age of international development.

The basic trajectory of Australian colonial policy in PNG was to impose an Australian-style economic and political system on the indigenous population. Politically, Hasluck saw the Australian progression towards independence as a model for PNG, claiming in 1963 that “we have ourselves risen to nationhood from the status of colonial dependencies ruled from overseas.”<sup>102</sup> It was expected that PNG’s progress towards representative government would therefore follow a similar pattern to Australia.<sup>103</sup>

Before that could happen, Hasluck felt that more extensive economic advancement was

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<sup>101</sup> Hasluck, *A Time for Building*, 154.

<sup>102</sup> “Notes for Minister’s Use in Drafting Second Reading Speech on Papua and New Guinea Bill”, attached to Lambert to Hasluck, April 1963, NAA: A452, 1962/5561.

<sup>103</sup> Hasluck, *A Time for Building*, 170.

required; he argued that exposing the indigenous population to more advanced economic concepts would facilitate the shift towards political independence.<sup>104</sup> In making this case, Hasluck's attitude towards development shared many characteristics with the broader international developmental system, which also involved a close connection between economic, political and social development. Further, by taking an Australian model as his basis, Hasluck's policies correspond with the process of 'convergence', identified by Nick Cullather as the conviction that "there is one best form of political economy and that all states are moving toward it."<sup>105</sup> The Australian policy of encouraging educational and agricultural development using the Australian experience as a model provides the clearest example of this process during the Hasluck period.

Of course, PNG was not the only place receiving developmental assistance from Australia during the Hasluck era. The assumptions that drove Australian scholarship on the development of PNG filtered through to work on Southeast Asia. Consequently, various aspects of Australian policy in PNG bore a striking resemblance to Australian aid policy for Southeast Asia. Aside from the broad emphasis on 'development' through the provision of Australian experts, more specific parallels can be drawn. One of the most prominent examples involved young Papua New Guinean children coming to study in Australian schools. In a process that resembled the Colombo Plan, small numbers of indigenous students spent time in Australian schools (particularly in Queensland), where they were expected to learn Australian techniques and gain a greater understanding of the 'modern' way of life. Policymakers, employing the same logic as that of development policies throughout the world, expected that these students would then return to their homes ready to lead the way along the development process.<sup>106</sup> In accordance with the

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<sup>104</sup> Hasluck, *A Time for Building*, 326.

<sup>105</sup> Nick Cullather, "Research Note: Development? It's History," *Diplomatic History* 24, no. 4 (2000): 642.

<sup>106</sup> The link between modernisation theory and the training of experts in 'developed' countries for return to 'underdeveloped' countries is examined in Bradley R. Simpson, *Economists with Guns: Authoritarian Development and U.S.-Indonesian Relations, 1960-1968* (Stanford, Calif.: Stanford University Press, 2008), 20.

accepted Australian view regarding indigenous ‘primitiveness’, only a very small number of Papua New Guinean children were sent to Australia. Nevertheless, many of these people would go on to assume leadership positions as PNG became more politically autonomous, thereby fulfilling the apparent goals of Australian developmental policy.<sup>107</sup>

In 1961, External Affairs officials proposed a kind of Colombo Plan in the South Pacific, providing yet another example of the growing interaction between the two facets of Australian aid.<sup>108</sup> These officials presented the idea that the Colombo Plan and the South Pacific Commission had the same goals, “to help the peoples of under-developed countries to raise their standards of living and thus become better equipped to take their place in the highly-competitive world of today.”<sup>109</sup> While this early attempt to connect colonial and foreign aid policy did not eventuate, it is revealing of the ways that Australian attitudes towards ‘underdeveloped’ peoples were converging. Suggestions such as this reflected the growing acceptance within the policymaking bureaucracy in Canberra that the Australian grant to PNG was a form of foreign aid, which will be discussed in more detail in the next two chapters.

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<sup>107</sup> Prominent early leaders who studied in Australia include Julius Chan, Josephine Abajjah, and John Kaputin. Downs, *The Australian Trusteeship Papua New Guinea, 1945-75*, 413-414.

<sup>108</sup> Department of External Affairs, Draft Memorandum, “Aid Plan for the Pacific Islands,” attached to D.W. McNicol to C.H. Cox, June 15, 1961, NAA: A452, 1960/5670.

<sup>109</sup> Department of External Affairs, “The Colombo Plan and the South Pacific Commission,” n.d. [end of 1960], NAA: A452, 1960/5670.

## Chapter 4

### **“Developed, Developing or Midway?” Australia at the United Nations Conference on Trade and Development, 1964**

On January 28, 1965, Peter Samuel, the young economics editor at the *Canberra Times* published the second article in his five-part “Aspects of Australian Aid” series.<sup>1</sup> Titled “The Midway Doctrine: An Exercise in Deceit”, Samuel’s article was scathing about the Australian Middle Zone policy at the United Nations Conference on Trade and Development (UNCTAD).<sup>2</sup> This policy was most closely associated with Deputy Prime Minister and leader of the Country Party, John McEwen, and his Department of Trade and Industry. The Middle Zone posited that Australia did not belong in either of the two blocs represented at UNCTAD, those of the ‘developed’ and ‘developing’ countries. Instead, owing to its reliance on primary exports (like the developing countries) and its high standard of living (like the developed countries), it had elements of both. This approach built on earlier attempts to distance Australia from the rich countries, such as those by ‘Nugget’ Coombs in the late 1940s.<sup>3</sup> Samuel rejected the central premise of the Middle Zone, directing his ire at the technicalities inherent in the phrases ‘developed’ and ‘developing’. He observed the changes in terminology applied to ‘less fortunate countries’. According to Samuel: “Once they were plain ‘backward’; then ‘undeveloped’; then ‘underdeveloped’; then ‘emerging’ and now they are ‘developing’.”<sup>4</sup> This terminology was important:

Our midway doctrine only makes any sense because of the use of words ‘developed’ and ‘developing.’ In fact, these words are merely polite modern

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<sup>1</sup> The other articles examined Australian aid to India, the link between manufacturing and development, voluntary organisations, and the value of multilateral assistance to Papua New Guinea.

<sup>2</sup> Peter Samuel, “The Midway Doctrine: An Exercise in Deceit,” *Canberra Times*, January 28, 1965, NAA: A1313, 1964/2380 PART 1.

<sup>3</sup> H.C. Coombs, *Trial Balance* (South Melbourne: Macmillan, 1981), 59-65; Ann Capling, *Australia and the Global Trade System: From Havana to Seattle* (Cambridge; Melbourne: Cambridge University Press, 2001), 23.

<sup>4</sup> Samuel, “The Midway Doctrine”.

equivalents of the now indecent words ‘rich’ and ‘poor,’ and if these were more commonly used the deceit of our position would be obvious.<sup>5</sup>

This criticism suggested that the developmental arguments in the Middle Zone policy were merely a cover for the self-interested aim of protecting Australian trade interests. While self-interest was one motivation behind the Middle Zone, the fact that Trade and Industry officials employed developmental arguments to support their position reveals the ongoing importance of development as a foundation for Australian policy towards developing countries.

This chapter will examine Australia’s Middle Zone policy at the 1964 UNCTAD. It will show that the Middle Zone extended the Australian contribution to the age of international development beyond economic assistance to PNG and the Colombo Plan. Emerging out of long-standing bureaucratic differences over the meaning of development, the Middle Zone challenged the dichotomy at the heart of post-war international developmentalism. However, these internal tensions also undermined the Middle Zone’s international appeal. As a conference brought about by pressure from the growing number of independent developing countries, UNCTAD aimed to resolve the perceived trade imbalance favoured the rich, industrial, developed countries. International aid policy was also on the agenda at UNCTAD, as almost two decades of developmental assistance had seemingly failed to solve the ‘problem’ of development. John McEwen and his department were concerned that the outcomes of this conference would threaten Australian export earnings, which were vital to Australia’s overall economic position. He, therefore, worked with the Department of Trade and Industry to devise the Middle Zone, which presented Australia as neither developed nor developing. Aside from the clear self-interest inherent to the Middle Zone, this approach was an explicit attempt to complicate the political classifications that had emerged out of

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<sup>5</sup> Samuel, “The Midway Doctrine”.

international development practice since the end of the Second World War. Due to international skepticism about Australia's claim and the inherent contradictions within the policy, the Middle Zone approach failed.

In spite of this failure, McEwen's approach at UNCTAD marks an important phase in the Australian engagement with international development in the decades after 1945. The developing countries' challenge to the status quo in international development forced Australian experts and policymakers to explicitly present their own conceptions of Australia's developmental status. The Middle Zone was the culmination of almost two decades of debates over whether or not Australia was truly 'developed'. This debate, which often revolved around the ability of Australia to promote development overseas, had rarely been explicitly presented to the rest of the world. In conceiving of the Middle Zone, Australian policymakers found another way to incorporate developmental ideas into Australia's foreign policy.

International scholarship on UNCTAD generally places the Conference in the context of rising co-operation amongst the countries of the developing world. Marc Williams and Vijay Prashad both frame the Conference as the first successful attempt by what became known as the Global South to convene an international conference dedicated to examining economic problems peculiar to them.<sup>6</sup> Prashad refers to UNCTAD as "the economic arm of the Third World project."<sup>7</sup> Scholars such as Nils Gilman present the first UNCTAD in 1964 as a key moment in the establishment of the New International Economic Order (NIEO), which rose to international prominence in the 1970s.<sup>8</sup> Finally, numerous historians of the institution itself accept the view of UNCTAD as the site of the economic conflict between the developing and developed

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<sup>6</sup> Vijay Prashad, *The Poorer Nations: A Possible History of the Global South* (London; New York: Verso, 2012); Marc Williams, *Third World Cooperation: The Group of 77 in UNCTAD* (London: Pinter Publishers, 1991).

<sup>7</sup> Prashad, *The Poorer Nations*, 2-3.

<sup>8</sup> Nils Gilman, "The New International Economic Order: A Reintroduction," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015). Gilman's article introduced a special issue of *Humanity* that was devoted to the history of the NIEO in 2015.

countries.<sup>9</sup> This work demonstrates that UNCTAD reflected a growing North-South divide in international affairs, which challenged the East-West divide of the Cold War.

In addition to the literature establishing UNCTAD as a means by which the developing countries sought to raise awareness of their developmental difficulties, other historians have placed UNCTAD within the broader history of development theory and its impact on international politics. David Ekbladh argues that UNCTAD undermined the acceptance of modernisation theory as a basis for development policy.<sup>10</sup> Nils Gilman presents UNCTAD's challenge to the modernisation paradigm in the context of the rise of dependency theory, which was associated most closely in the early 1960s with Raul Prebisch, the inaugural Secretary-General of UNCTAD.<sup>11</sup> He draws out the link between modernisation theory and its relevance to Cold War ideology.<sup>12</sup> Whether examining UNCTAD from the perspective of the developing or developed countries, its importance to the history of development has been recognised.

In the Australian context, the developmental considerations behind the Middle Zone have largely been ignored, with the result that the historical understanding of Australia's participation at UNCTAD is limited. When it has been addressed, the Middle Zone is generally presented as either an example of Australian identification with the difficulties of developing countries, or as a means by which Trade Minister John McEwen sought to protect Australian exports. Daniel Oakman mentions UNCTAD in passing in his history of the Colombo Plan, touching on the way that the Conference illustrated the links between Australian trade and aid policies, but largely ignoring the

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<sup>9</sup> Ian Taylor and Karen Smith, *United Nations Conference on Trade and Development (UNCTAD)* (New York: Routledge, 2007), 10-13; Williams, *Third World Cooperation*, 43; Sidney Dell, "The Origins of UNCTAD," in *UNCTAD and the South-North Dialogue: The First Twenty Years, Essays in Memory of W.R. Malinowski*, ed. Michael Zammit Cutajar (New York: Pergamon Press, 1985), 31.

<sup>10</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton, Princeton University Press, 2010), 247.

<sup>11</sup> Edgar J. Dosman, *The Life and Times of Raul Prebisch, 1901-1986* (Montreal: McGill-Queen's University Press, 2008); Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3<sup>rd</sup> ed. (London; New York: Zed, 2008), 113.

<sup>12</sup> Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), 234.

Middle Zone concept.<sup>13</sup> In his biography of John McEwen, Peter Golding asserts that the Minister was a strong supporter of the developing countries at UNCTAD, but provides little evidence to support this claim.<sup>14</sup> Historians of Australian trade relations touch on the Middle Zone when discussing Australian tactics at UNCTAD and the Kennedy Round of the General Agreement on Tariffs and Trade (GATT). Ann Capling explains that the Middle Zone was a product of Australian products being vulnerable to international competition, which meant that McEwen and his representatives were more likely to identify with the developing countries that also relied upon primary exports.<sup>15</sup> Whether approaching the Middle Zone from an aid or trade perspective, Australian scholars have generally presented it as a result of an Australian desire to protect its own trade interests. While this was clearly a major consideration, this chapter presents the Middle Zone as a watershed moment in the post-war Australian engagement with the concepts and system of international development.

### **Dependency Theory: A Challenge to the Orthodoxy**

Raul Prebisch, who served as head of the UN Economic Commission for Latin America (ECLA) and was the first Secretary-General of UNCTAD, presented an early challenge to the orthodox view that developing countries' terms of trade in agriculture would improve relative to that of manufacturing. Writing in 1949, he theorised that the reverse was the case, devising what would become known as the Prebisch-Singer thesis.<sup>16</sup>

Throughout the 1950s and early 1960s, Prebisch continued to observe that in spite of

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<sup>13</sup> Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra: Pandanus Books, 2004), 253-254.

<sup>14</sup> Peter Golding, *Black Jack McEwen: Political Gladiator* (Carlton South, Vic.: Melbourne University Press, 1996), 150.

<sup>15</sup> Capling, *Australia and the Global Trade System*, 73-75.

<sup>16</sup> Hans Singer, a German-born British economist reached similar views at around the same time. John Toye and Richard Toye, "The Origins and Interpretation of the Prebisch-Singer Thesis," *History of Political Economy* 35, no. 3 (2003); Economic Commission for Latin America., *The Economic Development of Latin America and its Principal Problems* (Lake Success: United Nations Dept. of Economic Affairs, 1950).

continued economic and technical assistance developing countries (referred to by Prebisch as the ‘periphery’) relied on primary exports and were falling further behind their developed counterparts (the ‘centre’).<sup>17</sup> This notion ran counter to orthodox developmental theory, which argued that economic growth in ‘underdeveloped’ economies would be enhanced by assistance from the richer parts of the world. By the mid-1960s, Prebisch’s analysis was adopted and built upon by Andre Gunder Frank, and became known as dependency theory.<sup>18</sup> Nevertheless, as Nick Cullather identifies, while the ideas of dependency challenged those of the modernisation paradigm, “they agree on fundamental assumptions encoded on the terms *development* and *modernization*.”<sup>19</sup> According to this view, while modernisation theorists held an intrinsically optimistic view of development, scholars like Prebisch and Frank emphasised the inequities within the international capitalist system.<sup>20</sup> Development was still the goal for dependency theorists; they just sought to revise the structural terms by which the process would take place. Given their focus on resolving deep inequities in the international economic system, these ideas were given an understandably positive reaction throughout the developing world.

Dependency theory emerged in the mid-1960s as the modernisation paradigm was at the peak of its influence over developmental thinking. While Prebisch’s observations of the declining position of the developing countries appealed to the leaders of newly independent countries, much of the international development system continued to be informed by modernisation. Nevertheless, there was growing awareness within the developed world of the lack of progress being achieved by development

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<sup>17</sup> Robert O’Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics*, 3rd ed. (New York: Palgrave Macmillan, 2010), 317.

<sup>18</sup> Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*, rev. ed. (Harmondsworth: Penguin, 1971).

<sup>19</sup> Nick Cullather, “Research Note: Development? It’s History,” *Diplomatic History* 24, no. 4 (2000): 643. A similar point is made by Daniel Immerwahr. Daniel Immerwahr, *Thinking Small: The United States and the Lure of Community Development* (Cambridge, Massachusetts: Harvard University Press, 2015), 172.

<sup>20</sup> Rist, *History of Development*, 110-111.

policy. The dominant complaint from the rich countries revolved around the concern that despite almost two decades of economic and technical assistance, the need for continued aid appeared more necessary than it ever had. In the United States, this concern was best represented by the 1963 Clay Committee on Foreign Aid, which had the task of investigating the efficiency of American aid spending. One of the key complaints noted by the Committee was the feeling amongst many Americans that the United States was bearing too much of the burden of economic and technical assistance throughout the world.<sup>21</sup> According to observers of the Clay Committee, “congressional and public support for foreign aid had been sapped by the all-too-frequent readiness of the American government to give aid that could not be justified by economic criteria.”<sup>22</sup> Similar questions regarding the use of assistance funds drove the 1965 Australian Inter-Departmental External Aid Review, examined in the next chapter. These concerns over the effectiveness of aid funding challenged two decades of assertions by development theorists who had confidently argued that economic and technical assistance would enable poorer countries to progress through the stages of economic development.

The challenge to the modernisation paradigm filtered through to Australia. Dependency eventually attracted an Australian following, but this did not really take place until the late 1960s and early 1970s, as discussed Chapter Six.<sup>23</sup> In the first half of the 1960s, the work of W. Arthur Lewis and Walt Rostow continued to exert an influence in Australia, and was regarded as “required reading” for scholars interested in

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<sup>21</sup> Jacob Viner, George Meany, Fowler Hamilton, Otto Passman, and Paul Hoffman, “The Report of the Clay Committee on Foreign Aid: A Symposium,” *Political Science Quarterly* 78, no. 3 (1963): 322-323.

<sup>22</sup> Viner, Meany, Hamilton, Passman, and Hoffman, “Report of the Clay Committee on Foreign Aid,” 324.

<sup>23</sup> Rex Mortimer, ed. *Showcase State: The Illusion of Indonesia's "Accelerated Modernisation"* (Sydney: Angus & Robertson, 1973); Azeem Amarshi, Kenneth Good, and Rex Mortimer, *Development and Dependency: The Political Economy of Papua New Guinea* (Melbourne; New York: Oxford University Press, 1979). Jemma Purdey briefly touches on Herb Feith's flirtation with dependency theory in the early 1970s. Jemma Purdey, *From Vienna to Yogyakarta: The Life of Herb Feith* (Sydney: University of New South Wales Press, 2011), 374.

economic growth.<sup>24</sup> However, their orthodox views did not go unchallenged. One of the most prominent international development experts in Australia and the world during the 1950s and 1960s was the Swedish economist Gunnar Myrdal. A close companion of ‘Nugget’ Coombs, Myrdal’s Keynesian credentials combined with his innovative work on developmental theory to inform Australian attitudes towards developmental theory.<sup>25</sup> Myrdal visited Australia in 1957 to present the Dyason Lectures for the AIIA. Speaking on “Economic Nationalism in Under-Developed Countries”, Myrdal made a strong critique of the dominant approach to developmental theory. He was particularly critical of the idea that development in developed countries provided a useful model to ‘underdeveloped’ economies:

A large part of the literature on economic development in under-developed countries presently produced in the richer countries, which is making use of such historical analogies, entirely misses the point and remains therefore irrelevant to the real problems of these countries.<sup>26</sup>

Myrdal argued that the differences between ‘developed’ and ‘developing’ countries were so profound that the path to improved living standards would not be the same. As such, he proposed that radical institutional changes were necessary in these poorer countries.<sup>27</sup> Australian scholars’ engagement with modernisation theory was tempered by scholars such as Myrdal, whose alternative views towards development provided a counterweight to the prominence of Americans like Rostow.<sup>28</sup>

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<sup>24</sup> C.A. Blyth, review of *The Economics of Take-off into Sustained Growth*, edited by W.W. Rostow, *Australian Outlook* 40, no. 4 (1964).

<sup>25</sup> Coombs and Myrdal were regular correspondents, exchanging economic ideas from the end of the Second World War through to the end of the 1960s. Tim Rowse, *Nugget Coombs: A Reforming Life* (Cambridge: Cambridge University Press, 2002), 130.; H.C. Coombs to Gunnar Myrdal, July 9, 1968, NLA, Coombs Papers, MS 802, Box 7.

<sup>26</sup> Gunnar Myrdal, “Economic Nationalism and Internationalism,” *Australian Outlook* 11, no. 4 (1957): 21.

<sup>27</sup> Gerald M. Meier and Dudley Seers, eds. *Pioneers in Development* (New York: Oxford University Press, 1984), 154.

<sup>28</sup> Myrdal was regularly cited alongside Rostow and other modernisation theorists in Australian studies of economic development in the late 1950s and early 1960s. James P. Belshaw, review of *Possibilities of Economic Progress*, by A.J. Youngson, *Economic Record* 35, no. 3 (1959): 448; R.K. Hefford, “Foreign Aid – Australia’s Contribution,” *Economic Record* 38, no. 2 (1962): 246-247; Augustine H.H. Tan, “Special Development Problems of a Plural Society: The Malayan Example – A Comment,” *Economic Record* 40, no. 1 (1964): 117.

This intellectual diversity was reflected in Australian studies of development in the early 1960s. The orthodox modernisation paradigm exerted a clear influence on Australian economists, particularly Douglas Copland and John Crawford.<sup>29</sup> Heinz Arndt also emerged as a dominant figure in Australian developmental studies. He is best known for his work on Indonesian development throughout the 1960s.<sup>30</sup> Arndt's analysis broadly adhered to the modernisation school, and would come into conflict with the more radical approach of scholars such as Rex Mortimer later in the decade. Another perspective was provided by economists Anthony Clunies Ross (who would become the founding professor of economics at the new University of PNG) and Richard Downing, who called for one per cent of Australian gross national product (GNP) to be devoted to foreign aid.<sup>31</sup> While Clunies Ross and Downing shared the modernisation school's belief in transfers of capital and expertise, there was a greater consideration of the recipients of foreign aid in their work. The one per cent target became a major demand of the developing countries at UNCTAD, and its avoidance was an important consideration in the Middle Zone policy. While the modernisation paradigm was dominant, there was room for debate within the developmental orthodoxy.<sup>32</sup>

## **The Establishment of UNCTAD**

UNCTAD stemmed from the growing discontent amongst developing nations at the lack of progress being made in economic development. The crux of this discontent

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<sup>29</sup> J.G. Crawford Draft Address, "Australia's Stake in Asia," November 21, 1961, NAA: A1838, 2020/1/2 PART 3; D.B. Copland, *The Changing Structure of the Western Economy* (Montreal: McGill University Press, 1963).

<sup>30</sup> H.W. Arndt, *A Course Through Life* (Canberra: National Centre for Development Studies, Australian National University, 1985), 52-63.

<sup>31</sup> Anthony Clunies Ross, *One Per Cent: The Case for Greater Australian Foreign Aid* (Melbourne: Melbourne University Press, 1963).

<sup>32</sup> Joseph Hodge presents a persuasive critique of the homogenising tendency in many of the histories of American modernisation theory. Joseph Morgan Hodge, "Writing the History of Development (Part 1: The First Wave)," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 7, no. 1 (2015): 443.

revolved around the perceived failures associated with the United Nations ‘Decade of Development’. This movement, which emerged out of United States President John F. Kennedy’s speech to the UN in September 1961, had as its basis a desire for developing countries to achieve economic growth levels of five per cent per capita throughout the 1960s.<sup>33</sup> At the heart of the development decade was the dominant modernisation paradigm, as Kennedy and his advisors, such as Walt Rostow, expected that the conventional patterns of trade and increased aid would enable these targets to be met.<sup>34</sup> It did not take long for observers – particularly those in the developing countries – to realise that these targets were unlikely to be met through the existing levels of aid and trade, and that even if they were met, much higher growth rates were required to bridge the gap between the developed and developing countries. Out of the increased recognition of the failings of conventional developmental theory, Prebisch’s fledgling dependency school had a ready audience. Developing countries found the ideas of dependency, with its emphasis on the structural inequalities within the international economy, much more useful than the dominant modernisation paradigm.

Prior to UNCTAD, Prebisch and his secretariat produced *Towards a New Trade Policy for Development*, which outlined the perceived problems that the Conference would address, along with proposed solutions.<sup>35</sup> From the outset, Prebisch explained what he perceived as the key problem in the international economy:

From the standpoint of the developing countries, the Conference will be particularly concerned with a phenomenon that was a subject of controversy until recently, but which is today a matter of understandable general concern: the persistent tendency towards external imbalance associated with the development process.<sup>36</sup>

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<sup>33</sup> Address by John F. Kennedy to the UN General Assembly, September 25, 1961, US Department of State, accessed February 4, 2015, <http://www.state.gov/p/io/potusunga/207241.htm>.

<sup>34</sup> Ekbladh, *The Great American Mission*, 190.

<sup>35</sup> Raul Prebisch, *Towards a New Trade Policy for Development* (New York: United Nations, 1964).

<sup>36</sup> Prebisch, *Towards a New Trade Policy for Development*, 3.

Economic statistics supported this contention. Whereas the share of world exports of primary commodities for ‘industrialised’ countries increased from 47 per cent in 1950 to 55 per cent in 1961, the share for ‘developing’ countries fell from 41 per cent to 29 per cent.<sup>37</sup> This was the basic tenet of the Prebisch-Singer thesis, and the establishment of UNCTAD was aimed at rectifying the negative effects of modernisation policy.

For the purposes of the Conference, the primary means by which the international trade imbalance could be overcome was through the expansion of export opportunities for the developing countries.<sup>38</sup> In order to achieve this, the various barriers to trade within the developed countries would need to be removed or weakened. These barriers attracted particular ire within the developing world, as they were perceived as preventing exports that were central to the development process. Indeed Prebisch himself reflected on this point in the final section of *Towards a New Trade Policy for Development*:

It is no good to preach the need for them [the ‘developing’ countries] to develop by their own efforts and at the same time to limit their possibilities of giving practical expression to that effort in the international field through the expansion of their exports.<sup>39</sup>

At UNCTAD, the developing countries placed pressure on the developed bloc to liberalise trade in order to achieve a more equitable international trade system. According to the Geneva Declaration – which was signed in June 1963 and was the clearest expression of the developing countries’ viewpoint – the developing bloc demanded “progressive reduction and early elimination of all barriers and restrictions impeding the exports of the developing countries, without reciprocal concessions on their [the developed countries] part.”<sup>40</sup> Unsurprisingly, this provoked resistance on the part of the developed countries, whose sustained economic growth was partly a product of their

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<sup>37</sup> Prebisch, *Towards a New Trade Policy for Development*, 18.

<sup>38</sup> The ‘developing’ countries also urged more effective and increased economic aid.

<sup>39</sup> Prebisch, *Towards a New Trade Policy for Development*, 124.

<sup>40</sup> “Joint Statement by Representatives of the Developing Countries,” Second Session of the Preparatory Committee, UNCTAD, June 27, 1963, NAA: A452, 1963/7763.

existing trade policies. For instance, the United States, who despite being strong public advocates of trade liberalisation, had established an extensive system of indirect obstacles to imports from the developing countries, was concerned at the possible implications of such demands.<sup>41</sup> These competing interests illustrated the emergence of North-South relations as rising to challenge the dominant East-West division of international affairs.

The establishment of UNCTAD served as the first step in what became known by the 1970s as the New International Economic Order (NIEO). This terminology came out of the Conference, when the developing bloc, in their assessment of UNCTAD, expressed their hope that it was a “significant step towards creating a new and just world economic order.”<sup>42</sup> As Gilman explains, the NIEO’s fundamental objective was to “transform the governance of the global economy to redirect more of the benefits of transnational integration toward ‘the developing nations’ – thus completing the geopolitical process of decolonization and creating a democratic global order of truly sovereign states.”<sup>43</sup>

### **The Middle Zone**

The Australian Middle Zone policy, which also sought to transform the international economy by challenging the dichotomy between developed and developing blocs, worked parallel to the NIEO. As Stuart Harris observed in 1978:

Australia’s position on the NIEO is that she has herself been arguing separately for major changes in the status quo but has tended to help the North defend the status quo against the South. Many of her interests are common with those of developing countries but she clearly has other interests which she is entitled to defend.<sup>44</sup>

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<sup>41</sup> Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal* (Carlton South, Vic.: Melbourne University Press, 2001), 124.

<sup>42</sup> *Proceedings of the United Nations Conference on Trade and Development, Geneva, 23 March-16 June 1964*, 8 vols. (New York: United Nations, 1964), 66.

<sup>43</sup> Gilman, “The New International Economic Order,” 1. [Italics in original]

<sup>44</sup> Stuart Harris, “Australia and the New International Economic Order,” *Australian Outlook* 32, no. 1 (1978): 39.

This incisive critique of the Australian position with regard to the NIEO highlighted some of the key issues present in the Middle Zone.

Attempts by Australian officials to present Australia as something different to the rich, industrialised, developed countries go back to the immediate postwar period, at the London Negotiations of the International Trade Organisation (ITO) Charter in 1946. At this meeting, with ‘Nugget’ Coombs at the head of the Australian delegation, Australia sought to present itself as different from the ‘developed’ countries, with American representative Winthrop Brown going so far as to identify Australia as the “leader of the underdeveloped countries.”<sup>45</sup> As with the Middle Zone position almost twenty years later, the Australian position in London was driven by concerns over terms of trade that were heavily in favour of industrial countries. While the ITO never came into being, Australia continued to challenge the two-bloc system that was set up in its successor, the GATT. Indeed, Australia had some success in the mid-1950s, as it managed to secure amendments that recognised Australia’s status as a country that was still reliant on primary exports.<sup>46</sup> While this recognition satisfied McEwen’s concerns over Australia’s trade position at that time, the increasingly vocal calls from the developing countries for preferential trade access in the first half of the 1960s prompted another attempt to explain the apparently peculiar Australian position.

The policy that emerged out of Australia’s reaction to this shifting international context became known as the Middle Zone. The most explicit explanation of the Middle Zone policy can be found in a Trade and Industry paper of January 1964. The paper’s central argument can be discerned from its opening lines:

In Preparatory Committee meetings for the United Nations Conference on Trade and Development (UNCTAD) only two groups of countries have been recognised

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<sup>45</sup> Winthrop Brown, quoted in Capling, *Australia and the Global Trade System*, 23; Rowse, *Nugget Coombs*, 133.

<sup>46</sup> H. W. Arndt, “Australia – Developed, Developing or Midway?,” *Economic Record* 41, no. 95 (1965): 323-324.

– *developed* and *developing* (synonymous with under-developed). A few countries, particularly Australia and New Zealand, do not fit easily into either category.<sup>47</sup>

This institutional critique can also be read as a broader comment on the consequences of incorporating developmental theory into official policy. The vast body of literature that examined developmental issues in the years following the Second World War helped to crystallise the division of the world in to ‘developed’ and ‘developing’ countries.<sup>48</sup> By suggesting that Australia did not fit into these categories, the Department of Trade and Industry was putting some of the dominant assumptions of postwar developmentalism to the test.

The rest of the paper elaborated upon the characteristics that Australia shared with the developing and developed countries. Ten ‘Features similar to Australia and the Developing Countries’ were identified, ranging from the shared reliance on primary exports to the “dependence of capital inflow for rapid development”.<sup>49</sup> The authors also emphasised that Australia shared with developing countries the need “to diversify exports by increasing exports of manufactures.”<sup>50</sup> This was crucial as it served as the dominant rationale behind Australia’s attempt to avoid the American proposal at the Kennedy Round of GATT to cut tariffs “across the board” by fifty percent.<sup>51</sup> These proposed cuts ran counter to McEwen’s desire to protect some domestic secondary industries that would not be able to compete with cheaper international imports.<sup>52</sup> The Australian delegation emphasised these concerns at UNCTAD, and they served to allow

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<sup>47</sup> Department of Trade and Industry, “UNCTAD - ‘Middle Zone’ Position,” NAA: A1313, 1964/2380 PART 1. (Emphasis in original).

<sup>48</sup> Gilman, *Mandarins of the Future*, 141. Gilman reflects on the way that modernisation theorists drew a clear distinction between ‘modern’ and ‘traditional’ societies, which operated in the same way as the ‘developed’/‘developing’ and ‘advanced’/‘backward’ dichotomies.

<sup>49</sup> Department of Trade and Industry, “UNCTAD - ‘Middle Zone’ Position”.

<sup>50</sup> Department of Trade and Industry, “UNCTAD - ‘Middle Zone’ Position”.

<sup>51</sup> Capling, *Australia and the Global Trade System*, 71.

<sup>52</sup> John McEwen, “John McEwen: His Story,” 58, NLA, Crawford Papers, MS 4514, Box 206.

McEwen to distance Australia's economic position from that of the major developed countries such as the United States.<sup>53</sup>

Nevertheless, the paper also recognised the similarities between Australia and countries like the United States, in its examination of the 'Features common to Australia and the developed countries'. These ranged from Australia's high standard of living to the fact that Australia was an aid donor. With regard to Australia's living standards, the paper explained that the country's per capita GNP in 1961 was £679, which placed it in the world's top ten, between Sweden and the United Kingdom. The inference was that Australia fitted neatly amongst the richer countries of the world.<sup>54</sup> Observations such as these undermined the prospects for acceptance of the Middle Zone at UNCTAD, as it clashed with the worldview of the developing countries. While the majority of the Western countries divided the world into developed and developing countries, the developing bloc framed the system as one of 'rich' and 'poor'.<sup>55</sup> This important difference set the stage for the ultimate rejection of the Middle Zone.

The Middle Zone was part of a transnational movement to establish a more complex political framework for international development. While at least partly motivated by self-interest and a desire to protect domestic industries, there was some validity to the argument that the existing dichotomy was overly simplistic. Even Heinz Arndt, who was critical of the Middle Zone, acknowledged that "McEwen was surely right when he criticized the new GATT chapter as being 'based on the premise that the countries of the world fall into two – and only two – economic categories'."<sup>56</sup> Other countries took a similar position to Australia. For instance, the New Zealand delegation argued:

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<sup>53</sup> *UNCTAD Proceedings*, vol. 1, 122.

<sup>54</sup> Department of Trade and Industry, "UNCTAD - 'Middle Zone' Position".

<sup>55</sup> Gilman, "The New International Economic Order," 3-4.

<sup>56</sup> Arndt, "Australia – Developed, Developing or Midway?," 330.

It is the view of the [New Zealand] delegation that there should have been explicit recognition by the Conference of the fact that countries are diverse in their stages of growth and in the size and structure of their economies.<sup>57</sup>

The attempt by these countries with ‘midway’ economies to challenge the dichotomy of UNCTAD and GATT possessed some validity. This was acknowledged by outside observers, including the Pakistani Delegate to the UN General Assembly Ghulam Ali Allana. Commenting on Australia and New Zealand in the context of arguing for the improvement of the trade positions of developing nations Allana observed: “Among the developing countries it was necessary to include those whose economy depended upon the export of a narrow range of primary commodities; Australia and New Zealand could be cited as examples of countries fitting that description.”<sup>58</sup> This point was underlined by Trade and Industry officials, and suggested international support for the Middle Zone.

However, there was also international opposition to the Middle Zone, which was foreshadowed prior to UNCTAD. In a piece of analysis prepared for members of the Conference preparatory committee, Oxford economist Thomas Balogh examined the relationship between trade and aid. Maintaining the argument that aid considerations should not be forgotten in the trade negotiations, Balogh commented on the position of countries like Australia. In a direct critique of McEwen’s position regarding Australia’s terms of trade, Balogh remarked:

The deterioration of the terms of trade has no doubt played an important part in the growing international inequality in income distribution. It should be noted, however, that the rich primary producing countries, notably Australia, have been able to offset and in some respects more than offset, the deterioration in the price of primary produce by increases in productivity.<sup>59</sup>

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<sup>57</sup> New Zealand Delegation at UNCTAD to Secretary of UNCTAD, June 16, 1964, in series United Nations Conference on Trade and Development (UNCTAD) and United Nations Industrial Development Organization (UNIDO), S-0552-0007-0005, United Nations Archives (Hereafter cited as UNA).

<sup>58</sup> Seventeenth Session of the United Nations General Assembly, Agenda Item 36, “Question of Holding an International Conference on Trade Problems,” October 31, 1962, NAA: A1313, 1964/2380 PART 1.

<sup>59</sup> Thomas Balogh, “Notes on the United Nations Conference on Trade and Development,” attached to UN circular, January 24, 1964, series Commissions, Committees, and Conferences, Secretary-General U Thant fonds, S-0858-0003-02, UNA.

Commentary such as this, which corresponded with the views of Australian observers such as the journalist Samuel and economist Arndt, distinguished Australia from the developing countries, thereby undermining the Middle Zone.

### **Debate Over the Middle Zone: Trade and Industry and External Affairs**

Interdepartmental debate regarding the Middle Zone highlighted the divergent developmental attitudes that existed within the Commonwealth bureaucracy. These different attitudes reflected both the intellectual diversity in the field of developmental theory, as well as the ongoing vulnerability of developmental policy to political imperatives. In the lead up to UNCTAD, the key debate took place between the Departments of Trade and Industry and External Affairs. This debate is informative of the nature of Australia's contribution to the age of international development, as it featured a discussion of the interaction between trade and aid in the promotion of development. Informed by competing developmental ideas, the Trade and Industry and External Affairs' positions were a product of the previous two decades of Australian engagement with developmental thought and practice.

The Trade and Industry position was marked by a clear sense of self-interest, albeit with an awareness of the ongoing importance of international development. For McEwen and his departmental officials, international development needed to be synchronised with Australian development. This was particularly noticeable in John McEwen's comments on the international trading system. Speaking to the House of Representatives in 1962 in the face of British attempts to enter the European Economic Community (EEC) and the continuing decline in the international terms of trade in primary products, McEwen exclaimed:

Of course, it would be a travesty for the established industrial nations of the Western world to welcome the transition to political independence of the many under-developed countries, if there were not displayed concurrently an absolute determination to preserve for those new countries a basis of economic survival.<sup>60</sup>

When Australian interests were threatened by the policies of the industrialised, developed countries, McEwen was quick to identify Australia as ‘developing’. His department supported this position by showing that the Australian terms of trade had declined by around 24 per cent between 1954 and 1962.<sup>61</sup> This decline was in keeping with the Prebisch-Singer thesis, and was attributed by McEwen and his department to the discriminatory trading practices of the industrialised countries. For McEwen, Australian export markets were limited by what Capling refers to as the “hypocritical” attitudes of the EEC and United States, as they called for tariff liberalisation while maintaining non-tariff barriers to agricultural products.<sup>62</sup> The Trade and Industry position was therefore marked by an assertion of Australia’s ‘developing’ status, at least in comparison with the rich countries of Western Europe and the United States.

In contrast, as we have already seen throughout this thesis, officials within External Affairs argued that Australia was part of the developed bloc. The External Affairs critique revolved around the concerns that the Middle Zone approach would undermine the Australian foreign aid program.<sup>63</sup> Indeed, the External Affairs interpretation of the Middle Zone was closer to the analysis of Peter Samuel and Heinz Arndt, who wrote that “to some of us in Australia this official ‘midway’ doctrine has had about it a distasteful ring of hypocritical special pleading.”<sup>64</sup> As UNCTAD was taking place, External Affairs officials produced a paper examining “Future Australian External Economic Aid”. Perhaps anticipating the foreign aid policy review that was to begin later

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<sup>60</sup> CPD, House of Representatives, no. 18, 1962, May 3, 1962, 1974.

<sup>61</sup> Department of Trade and Industry, “UNCTAD - ‘Middle Zone’ Position,” January 22, 1964.

<sup>62</sup> Capling, *Australia and the Global Trade System*, 78.

<sup>63</sup> Department of External Affairs, “Future Australian External Economic Aid,” April 1964, NAA: A1838, 2020/1/33.

<sup>64</sup> Arndt, “Australia – Developed, Developing or Midway?,” 318.

in the year, and which is discussed in the next chapter, this paper outlined projections for Australian aid objectives over the next ten years. At its heart was the assumption that Australia possessed the capacity to significantly increase its aid spending, providing there was no additional budgetary pressure applied by the grant to PNG or increases in defence spending.<sup>65</sup> Nevertheless, the Middle Zone impinged on this view. In a section titled, “Should we do more in the Aid Field?” the following point was made:

If Australia occupies a ‘middle zone’ position in the trade field, which implies that we cannot be expected to make a response to requests from the less developed countries for action to improve their trading position comparable to that which can be expected from the highly industrialised countries, it would follow that we occupy a similar ‘middle zone’ position among aid donors. The Australian aid effort should be one consistent with Australia’s own developmental needs and appropriate to its special situation.<sup>66</sup>

The clear implication of the Middle Zone for aid policy was that it would lead Australia to assume fewer commitments than “the highly industrialised countries”. Nevertheless, External Affairs officials claimed that in spite of the importance of Australia’s own developmental position, Australian aid should submit to “the pressures which will be exerted on all donor countries over the next few years to increase their aid.”<sup>67</sup> This position formed the basis of the External Affairs position in the 1965 aid review.

Ultimately, the Middle Zone magnified the competing intellectual forces operating in Australia with regard to international development. Trade and Industry felt that presenting Australia as a developing country promoted domestic development. On the other hand, the Department of External Affairs sought to increase Australia’s foreign aid spending, and they were concerned about the increased international acceptance of Australia’s ‘special situation’. Following this debate, McEwen outlined Australia’s ‘special’ position in his speech at the Conference in Geneva. Recognising the pre-eminence of the

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<sup>65</sup> Department of External Affairs, “Future Australian External Economic Aid,” April 1964.

<sup>66</sup> Department of External Affairs, “Future Australian External Economic Aid.”

<sup>67</sup> Department of External Affairs, “Future Australian External Economic Aid.”

developing countries at UNCTAD, McEwen directed his focus toward their concerns, noting:

Australia's own recent experiences in pursuing development, in fostering industrial expansion, of persistent balance of payments problem, of financing the heavy demand for imports, of capital equipment, of adverse trends in the terms of trade and of overcoming obstacles in export markets combine to give us a most vivid understanding of the problems facing the developing countries.<sup>68</sup>

This was consistent with both the Middle Zone analysis of early 1964, as well as the longer history of Australian identification with the trade concerns of developing countries.<sup>69</sup> McEwen then explicitly introduced the Middle Zone idea, explaining:

So we live with the same problems that the developing countries face or will face, but we undoubtedly have made progress and achieved a high living standard. This, we feel, places us in something of a midway position between the developed and the developing countries.<sup>70</sup>

The scene was thus set for the testing of Australia's attempt to complicate the dominant categorisation of international development.

## UNCTAD

While the Australian planning for UNCTAD largely revolved around the Middle Zone and its arguments regarding Australia's trade position, the Conference also fits into the broader history of Australian aid policy. Ironically, given that it was established with the primary goal of improving terms of trade for developing countries, the clearest achievement of UNCTAD was in the field of foreign aid. The Conference formally recognised the target of one per cent of GNP to be provided in financial assistance from

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<sup>68</sup> "Statement to the United Nations Conference on Trade and Development in Geneva by the Deputy Prime Minister and Minister for Trade and Industry, John McEwen, Thursday, March 26, 1964," NAA: A1313, 1964/2380 PART 1.

<sup>69</sup> Capling, *Australia and the Global Trade System*, 23.

<sup>70</sup> McEwen, "Statement to the United Nations Conference on Trade and Development"

developed to developing countries, which had emerged in the late 1950s.<sup>71</sup> During the Conference, one UN official identified this move, which was encouraged by the French delegation, as a “bombshell”.<sup>72</sup> In keeping with the Middle Zone policy, the Australian delegation spoke against this proposal at the Conference.<sup>73</sup> The success in the field of foreign aid was a surprise to many involved in the conference, including Raul Prebisch.<sup>74</sup> Yet in many ways this made perfect sense, as aid had been the dominant means by which international development had been promoted since the end of the Second World War. Whereas international trade was a site of competition between countries, financial and technical assistance was generally perceived as a unifying process. For Australia, while the Middle Zone was established as a means of protecting export industries, it also achieved its principal success in the field of economic assistance. Indeed, the only formal recognition of the Middle Zone at UNCTAD was in regard to the one per cent target.

The recognition of the Middle Zone was found in the section of the Final Act that dealt with the provision of one per cent of GNP in economic assistance:

Each economically advanced country should endeavour to supply, in light of the principles of Annex A.IV.1, financial resources to the developing countries of a minimum net amount approaching as nearly as possible to 1 per cent of its national income, *having regard, however, to the special position of certain countries which are net importers of capital.*<sup>75</sup>

This was a limited success for McEwen and his department, as it signified international recognition of one of the points that the Australian delegation argued placed Australia

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<sup>71</sup> Organisation for Economic Co-operation and Development, *Development Co-operation Report 1999: Efforts and Policies of the Members of the Development Assistance Committee* (Paris: Organisation for Economic Co-operation and Development, 2000), 45-46.

<sup>72</sup> Ismat Kattani to Philippe de Seynes, May 15, 1964, in file United Nations Conference on Trade and Development – institutional arrangements, in series Economic and Social Affairs – subject files, Office of the Chef de Cabinet fonds, S-0288-0021-05, UNA.

<sup>73</sup> “Main issues arising during week ended May 15,” attached to G.P. Phillips to W.A. Westerman, May 22, 1964, NAA: A1313, 1964/2388.

<sup>74</sup> Raul Prebisch notes, attached to Raul Prebisch to C.V. Narasimhan, June 29, 1964, in file Conference on Trade and Development (UNCTAD), in series Commissions, Committees, and Conferences, Secretary-General U Thant fonds, S-0858-0003-01, UNA.

<sup>75</sup> *UNCTAD Proceedings*, vol. 1, 44. [Emphasis added]

outside of the developed bloc.<sup>76</sup> Indeed, this clause fitted with the long-term claims of some Australian policymakers, particularly those in the Treasury, that Australian aid expenditure should be limited by the fact that it called upon resources that were required for Australian development. The ‘success’ of the Middle Zone position on aid provided impetus for some of the criticism by academic observers such as Heinz Arndt. He was particularly critical of the Government’s link between Australia’s status as a capital importing country and its inability to provide foreign aid. He expressed his view that this argument was “like saying that you cannot really afford to give money to your church because you are still paying off a mortgage on your house.”<sup>77</sup> This analysis corresponded with the work of other academic observers, such as Anthony Clunies Ross and Ian Shannon, who felt that the Australian position as an importer of capital was not an impediment to reaching the one per cent of GNP aid target.<sup>78</sup> These analyses point to the ways that economic experts conceived of Australia as a rich, developed country, perfectly capable of providing greater amounts of foreign aid. This perspective guided much of the criticism of the Middle Zone as a self-interested attempt to protect Australian interests at the expense of poor, developing countries.

Apart from the one per cent concession, the Middle Zone approach largely went ignored at UNCTAD. Australian delegation head Allen Fleming reported back to Trade and Industry that he was still trying to secure recognition of the Middle Zone in May, almost two months after negotiations had begun.<sup>79</sup> As the Conference progressed, the prospects for the Middle Zone became increasingly bleak. Fleming noted that there was “some suspicion about Australian ‘middle zone’ position especially where no element of

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<sup>76</sup> McEwen, Draft Cabinet Submission, “United Nations Conference on Trade and Development,” n.d. [Most likely written at the end of February, 1964], NAA: A1313, 1964/2380 PART 1.

<sup>77</sup> Arndt, “Australia – Developed, Developing or Midway?,” 324.

<sup>78</sup> Clunies Ross, *One Per Cent*, 42; Ian Shannon, “Economic Aid,” *Australian Outlook* 17, no. 3 (1963): 336.

<sup>79</sup> A.P. Fleming, “Main Issues Arising During Week ending May 9th, 1964,” NAA: A1313, 1964/2388.

sacrifice is detected.”<sup>80</sup> In this case, the self-interested aspects of the Middle Zone meant that other delegates at UNCTAD were unable to see the developmental claims being made by the Australian delegation. Australian officials did the Middle Zone no favours at UNCTAD, as they frequently sided with the Western group of ‘developed’ countries on recommendations, which alienated the ‘developing’ bloc.<sup>81</sup> The combination of lack of interest verging on suspicion on the part of other delegations with Australia’s tactical inconsistency meant that the Middle Zone had little chance of success.

Despite the Middle Zone’s evident failure, Fleming maintained its rhetoric throughout the entire conference. At the final plenary session, he expressed his criticism of the divide between developed and developing countries. In the context of expressing disappointment on behalf of countries reliant on the export of the primary commodities, he observed: “The tenor of most resolutions before us is to divide all countries into only two categories – developed and developing and not to recognise stages of development between these two extremes.”<sup>82</sup> Similar complaints were made by the New Zealand and South African delegations. The New Zealanders lamented that:

It is the view of the delegation that there should have been explicit recognition by the Conference of the fact that countries are diverse in their stages of growth and in the size and structure of their economies. Just as there are differences in the needs of various countries for special protection and assistance, so also are there differences in the capacities of various countries to extend such protection and assistance.<sup>83</sup>

Minor acknowledgements of the status of primary commodity exporting and capital importing countries were not enough to overcome the perception of these rich countries as being formally classified as developed.

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<sup>80</sup> A.P. Fleming, “Main Issues Arising During Week ended May 23<sup>rd</sup>, 1964,” NAA: A1313, 1964/2388.

<sup>81</sup> A.P. Fleming, “Main Issues Arising During Week ending 24<sup>th</sup> April, 1964,” NAA: A1313, 1964/2388.

<sup>82</sup> Speech by A.P. Fleming to Final Plenary Session of UNCTAD, June 10, 1964, NAA: A1313, 1964/2380 PART 1.

<sup>83</sup> *UNCTAD Proceedings*, 77. The South African delegation made similar arguments, but their position was severely undermined by criticism of the *Apartheid* system.

Perhaps the strongest indication of Australia's inability to draw itself away from the rich, developed countries can be seen in the allocation of voting groups at UNCTAD. Four groups were established at the end of the Conference, divided by developmental stages and geographical areas. Group A contained the Afro-Asian developing countries; Group B the developed Western group, containing countries in Western Europe, the United States and the 'older' countries of the Commonwealth, such as Australia and New Zealand; Group C comprised the developing countries of Latin America and the Caribbean; and Group D was made up of the socialist countries of Eastern Europe and the USSR, who were considered to be developed.<sup>84</sup> This grouping reflected the division of the world into developing and developed camps, and also served as a statement that Australia's status was as a rich, industrialised, developed country. In the Trade and Industry policy paper, one of the primary considerations for the Australian delegation was to avoid being too closely identified with either bloc:

As a result of our conscious decision not to align ourselves fully with the developing countries, there is a need to counterbalance the effect of such action by an increased attention to the need not to appear to be placing ourselves in the 'developeds' camp.<sup>85</sup>

The incorporation of Australia into the same political group as the United States and other white, rich countries revealed that while Australia had gone some way towards distancing itself from the developed countries in economic terms, it was still perceived as such in political terms.

## **UNCTAD and PNG**

The previous chapter showed that by the early 1960s there was increasing interaction between the two theatres of Australian aid policy. While this became more pronounced

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<sup>84</sup> Williams, *Third World Cooperation*, 61.

<sup>85</sup> Department of Trade and Industry, "UNCTAD - 'Middle Zone' Position."

following the Inter-departmental Aid Review, addressed in the next chapter, Australian planning for UNCTAD also drew PNG more clearly into discussions about aid and international development. Unfortunately for those interested in the promotion of development in PNG, the Middle Zone approach at UNCTAD did not result in strong Australian advocacy for PNG's interests. In their planning before the Conference, Territories Department and Administration officials in Port Moresby identified three principal objectives for PNG. They were:

(a) looking for concessions to meet the special position of Papua and New Guinea among developing countries, (b) protecting both the favourable position for marketing Papua and New Guinea products in Australia and increasing Australian assistance for Papua and New Guinea, and (c) seeking special provisions for late developing countries such as Papua and New Guinea in any international commodity agreements.<sup>86</sup>

These goals did not quite mesh with the Trade and Industry position that sought to protect Australian trade interests. As the progress of the Australian delegation at UNCTAD demonstrated, looking for concessions for one country was difficult enough. Trying to secure concessions for both PNG and Australia was exceedingly difficult. In this case, the political importance of securing Australian trade interests took priority over achieving concessions for PNG.

Despite these complications, Trade and Industry did still engage with the development of PNG in their planning for UNCTAD. They identified four points on “accelerated development as an urgent need”: the recent emergence of a cash crop economy; the incomplete reconstruction from wartime damage; the reliance on tropical products; and balancing advances in the “educational, medical, social and political” fields with broader economic progress.<sup>87</sup> Implicit in this analysis was a growing sense that PNG was to be treated as an independent developing country, rather than as a dependent

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<sup>86</sup> C.R. Lambert to D.M. Cleland, n.d. [Early 1964], NAA: A452, 1964/2692.

<sup>87</sup> “Special Position of Papua and New Guinea,” annexed to Department of Trade and Industry, “UNCTAD - ‘Middle Zone’ Position,” January 22, 1964, NAA: A1313, 1964/2380 PART 1.

colony. This was hinted at further in the strategic planning for UNCTAD, where Trade and Industry officials commented:

Care must be taken, however, that the interests of the bigger and older developing countries, do not submerge the interests of smaller developing countries just beginning to emerge to a cash economy, which have a long way to go even to reach an initial stage of development.<sup>88</sup>

Trade and Industry sought to maintain the ‘special’ status of PNG by maintaining, or even extending trade concessions received by the territory.<sup>89</sup> Through the observation that PNG had yet to reach even “an initial stage of development”, Trade and Industry officials engaged with the Australian perception of its colony discussed in previous chapters. Further, we can see the suggestion that PNG was to be considered a “smaller developing country”. This suggestion, which sidestepped PNG’s dependent status, would become a key feature in the increasing consideration of Australian assistance to PNG as being ‘overseas’ aid. The pervasiveness of these ideas became increasingly influential on Australian aid policy in the mid-1960s.

Aware of the fact that Trade and Industry were trying to incorporate PNG into the Middle Zone, Lambert and his Territories officials expressed a sense of hope for PNG at UNCTAD. This made sense given the intellectual and political atmosphere of the Conference. Lambert observed that PNG stood to gain from increased developing country access to export markets, but was wary of accepting all of the developing bloc claims, as he felt that cheaper labour in these countries would intensify competition in tropical products. Lambert therefore advocated a tentative position, suggesting that “in short, we should, while exhibiting a spirit of friendly co-operation on some of the important common problems *not* tie ourselves too much in advance of the main

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<sup>88</sup> “Special Position of Papua and New Guinea.”

<sup>89</sup> “Special Position of Papua and New Guinea.”

conference.”<sup>90</sup> Territories official E.J. Wood further demonstrated this compromise position in comments to Cleland, where he explained:

The Administration of Papua and New Guinea tends to advocate a dynamic approach by Australia specifically to help LDC’s generally. This seems at least partly to overlook the considerable benefit derived by the territory from concessional markets in Australia, particularly for rubber and coffee.<sup>91</sup>

This quote points to the contradictions that the Australian delegation had to grapple with at UNCTAD. Fleming was under pressure to secure special concessions for PNG, while also demonstrating solidarity with the rest of the developing bloc, whose trade would suffer from PNG being given preferential treatment. With the Middle Zone presenting a significant challenge of its own at UNCTAD, advocating the development of PNG simply added another level of negotiations for the Australian delegation. Given the layers of often-contradictory objectives, it is little surprise that the Australian delegation did not manage to either secure the recognition of the Middle Zone or argue forcefully for PNG’s ‘special’ position.

The Conference’s pledge that one per cent of GNP should be dedicated to each country’s foreign aid would have meant increased economic assistance for PNG had Australia accepted it. As the next chapter will show, Australian officials were very keen to include Australian spending to PNG in order to demonstrate Australia’s generosity in the provision of aid. However, by managing to avoid the one per cent obligation, Australia undermined its own claim that it provided significant amounts of aid. Ironically, McEwen presented Australia’s responsibility for PNG as an impediment to making concessions. Speaking in Parliament almost a year after the conclusion of UNCTAD, the Minister drew PNG into his justification for Australia’s peculiar position:

Our own development needs and policies, and our responsibilities for the development of Papua and New Guinea, set limits on our ability to help the less-

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<sup>90</sup> C.R. Lambert to D.M. Cleland, October 25, 1963, NAA: A452, 1963/7763. [Emphasis in original].

<sup>91</sup> E.J. Wood to D.M. Cleland, January 29, 1964, NAA: A452, 1963/7763.

developed countries in the particular ways they were seeking and which might well be the most appropriate ways for the mature industrial countries to contribute.<sup>92</sup>

From the mid-1960s, the Australian Government tried to have its cake and eat it too. It frequently presented its assistance to PNG as a sign of its high level of aid spending, yet also presented PNG as the key impediment to increased aid elsewhere. Despite the Australian delegation's half-hearted advocacy for PNG at UNCTAD, the promotion of colonial development persisted as a significant feature of Australian aid policy. In their planning for UNCTAD, Australian policymakers reached an understanding of Australian aid policy that would persist throughout the final decade of the age of international development.

### **The Middle Zone: Doomed to Fail?**

Following UNCTAD, the weaknesses of the Middle Zone were examined in a variety of Australian contexts. The *Australian Financial Review* commented that the Middle Zone was “far from being accepted”, while the *Sydney Morning Herald* expressed criticism of McEwen's conception of Australia as a developing country, explaining that “it is playing with words to apply it to Australia in some contexts, and this is one of them.”<sup>93</sup> The journalists commenting on the Middle Zone took the same view as Peter Samuel that in the international setting developing countries were equivalent to the poor countries of the world, and that for Australia to claim this status was “deceitful”.<sup>94</sup> Academic observers also commented on the limitations of the Australian approach. Heinz Arndt stated that “while one must of course grant some latitude in the choice of arguments to official negotiators engaged in tough trade bargaining, it does little good to Australia's international standing to have her case associated with untenable and hypocritical

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<sup>92</sup> CPD, House of Representatives, no. 20, 1965, May 19, 1965, 1633.

<sup>93</sup> *Australian Financial Review*, February 2, 1965; *Sydney Morning Herald*, February 10, 1965.

<sup>94</sup> Samuel, “The Midway Doctrine: An Exercise in Deceit”.

propositions.”<sup>95</sup> John Crawford, who had spent many years working closely with McEwen, was less hostile towards the policy, but still suggested that “words like ‘midway’ or ‘middle zone’ do not properly describe the Australian position.”<sup>96</sup> The final word is perhaps best expressed by McEwen himself, who reflected on the fact that “we were never able to shake off the image of a rich country that was able to look after itself.”<sup>97</sup> In the face of the overwhelming evidence that Australia was a rich country, it was unsurprising that the Middle Zone approach was not given the international acceptance that McEwen sought.

The failure of the Middle Zone was a result of the inherent contradictions within Australia’s attempt to present the case that it was neither ‘developed’ nor ‘developing’. Perhaps the key weakness in the Middle Zone was that it revolved around arguments of what Australia *was not* rather than what it was. Driven by McEwen’s self-interested attempt to protect Australian export industries and to distance Australia from the concessions expected of developed countries, the Middle Zone forced Australian policymakers into a close engagement with the country’s developmental status. As the nature of Australia’s development was interrogated, the contradictions in the Middle Zone policy became evident. Nevertheless, while the Middle Zone policy failed to achieve international recognition, the lack of results should not take away from its broader significance, which revolved around the attempt to challenge the stark division between developed and developing countries.

The position of PNG within Australian planning for UNCTAD highlighted and exacerbated the numerous complexities within Australia’s conception of development in the mid-1960s. The ambiguity in Australia’s public handling of PNG as at times a separate entity, while at other times an important Australian responsibility, reflected

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<sup>95</sup> Arndt, “Australia – Developed, Developing or Midway?,” 321.

<sup>96</sup> John Crawford, *Australian Trade Policy 1942-1966: A Documentary History* (Canberra: Australian National University Press, 1968), 609.

<sup>97</sup> McEwen, “John McEwen: His Story,” 61.

broader issues surrounding the inclusion of PNG within foreign aid calculations.

Generally, the status of PNG as a foreign country was only promoted when it served Australian claims of generosity or when dealing with newly independent countries. This was further compounded by the fact that Australia's advocacy for PNG was due to the colonial relationship between the two, which drew the political ire of a number of new postcolonial countries. For instance, recommendation XIV of UNCTAD stated:

“Complete decolonization ... and the liquidation of the remnants of colonialism in all its forms is a necessary condition for economic development and the exercise of sovereign rights over natural resources.”<sup>98</sup> This went against the dominant Australian notion that economic development was a prerequisite for self-government, which had exerted such power during the Hasluck era in PNG. These factors demonstrate the complex intersection of factors at the heart of Australian developmental policy for PNG. On a more immediate level, they undermined the strength of the Middle Zone at UNCTAD.

Finally, the Middle Zone was undermined by a lack of agreement amongst policymaking officials over the connection between development and policy. While there was agreement that Australia had a role to play in assisting the developing countries of the world, the means of providing this assistance attracted debate. Trade and Industry officials, in conjunction with their counterparts in Treasury, held a vision of international development that put Australian growth first. As such, these departments tended towards the vision of Australia as ‘developing’. Opposing this view were External Affairs and Territories, which engaged most closely with international developmental theories that called for large transfers of capital and expertise from developed to developing countries. This belief, combined with their greater exposure to developing societies through the provision of developmental assistance, convinced them of the idea that

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<sup>98</sup> United Nations Office of Public Information, “UNCTAD”, July 1964, in file Conference on Trade and Development (UNCTAD), in series Commissions, Committees, and Conferences, Secretary-General U Thant fonds, S-0858-0003-01, UNA.

Australia belonged firmly in the developed camp. In many ways this recognition was confirmed by 1971, when Australia joined the Organisation for Economic Co-operation and Development (OECD). The policy decision to join the international body most closely associated with the developed countries demonstrated the ultimate decline of the Middle Zone idea in Australia. While these political differences undermined the coherence of the Australian approach to the age of international development, they did not dampen the interest of policymakers in the ways that development could inform policy. In fact, these debates continued in the mid-1960s, with their clearest expression being found in the 1964-1965 Inter-departmental Review of Australian Aid Policy.

## Chapter 5

### **“We Should Be Doing More Than We Are”: The Colombo Plan, Papua New Guinea, and the Australian External Aid Review, 1957-1965**

In September 1964 the Minister for External Affairs Paul Hasluck wrote to Prime Minister Sir Robert Menzies giving his thoughts on the current state of Australian foreign aid policy. Hasluck had moved from the portfolio of Territories to External Affairs, via a brief four month stint in the Defence portfolio. In making this move, Hasluck took over the second theatre of Australian aid, the Colombo Plan. Throughout the second half of the 1950s and first half of the 1960s, it continued to operate broadly under the same objectives that guided its creation in 1950. During this period, however, a number of competing attitudes towards Australian developmental assistance had emerged within the Commonwealth bureaucracy. After lamenting the ad hoc nature of Australian aid spending, Hasluck commented:

My own immediate difficulty arises from the fact that when I turned my attention to the question whether or not our contribution in foreign aid was adequate – and my own disposition is to suggest that we should be doing more than we are – I found that I would be unwilling to make any definite recommendations to Cabinet because, at this stage, I could not feel any certainty that the additional contribution to be recommended would be the best one to make in Australian interests.<sup>1</sup>

From the enthusiasm surrounding the establishment of the Colombo Plan in the early 1950s, by the 1960s Australian aid had become inefficient and was a target for criticism from both within and outside government circles. Hasluck indicated a personal preference for increasing Australian aid spending but was troubled by the unfocused nature of aid policy. His letter spurred the establishment of the Inter-Departmental Committee to Review Australian External Aid, which marked the first comprehensive effort to revise Australian aid policy since 1950.

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<sup>1</sup> P.M.C. Hasluck to R.G. Menzies, September 17, 1964, NAA: A1838, 2020/1/24 PART 3.

This chapter provides the first in-depth analysis of the 1965 Australian foreign aid policy review. The review provided yet another demonstration that Australian aid policy transcended questions of national interest and engagement with Asia. The inter-departmental debates that were a feature of the policy review were rooted in the divergent developmental approaches that had emerged in the two decades following the Second World War. The External Affairs position was marked by a belief in both the developmental and political arguments for increased aid spending; Treasury and Trade and Industry sought to ensure that overseas developmental assistance was in harmony with Australian economic growth; and Territories argued that the notion of trusteeship put Australian aid to PNG in a category of its own. At the heart of the aid review was an ideological debate over the nature of Australian engagement with international development.

The decision to initiate the review can be attributed to a series of causes, ranging from the perceived stagnation of the Colombo Plan to the international shifts in the field of developmental ideas and practice in the mid-1960s. The aid review's most significant result was to bring the different developmental positions within the Commonwealth bureaucracy to light. Prior to 1964, competing departmental attitudes were expressed at key moments in policy formation, such as in the creation of the Colombo Plan or in the planning for UNCTAD. Differences between External Affairs, Treasury and Territories were tacitly acknowledged in departmental planning, but there was no opportunity for the debates to be brought into the open. The 1965 aid review provided this opportunity, enabling policymakers to exchange their developmental attitudes. While this led to little immediate policy change, it created an environment whereby Australian aid would have a more rigorous intellectual basis. The full results of these debates would emerge in the decade following the review, which is examined in the final chapter.

The Australian aid policy review fits into a broader international pattern of developmental policy shifts in the early to mid-1960s. The arrival of the Kennedy Administration in the United States, which was closely linked to modernisation theorists such as Walt Rostow, saw the introduction of numerous aid initiatives including the Peace Corps and the Strategic Hamlet program in South Vietnam.<sup>2</sup> Yet, as Ekbladh has shown, by the mid-1960s American policies guided by modernisation theory were coming under increased scrutiny.<sup>3</sup> Bradley Simpson argues that the 1963 Clay Committee into American overseas assistance challenged many of the dominant assumptions that guided earlier aid programs, such as Point Four.<sup>4</sup> Similar shifts were taking place in the United Kingdom, as the independence of former British colonies instigated a re-examination of British aid policy. Gordon Cumming has shown that increasing perceptions of inefficiency within British aid resulted in the establishment of the Overseas Development Ministry in 1964.<sup>5</sup> Other scholars of British aid, such as Jim Tomlinson, show that the reforms of the mid-1960s marked a shift away from the earlier provision of colonial development.<sup>6</sup> The Australian aid review fits within this broader process, as international demands for a reconsideration of aid policy made an impact in Australia.

Australian scholarship on foreign aid pays scant attention to the 1965 aid review. Daniel Oakman touches on the review in his study of the Colombo Plan, arguing that it was evidence of continuing Australian interest in the “Western effort to resist regional

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<sup>2</sup> Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill, N.C.: University of North Carolina Press, 2000).

<sup>3</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010), 221.

<sup>4</sup> Bradley R. Simpson, *Economists with Guns: Authoritarian Development and U.S.-Indonesian Relations, 1960-1968* (Stanford, Calif.: Stanford University Press, 2008), 95-96.

<sup>5</sup> Gordon Cumming, *Aid to Africa: French and British Policies from the Cold War to the New Millennium* (Aldershot: Ashgate, 2001), 71-72; D. J. Morgan, *Changes in British Aid Policy, 1951-1970* (London: Macmillan, 1980), 20-30.

<sup>6</sup> Jim Tomlinson, “The Commonwealth, the Balance of Payments and the Politics of International Poverty: British Aid Policy, 1958-1971,” *Contemporary European History* 12, no. 4 (2003): 423. Joseph Morgan Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism* (Athens: Ohio University Press, 2007), 20; Joseph M. Hodge, Gerard Hodl, and Martina Kopf, eds., *Developing Africa: Concepts and Practices in Twentieth-Century Colonialism* (Manchester, MA: Manchester University Press, 2014).

aggression and subversion.”<sup>7</sup> For Oakman, this External Affairs argument had not changed since the establishment of the Colombo Plan in 1950, thereby demonstrating the consistency in the Department’s attitude towards international development. In contrast to Oakman’s emphasis on the link between the Colombo Plan, the Cold War, and Asian engagement, this chapter will examine the developmental arguments that were made throughout the aid review. It will demonstrate that Australian aid policy continued to be underpinned by a desire to promote development for its own sake, in keeping with international theoretical and policy norms, and not merely for strategic interests. While Commonwealth departments disagreed over the best way to encourage development in the poorer regions to the north, their commitment to development in its broad terms continued to be strong. By examining the aid review in this light, it emerges as a pivotal moment in Australia’s participation in the age of international development.

### **Stagnant Aid Policy**

As was discussed at the end of Chapter Two, Australian officials were coming to terms with the challenges in providing economic assistance to Asian countries by the late 1950s. One of the consequences of these perceived difficulties was to increase the emphasis on technical assistance in the Colombo Plan. David Hay, at this stage Assistant Secretary in the Department of External Affairs (he would go on to become the Administrator of PNG in the late 1960s<sup>8</sup>), gave voice to this shift in a memorandum to External Affairs Minister Richard Casey. Commenting on the technical assistance component of the Colombo Plan, Hay wrote: “Training is probably our most valuable Colombo Plan exercise ... [I]t may be possible to increase our training intake in all fields

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<sup>7</sup> Daniel Oakman, *Facing Asia: A History of the Colombo Plan* (Canberra: Pandanus Books, 2004), 250.

<sup>8</sup> John Farquharson, “Hay, Sir David Osborne (1916-2009)”, *Obituaries Australia*, National Centre of Biography, Australian National University, <http://oa.anu.edu.au/obituary/hay-sir-david-osborne-474/text475>, accessed December 18, 2016.

to something between 800 and 1,000 at any one time costing between £800,000 and £1,000,000 per year.”<sup>9</sup> As the cheaper and supposedly more successful component of the Colombo Plan, there was logic to External Affairs’ turn to technical assistance. In spite of this shift, economic assistance continued to receive the vast majority of Colombo Plan funding. Australian Colombo Plan spending to the end of 1963 had totalled almost £50 million. Of this total, almost £37 million had been spent on economic assistance, compared to less than £13 million on training and experts.<sup>10</sup> Despite External Affairs’ emphasis on the effectiveness of scholarships and experts through the Plan, the pattern of Australian aid spending had consistently been dominated by the economic assistance component. This demonstrated a level of continuity in Australian aid spending.

By the 1960s, the Foreign Aid Branch had evolved into the Economic and Technical Assistance (ETA) Branch within External Affairs. In 1960 it was a small branch, with eighteen staff working under G.N. Upton. Upton had risen from being a diplomatic cadet, and would later serve as High Commissioner in Sri Lanka and India. While the branch possessed some discretion with regard to training matters, much of its activity required Ministerial approval.<sup>11</sup> The heavy administrative duties associated with directing existing projects made it difficult for the ETA Branch to come up with new approaches to developmental policy, thereby contributing to the sense of stagnation in the Colombo Plan. This lack of momentum can be seen in the 1961 progress report of Australia’s involvement in the Plan, which indicated the recognition of the “urgent need for more rapid development and for efforts to be directed towards that end.”<sup>12</sup> This language, which is almost identical to that used at the time of the creation of the Colombo Plan in 1950, suggests that while foreign aid programs were bringing

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<sup>9</sup> D.O. Hay to R.G. Casey, January 31, 1958, NAA: A1838, 2020/1/2 PART 1.

<sup>10</sup> Department of External Affairs, “Australia in the Colombo Plan – Progress Report to December 31, 1963,” NAA: A1838, 2020/1/2 PART 4.

<sup>11</sup> C.T. Moodie to J.G. Gorton, March 30, 1960, NAA: A1838, 2020/1/2 PART 3.

<sup>12</sup> Department of External Affairs, “Australia’s Part in the Colombo Plan – Progress Report to December 31, 1961,” NAA: 2020/1/12 PART 3.

developmental issues to international attention, solving them was another matter altogether.

In the late 1950s, the Department of External Affairs, at Casey's urging, enlisted the services of Osmar White, a prominent writer and journalist for the *Herald and Weekly Times*, to travel through recipient countries in an effort to promote the work of the Colombo Plan. Travelling through Asia in 1959, White returned to Australia with stories of waste and inefficiency, which presented a challenge to External Affairs officials who had sought to use the trip for publicity purposes.<sup>13</sup> Eventually, a toned down version of White's observations was published in 1960, but there remained a lingering sense in the department that the Colombo Plan was not being run as effectively as possible. In a memorandum written by Upton, it was remarked that "Osmar White's writings ... toned down as they were, have left an aftermath of public doubt about the value of many Colombo Plan activities."<sup>14</sup> Upton acknowledged many of White's criticisms, which mainly focused on poor Australian supervision of local projects, with the resulting waste of resources undermining the developmental effectiveness of Colombo Plan aid. While Upton did not agree with all of White's criticisms, he admitted that:

For our part we have learned some lessons from the Osmar White exercise, the most valuable being to reinforce our views on the desirability of close expert supervision of projects and of not undertaking projects unless we are satisfied the local governments can make use of aid provided.<sup>15</sup>

Following White's criticisms, there was increasing acceptance within External Affairs that policy changes were needed.

Exacerbating this situation, the administration of the Colombo Plan was coming under increased academic scrutiny. In a 1962 speech to the Royal Institute of Public Administration, prominent Australian economist, Dr. P.W.E. 'Pike' Curtin, argued that

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<sup>13</sup> Lowe and Oakman have examined White's trip in substantial detail, see Oakman, *Facing Asia*, 154-168; David Lowe, "Journalists and the Stirring of Australian Public Diplomacy: The Colombo Plan Towards the 1960s," *Journal of Contemporary History* 48, no. 1 (2013): 185.

<sup>14</sup> G.N. Upton to A.J. Eastman, April 20, 1960, NAA: A1838, 2020/1/2 PART 3.

<sup>15</sup> G.N. Upton to A.J. Eastman, April 20, 1960.

poor administration was diminishing the Colombo Plan's popularity throughout Asia. He thought that the small amount of Australia's Colombo Plan contribution (0.09 per cent of Australia's GNP) was regarded as a kind of 'charity' offering, which caused resentment amongst Asian countries.<sup>16</sup> These kinds of statistics posed a problem for policymakers, particularly given the increasing volume of Australian and international calls for aid to be targeted at one per cent of GNP.<sup>17</sup> The *Canberra Times* report on the speech emphasised Curtin's comparison between American and Australian aid programs in Asia. According to Curtin: "The American plan was organised in such an efficient and professional way that it sometimes made the loosely-framed Colombo Plan look amateurish."<sup>18</sup> The way to overcome this issue, Curtin suggested, was to incorporate Colombo Plan aid into larger international aid programs. This proposal was in keeping with the External Affairs vision of Australia's role in the international development system, which would attract debate during the aid review.

Australian assistance to PNG was also coming under increased international scrutiny in the first half of the 1960s. A visit by UN observers, led by former British colonial administrator, diplomat and future peer, Sir Hugh Foot, demonstrated increasing international interest in the development of PNG. In discussions with officials from Territories and External Affairs, Foot reported that the Australian administration of PNG lacked direction, and it was "urgently necessary for Australia to decide what it was doing in New Guinea."<sup>19</sup> The UN visit led to suggestions of an International Bank for Reconstruction and Development (IBRD) mission to propose detailed plans for the development of PNG, which took place in 1965. In the planning for the IBRD's visit,

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<sup>16</sup> *The Canberra Times*, May 25, 1962. A clipping of this article can be found in NAA: A1838, 2020/1/2 PART 3.

<sup>17</sup> Oakman, *Facing Asia*, 253-254. Douglas Copland also called for the West to provide one per cent of its GNP as foreign aid, D.B. Copland, *The Changing Structure of the Western Economy* (Montreal: McGill University Press, 1963), 55.

<sup>18</sup> *The Canberra Times*, May 25, 1962.

<sup>19</sup> Minutes of Discussion with Sir Hugh Foot, involving Territories and External Affairs staff, March 30, 1962, NAA: A1838, 909/8/1/5.

Australian officials discussed UN recommendations that “unless the tempo of economic development is increased the rate of progress will fall far short of future needs. More opportunity for more people is the fundamental and urgent need.”<sup>20</sup> This international critique of Australian policy in PNG exacerbated the increasing sense that Australian aid policy was in need of review.

### **Paul Hasluck and the Australian External Aid Policy Review**

Paul Hasluck’s previous role as Minister for Territories is vital to understanding his involvement in the foreign aid review. His work in promoting development in PNG demonstrated his engagement with developmental theory and practice throughout the 1950s and early 1960s. This experience informed his attitude towards foreign aid as Minister for External Affairs, a position he assumed in April 1964. In *A Time for Building*, Hasluck reflected that his experience as Minister for Territories “helped me to increase the effectiveness of our Colombo Plan aid in Asia and our civil aid during the war in Vietnam.”<sup>21</sup> Hasluck’s experience with policy in both PNG and Southeast Asia demonstrates the continuities between colonialism and development that have been thoroughly examined in other international contexts.<sup>22</sup> Hasluck’s active ministerial style was vital in the instigation of the Australian External Aid Policy Review. More significantly, similarities in the issues he confronted as Minister for Territories and

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<sup>20</sup> Territories Department, “Proposed Economic Survey of Papua and New Guinea by the International Bank for Reconstruction and Development,” September 7, 1962, NAA: A452, 1961/928.

<sup>21</sup> Paul Hasluck, *A Time for Building: Australian Administration in Papua and New Guinea, 1951-1963* (Carlton, Vic.: Melbourne University Press, 1976), 109.

<sup>22</sup> Joseph M. Hodge and Gerard Hodl, “Introduction,” in *Developing Africa: Concepts and Practices in Twentieth-Century Colonialism*, ed. Joseph M. Hodge, Gerard Hodl, and Martina Kopf (Manchester, MA: Manchester University Press, 2014), 21; Marc Frey, “Control, Legitimacy, and the Securing of Interests: European Development Policy in South-east Asia from the Late Colonial Period to the Early 1960s,” *Contemporary European History* 12, no. 4 (2003); Veronique Dimier, *The Invention of a European Development Aid Bureaucracy: Recycling Empire* (Basingstoke: Palgrave Macmillan, 2014).

Minister for External Affairs encouraged a belief that Australian policy in PNG and Southeast Asia should be more closely associated with one another.

The decision to conduct a review of Australian aid policy can be traced to the September 17, 1964 letter from Hasluck to Menzies quoted at the beginning of this chapter. Hasluck called for an investigation into the purposes of Australian external aid, looking for any “duplication, overlapping or ineffectiveness”, along with a re-evaluation of the distribution of foreign aid expenditure.<sup>23</sup> Menzies set the review into action almost two months later, accepting many of Hasluck’s points, in a letter sent to Acting External Affairs Minister John Gorton. The Prime Minister set out the terms of reference for the review, explaining that “the philosophy and practice of Australia’s foreign aid might be put to study and a report prepared including recommendations about the pattern and administration of aid programmes in future, which could then be considered in Cabinet.”<sup>24</sup>

In order for Cabinet to be adequately briefed for such an examination, Hasluck argued the necessity of establishing an inter-departmental committee, headed by Arthur Tange, the Secretary of the Department of External Affairs. In addition to External Affairs, representatives of the Treasury and Prime Minister’s Department were involved in all parts of the review. Given the wide range of Commonwealth departments interested in Australian aid policy, representatives from Defence, Trade and Industry and Territories attended occasional meetings.<sup>25</sup> The involvement of the Territories Department reflected the increasing acknowledgement that Australia’s grant to PNG be considered a form of external aid.<sup>26</sup> This was in keeping with the recommendations of

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<sup>23</sup> P.M.C. Hasluck to R.G. Menzies, September 17, 1964, NAA: A1838, 2020/1/24 PART 3.

<sup>24</sup> R.G. Menzies to J.G. Gorton, November 3, 1964, NAA: A1838, 2020/1/24 PART 3.

<sup>25</sup> The number of departments involved in aid spending is highlighted in A.H. Tange, “Australian External Aid Policy,” December 22, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>26</sup> Record of Fourth Meeting of Committee to Review Australian Aid, December 18, 1964, NAA: A1838, 2020/1/24 PART 2.

economists such as Clunies Ross and Downing.<sup>27</sup> The involvement of a diverse range of departments pointed to the disparate nature of Australian foreign aid policy, which was identified as an impediment to effective aid spending.<sup>28</sup>

The aid review took place at a time when international ideas of development were entering a state of flux. As previously noted, Australia's developmental policy in PNG acquired a sense of urgency in the first half of the 1960s, spurred on by the visits of experts from both the UN and the IBRD. Also, several months prior to the establishment of the inter-departmental committee Australia put forward its Middle Zone policy at UNCTAD, which was discussed in the previous chapter. These key moments, in conjunction with a number of other shifts in both theory and policy, served to make 1964 and 1965 pivotal years in Australia's interaction with international development. The aid review brought many of the key institutions and ideas together in one place, producing an explicit engagement with the different developmental attitudes within the Commonwealth bureaucracy. In satisfying Hasluck's goal of defining "the purposes of external aid in relation to our general external policies", the aid review set the scene for a close examination of exactly how development fit into Australian aid policy.<sup>29</sup>

The work of the inter-departmental committee lasted roughly four months. Given the breadth of its terms of reference and the diverse range of opinions, the report was produced a month behind schedule, ultimately being completed on March 25, 1965. The report of the inter-departmental committee was then incorporated into a Cabinet Submission written by the External Affairs Department and submitted to Cabinet in May 1965. PNG was included in Australian aid considerations. The introductory section of

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<sup>27</sup> Anthony Clunies Ross, *One Per Cent: The Case for Greater Australian Foreign Aid* (Melbourne: Melbourne University Press, 1963), 12.

<sup>28</sup> "Australian External Aid," Report to the Minister for External Affairs by the Inter-Departmental Committee to Review Australian External Aid, March 25, 1965, 109, NAA: A4311, 147/1.

<sup>29</sup> P.M.C. Hasluck to R.G. Menzies, September 17, 1964, NAA: A1838, 2020/1/24 PART 3.

the submission explained that “Australian expenditure in Papua and New Guinea is presented internationally as part of Australia’s aid effort and was thus included in the Committee’s report.”<sup>30</sup> As we have already seen, the developmental basis of Australian assistance to PNG and the Colombo Plan justified the inclusion of PNG. This also reflected the political argument that including PNG in aid totals supported Australia’s claim that it was a generous aid donor. Cabinet endorsed the findings of the aid review in June, taking particular note of the potential for Australian involvement in an Asian Development Bank as well as the unique position of Australian assistance to PNG.<sup>31</sup> The report was expected to guide Australian aid spending for at least the rest of the 1960s.

### **Inter-departmental Debates**

Three key debates emerged out of the Australian review: the degree to which aid should be incorporated into a broader international effort; the integration of Australian assistance to PNG; and the competition for resources between Australian and international development. These debates had existed since the establishment of Australian aid following the Second World War, but the aid review brought them out into the open. Whereas the first two decades of the age of international development were marked by tacit acknowledgement of the different developmental ideas in Canberra, the debates of December 1964 and January 1965 forced each of the departments to consider their understanding of development. The debates revealed that there was a diverse set of attitudes within the Commonwealth bureaucracy and brought out into the open the ideological divisions regarding Australian aid. Just as important, the debates provided policymakers with a more rigorous understanding of the different intellectual

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<sup>30</sup> Department of External Affairs draft Cabinet submission, “Australian External Aid”, May 3, 1965, NAA: A1838, 2020/1/24 PART 3.

<sup>31</sup> Cabinet Minute, Decision No. 1002, “Australian External Aid”, June 9, 1965, A1838, 2020/1/24 PART 3.

forces at work in Australian aid policy, which provided an impetus for reform following the conclusion of the review.

As the review committee got to work at the end of 1964, the ideological differences between the departments quickly became apparent. Hasluck and External Affairs emphasised the importance of a strong Australian commitment to international developmental programs for both political and developmental reasons, and as such sought an increase in Australia's financial support. On the other hand, officials from Treasury emphasised the limited contribution that Australia could make to the development of poorer countries, and therefore urged a policy that prioritised Australian development. This was a strategy that Treasury had employed since the establishment of the Colombo Plan, and they would continue to do so following the review. Territories sought to maintain the autonomy of Australian assistance to PNG, due to the special requirements associated with the principles of trusteeship. Trade and Industry were interested in international development to the extent that it promoted Australian trade opportunities. The Prime Minister's Department often played a mediating role, siding on different occasions with either External Affairs or Treasury.

The principal disagreement was between External Affairs and Treasury. In a memorandum for Assistant Secretary Colin Moodie, Tange anticipated potential Treasury criticisms regarding the effectiveness of aid programs, writing, "It is tactically very important for External Affairs to demonstrate that we are capable of detecting ineffectiveness, etc."<sup>32</sup> Such quotes demonstrate Tange's awareness of the difference in approach with Treasury, as well as political rivalries within the Commonwealth bureaucracy, which have been examined in detail by Joan Beaumont.<sup>33</sup> More than this, however, Tange's defensive tone illustrates the threat posed by Treasury towards

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<sup>32</sup> Memorandum, A.H. Tange to C.T. Moodie, December 9, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>33</sup> Joan Beaumont, "Making Australian Foreign Policy, 1941-69," in *Ministers, Mandarins and Diplomats: Australian Foreign Policy Making, 1941-1969*, eds. Joan Beaumont, Christopher Waters, David Lowe, and Garry Woodard (Melbourne: Melbourne University Press, 2003), 18.

Australian aid funding. Tange was justified in his defensive stance, for Treasury officials sought to use the review as an opportunity to challenge the existing foreign aid policy framework.<sup>34</sup> As historian Greg Whitwell has shown, throughout the 1950s and early 1960s Treasury was concerned with keeping Commonwealth spending within firm (and Treasury-defined) limits.<sup>35</sup> Yet, despite their desire to limit Australian aid spending, Treasury supported the idea that Australia should appear to be a generous aid donor in international terms. Thus, while the developmental approaches differed, the debates within the aid review revealed the ongoing acceptance within the Commonwealth bureaucracy that Australia had a role to play in the age of international development.

### **Australia's Place in the International Foreign Aid System**

As Chapter Two has shown, since the establishment of the Colombo Plan in 1950, Australian foreign aid expenditure was strongly influenced by the policies of other major aid donors. Tange and his department sought to use the aid review to develop a clear sense of Australian aid's role within the broader international developmental system. The External Affairs line can be seen in an early meeting of the inter-departmental committee. Responding to a query from a Prime Minister's Department official regarding Australian aid to India, Tange's response was noted:

The Chairman [Tange] commented that Australian aid alone was unlikely to have any appreciable effect; but Australia's efforts should not be looked at in isolation from those of others: a doubling of our aid could stimulate an increase in other countries' aid and the combined effect on India's rate of growth could be significant.<sup>36</sup>

This argument highlighted the developmental imperatives behind Australian aid. The Department of External Affairs admitted that Australian spending on aid was much

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<sup>34</sup> A.H. Tange, "Australian External Aid Policy," December 22, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>35</sup> Greg Whitwell, *The Treasury Line* (Sydney: Allen & Unwin, 1986), 122-123.

<sup>36</sup> Record of the Third Meeting of the Committee to Review Australian External Aid, December 11, 1964, NAA: A1838, 2020/1/24 PART 2.

lower than other donor countries (particularly the United States), but argued that Australia played a vital role in the promotion of development.

This argument was a direct response to Treasury's opposition. M.W. O'Donnell, the Acting Secretary of the Treasury, expressed his skepticism of the External Affairs position. The minutes of the seventh committee meeting note that "Mr O'Donnell queried the implication in the first paragraph that Australian aid was economically effective if combined with that of others."<sup>37</sup> O'Donnell's view was demonstrative of the Treasury conception of international development. For Treasury officials, the relative insignificance of Australian aid meant that it had very little effect on economic growth in Southeast Asia. Instead, O'Donnell highlighted the political objectives of aid assistance, arguing that "the purpose of our assistance to the countries of South and South East Asia is principally political."<sup>38</sup> If aid was used for political purposes, then it was enough to provide a token amount that demonstrated Australian goodwill. It also reflected a vision of aid that took Australia in isolation. Put together, this supported Treasury's viewpoint that aid spending should not be increased.

Ultimately, the Department of External Affairs managed to have their viewpoint presented in the final report. The final draft explained that "Australian international aid is only a small part of a wider Western, and in particular United States, effort, and generally its effectiveness has to be assessed in this context."<sup>39</sup> This underpinned aid policy for the next decade, as international forces drove major changes to Australian aid policy between 1965 and 1975, as examined in the next chapter. In the immediate context the External Affairs victory ensured that Australian aid would be considered in relation to the programs of other countries, thereby making it more difficult for Treasury to argue that

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<sup>37</sup> Record of the Seventh Meeting of the Committee to Review Australian External Aid, January 8, 1965, NAA: A1838, 2020/1/24 PART 2.

<sup>38</sup> M.W. O'Donnell to A.H. Tange, January 4, 1965, NAA: A1838, 2020/1/24 PART 2.

<sup>39</sup> "Australian External Aid", 40.

Australian aid had little developmental effect. In light of this, the international developmental discourse becomes more relevant.

In the ferment of developmental ideas of the 1960s, modernisation theory continued to exert influence.<sup>40</sup> In one of the policy papers prepared for the inter-departmental committee, External Affairs officials placed their work in the explicit terms of Rostovian modernisation. According to the Department:

The economic objective of international aid to developing countries is to assist in accelerating their development to a point where a satisfactory rate of growth can be achieved on a self-sustaining basis. No country can arrive at the 'take-off' point purely through foreign aid and domestic effort is vital to any economic development programme.<sup>41</sup>

This analysis could have come straight from the texts of the dominant developmental economists of the time, and reveals the influence of orthodox developmental theory in the External Affairs conception of aid.

Australian overseas representatives presented developmental ideas in their submissions for the review. Some of these representatives had economic training, and their comments reflected their academic backgrounds. While a number of responses emphasised political considerations for Australian aid, developmental imperatives were also frequently addressed.<sup>42</sup> From the donor countries, the most theoretically aware response came from James Cumes, the Ambassador in Brussels. Prior to entering the public service Cumes had received his doctorate in economics from the University of London, and so was especially qualified to examine foreign aid policy in the context of developmental theory.<sup>43</sup> Employing language taken straight from the most ardent modernisation theorists of the time, Cumes wrote: "The ultimate *economic* objective of aid

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<sup>40</sup> Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3<sup>rd</sup> ed. (London; New York: Zed, 2008), 94-102.

<sup>41</sup> Department of External Affairs, "Economic Significance of Australian Bilateral Aid to Asian Countries," December 29, 1964, NAA: A1838, 2020/1/24/23.

<sup>42</sup> Examples of emphasis on political considerations can be found in T.K. Critchley to A.H. Tange, November 26, 1964; F.J. Blakeney to A.H. Tange, December 8, 1964. These letters are in NAA: A1838, 2020/1/24/1 PART 1 & 2.

<sup>43</sup> "Dr James Cumes," University of Queensland Faculty of Business, Economics and Law, accessed February 11, 2015, <http://bel.uq.edu.au/james-cumes>.

is presumably to achieve self-sustaining economic growth, that is, to set recipient countries on the same road as the industrialised or highly developed countries of Europe, North America, Australia and Japan.”<sup>44</sup> He also cited Gunnar Myrdal’s work on development, further demonstrating the up-to-date nature of his analysis. Similarly, responses from recipient countries also revealed a clear engagement with the terminology of developmental economics. The High Commissioner in Kuala Lumpur, Thomas Critchley, argued for increased assistance to Malaysia based on the idea that it was “a fast developing country on the threshold of self-sustained economic growth.”<sup>45</sup> Both of these responses presented the key developmental goal of reaching self-sustained growth as an objective of Australian aid. A.H. Loomes, the Ambassador in Bangkok, also emphasised developmental objectives, writing: “Aid undertaken for political reasons, and not for the intrinsic soundness of individual projects, is apt to run into difficulties and subsequent irritations, frustrations, disappointments and recriminations are likely to undo the political ends which were the original object of the exercise.”<sup>46</sup> The ease with which these representatives employed developmentalist terminology speaks to the connection between the External Affairs understanding of development and their vision of foreign aid policy.

The debate over the international dimensions of Australian aid produced a more explicit understanding of the broader context within which Australia’s economic assistance operated. In arguing for the need to place Australian aid into its broader international context, External Affairs emphasised the developmental effects of Australian aid in conjunction with other countries. This was in keeping with American attempts to establish a Western developmental system guided by modernisation theory,

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<sup>44</sup> J.W.C. Cumes to Tange, December 7, 1964, NAA: A1838, 2020/1/24/1 PART 1. [Emphasis in original].

<sup>45</sup> T.K. Critchley to A.H. Tange, November 26, 1964, NAA: A1838, 2020/1/24/1 PART 1.

<sup>46</sup> A.H. Loomes to A.H. Tange, December 14, 1964, NAA: A1838, 2020/1/24/1 PART 2.

which has been examined by historians such as Latham and Cullather.<sup>47</sup> Further, it was useful as an attempt to counter Treasury arguments that Australian assistance had no real economic significance. International considerations would also become important to the second major area of debate in the aid review, which revolved around the incorporation of PNG into Australian foreign aid calculations.

### **Australian Assistance to PNG as Foreign Aid**

As previous chapters have demonstrated, Australian assistance to both Southeast Asia and PNG was informed by the post-war conception of international development. However, while the ideas underpinning colonial and foreign aid policy were similar, the bureaucratic machinery was kept separate. The Territories Department (along with its long-time Minister, Paul Hasluck) had almost complete control over development in PNG. The only time External Affairs was involved in Australian colonial policy was in the UN, when the Trusteeship Council examined the annual reports, which were prepared by Territories officials. This division was weakening by the mid-1960s, as both domestic and international pressures drew Australian policy towards PNG and the developing countries of Asia closer together. Chapter Three concluded with a brief discussion of how External Affairs officials began to identify connections between its Colombo Plan aid and the work of Territories in promoting development in PNG. By the time of the aid review, the status of Australian economic assistance to PNG was the subject of debate between Territories, External Affairs, and Treasury. The debate between the representatives of these departments marked an important moment where the nature and purpose of Australian colonial policy was overtly examined by Australian policymakers.

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<sup>47</sup> Latham, *Modernization as Ideology*, 12-13; Nick Cullather, "Research Note: Development? It's History," *Diplomatic History* 24, no. 4 (2000): 651.

Curiously, this was one area of the aid review that found Treasury and External Affairs arguing for a similar outcome. Both departments felt that PNG should be more closely linked to foreign aid but for different reasons. Treasury was the most firm in pressing the case for PNG to be considered external aid. They produced a paper for the review, which countered claims of colonial exploitation by arguing that PNG “constitutes a customs area quite separate and independent of the Australian customs system.”<sup>48</sup> As a result, Treasury argued that the economy of PNG should be considered separate from that of Australia, and therefore the Australian grant should be considered foreign aid. If that economic argument was not enough, Treasury went on to argue that “expenditure on economic development of overseas Territories is always included as external aid by donor countries in international comparisons made by the United Nations.”<sup>49</sup> This was somewhat true, as grants to dependent territories were often counted as overseas assistance for UN surveys, but the official historian of British colonial development policy, D.J. Morgan, explains that British policymakers made a clear distinction between international aid and colonial development.<sup>50</sup> Yet, this turned out to be the most persuasive argument for the inclusion of PNG, given External Affairs also sought to present Australia as a generous aid donor.<sup>51</sup>

This political argument had the effect of making Australia seem more generous than it would otherwise appear. In the two decades following the Second World War, assistance to PNG comprised 80 per cent of Australian official developmental assistance.<sup>52</sup> The inclusion of the grant to PNG in official aid figures brought Australia’s

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<sup>48</sup> Treasury Department, “Inclusion of Official Expenditure in Papua/New Guinea in Australian External Aid,” January 13, 1965, NAA: A1838, 2020/1/24/23.

<sup>49</sup> Treasury, “Inclusion of Official Expenditure in Papua/New Guinea in Australian External Aid.”

<sup>50</sup> Morgan, *Changes in British Aid Policy, 1951-1970*, 2.

<sup>51</sup> Report of the Third Meeting of the Committee to Review Australian External Aid, December 11, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>52</sup> “Australian External Aid,” 21.

aid spending to 0.62 per cent of GNP, which placed Australia fifth amongst aid donors.<sup>53</sup> Including PNG in Australian aid figures brought Australia much closer to the UNCTAD target of one per cent of GNP.

Treasury's handling of PNG employed a combination of political and developmental considerations. Once Treasury officials established their position that PNG was a form of aid, they then integrated it into their argument that overseas developmental assistance made it more difficult to promote Australia's own development. For instance, in their submission to the Committee, Treasury argued: "No one could deny that Australian Government expenditure in Papua/New Guinea involves a transfer of resources that otherwise would be available for use in Australia."<sup>54</sup> For the Treasury Department, the inclusion of PNG into foreign aid calculations was necessary, both because of the domestic developmental implications of the grant and because it demonstrated Australian generosity to an international audience.

In contrast to Treasury's emphasis on the sacrifices made to fund PNG, External Affairs officials used political and developmental arguments in a different way. For the ETA Branch, development was the link that brought PNG into foreign aid considerations. Acknowledging the link between foreign aid and colonial development, they observed: "Expenditure in Papua-New Guinea must necessarily be included in any international aid comparisons but only a proportion of such expenditure is aid in the true sense (i.e. developmental)."<sup>55</sup> Despite the recognition that parts of the Commonwealth grant to PNG were not developmental, the connection between PNG and foreign aid was acknowledged. This was in keeping with Hasluck's view, as set out in his letter to

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<sup>53</sup> Treasury Department, "Comparative Aid Disbursements by Australia and Other Donor Countries," December 21, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>54</sup> Treasury, "Inclusion of Official Expenditure in Papua/New Guinea in Australian External Aid."

<sup>55</sup> Department of External Affairs, Comments on Treasury Paper on "Comparative Aid Disbursements by Australia and Other Donor Countries," December 29, 1964, NAA: A1838, 2020/1/24 PART 2.

Menzies, where he explicitly included “the annual grant made by the Commonwealth Parliament for Papua and New Guinea” in his consideration of external aid.<sup>56</sup>

While Treasury and External Affairs both acknowledged the place of PNG in foreign aid calculations, Territories sought to maintain the autonomy it had enjoyed since the end of the Second World War. The clearest expression of the Territories position came after the review had been drafted, when Cabinet met to discuss the report. At this time, Territories officials managed to obtain acknowledgement of PNG as “an Australian responsibility and the determination of its grant is to be treated as a separate matter.”<sup>57</sup> This reflected the notion of trusteeship that had been at the heart of post-war Australian assistance to PNG. For Territories, Australia’s Colombo Plan aid was the result of Australian and Commonwealth initiative, but the grant to PNG was required to satisfy the requirements of UN oversight.

The idea of ‘responsibility’ was co-opted by the other departments to support their own developmental perspectives. In the Treasury case, M.W. O’Donnell argued against an increase to Australian aid citing PNG as an important reason. At the eighth meeting of the Committee, O’Donnell explained: “The Government had to choose among competing demands for resources ... The first call upon aid was for Papua and New Guinea – this was a responsibility which could not be passed to anyone else.”<sup>58</sup> This argument about PNG worked its way into the final report, which noted: “Because we are likely to continue to have the sole responsibility for its development the Territory must have a very high priority amongst our external aid expenditures.”<sup>59</sup> Ironically, the Territories conception had been twisted around to confirm the incorporation of PNG into Australian foreign aid.

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<sup>56</sup> P.M.C. Hasluck to R.G. Menzies, September 17, 1964, NAA: A1838, 2020/1/24 PART 3.

<sup>57</sup> Cabinet Minute, Decision No. 1002, “Australian External Aid”, June 9, 1965, A1838, 2020/1/24 PART 3.

<sup>58</sup> Report of the Eighth Meeting of the Committee to Review Australian External Aid, January 12, 1965, NAA: A1838, 2020/1/24 PART 2.

<sup>59</sup> “Australian External Aid,” 64.

The debate over the status of Australia's grant to PNG was amongst the most important of the aid policy review. It brought three different positions out into the open: Treasury emphasised the separateness of the PNG economy, which did not bring benefits to Australia and therefore served as a drain on domestic Australian resources; External Affairs concentrated on the developmental nature of Australia's assistance to PNG; and Territories' focus was on maintaining the 'special' position of PNG through repeated assertions of Australia's trusteeship responsibilities. The place of PNG in the final report was a compromise between these competing positions. This compromise position could only be found after all of the different positions had been brought out into the open. Aside from the notion of responsibility quoted above, PNG found its way into the report's definition of 'external aid':

Australian expenditure in Papua and New Guinea is different in some respects but similar in others to our aid expenditure abroad. It is, however, substantial, and for international purposes is presented as part of Australia's aid effort and we have therefore included it in this report.<sup>60</sup>

The reference to "international purposes" was a gesture to the political advantage that came from the inclusion of PNG in aid figures. The incorporation of PNG was further indicated by its position at the head of all tables of Australian foreign aid, rather than in the separate position sought after by the Territories Department.<sup>61</sup> The inclusion of colonial spending in foreign aid calculations presented Australia as more generous than it actually was, given the international obligations associated with the PNG grant. Nevertheless, once the integration of PNG into Australian foreign aid had begun, the process would not be reversed.

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<sup>60</sup> "Australian External Aid," 6.

<sup>61</sup> "Australian External Aid," 21.

## Australia as a 'Developing' Country

The third and final area of difference amongst the inter-departmental committee revolved around the competition between Australian development and the promotion of development in the developing countries to its north. This had been an ongoing debate since the end of the Second World War, and its prominence in 1964-5 was informative of the nature of Australian engagement with developmentalism. Once again the debate mainly took place between External Affairs and Treasury officials, although the Department of Trade and Industry also made reference to its Middle Zone policy. While experts such as Anthony Clunies Ross and Ian Shannon argued that Australia's status as a developing country did not operate as an impediment to increased aid funding, the arguments of Treasury officials that the reverse was the case eventually carried the day.<sup>62</sup> This debate, in conjunction with the Middle Zone policy that Australia had asserted at UNCTAD around the same time as the aid review, marked the zenith of the Australian attempt to present itself as a developing country in order to avoid providing additional assistance to the developing countries.

We have already seen in this chapter that Treasury officials emphasised the drain on Australian resources posed by aid. M.W. O'Donnell persisted with this argument at the eighth meeting of the committee, where he explained: "The Government had to choose among competing demands for resources; in conditions of full employment external aid did not promote economic growth."<sup>63</sup> This point was made in the context of promises made by Menzies to increase Australian GNP by 25 per cent over the next five years. O'Donnell then claimed that "it had to be made clear there was a choice between aid, defence and economic growth. Throughout the 1950s the government accepted as

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<sup>62</sup> Clunies Ross, *One Per Cent*, 42; Ian Shannon, "Economic Aid," *Australian Outlook* 17, no. 3 (1963): 336.

<sup>63</sup> Record of the Eighth Meeting of the Committee to Review Australian External Aid, January 12, 1965, NAA: A1838, 2020/1/24 PART 2.

its first task the development of Australia's resources."<sup>64</sup> This was one of the central tenets of what Whitwell has referred to as the "Treasury line".<sup>65</sup> In the context of the review, it supported the conclusion that foreign aid expenditure should be kept to a minimum, and the focus on Australian development maintained.

Trade and Industry Department officials also emphasised Australia's status as a developing country, in keeping with their approach at UNCTAD earlier in 1964. This was quickly recognised by Tange, who observed that "the point of view displayed by the Department of Trade seems to acquiesce in Treasury objections to aid or lending policies which cover the export of inefficient Australian secondary industry."<sup>66</sup> As with the Middle Zone policy, the Trade and Industry position towards aid was primarily directed to ensuring that Australian interests were protected. According to M.M. Summers, the First Assistant Secretary of Trade and Industry and the department's representative at the sixth meeting of the committee: "Trade and Industry saw the question of Australia's attitude on commodity aid, UNCTAD and Australia's middle zone position, GATT and the model chapter concept, as all being tied together."<sup>67</sup> While this position acknowledged that there was a place for Australian aid in commodities to poorer parts of the world (particularly India), this needed to be considered in conjunction with Australia's status as a country that was still in the process of development.

The Department of External Affairs responded to these arguments in a number of ways, which represented the dual forces of politics and development that underpinned their attitude to aid policy. In developmental terms, they presented the view that Australia was a developed country and that it should provide a substantial amount of

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<sup>64</sup> Record of the Eighth Meeting of the Committee to Review Australian External Aid.

<sup>65</sup> Whitwell, *The Treasury Line*, 122-123.

<sup>66</sup> A.H. Tange, "Australian External Aid Policy," December 22, 1964, NAA: A1838, 2020/1/24 PART 2.

<sup>67</sup> Record of the Sixth Meeting of the Committee to Review Australian External Aid, December 30, 1964, NAA: A1838, 2020/1/24 PART 2.

foreign aid in keeping with the “duties associated with being an ‘advanced’ country.”<sup>68</sup> This observation fitted with External Affairs’ broader ideological position that Australia should be considered a ‘developed’ nation. For External Affairs, the first “policy purpose” of Australian aid was “to reduce disparities in living standards and social welfare between the less developed and the highly developed countries.”<sup>69</sup> Implicit in this statement was the view that Australia was amongst the ‘highly developed countries’; a categorisation supported by an External Affairs reference to Australia’s “relative wealth” in comparison with the recipients of Australian aid.<sup>70</sup> For officials in External Affairs, a simple examination of the developmental differences between Australia and the recipients of its aid proved Australia’s status as a developed country, with all of the associated international responsibilities that came with that label.

External Affairs also acknowledged the view that the provision of aid would bring long-term benefits to the Australian economy. In a policy paper prepared for the committee, the views of the former Minister for External Affairs Richard Casey were noted:

[Casey] also said that on a broader view, it can be said that in the long run success of the Plan in raising the living standards in Asia will have a considerable promotional effect on our marketing possibilities. In the short run, the supply of Australian goods and equipment to the area creates a knowledge of our capacities and sometimes a direct and immediate trade follow up.<sup>71</sup>

In contrast to Treasury and Trade and Industry, External Affairs used the logic of self-interest to suggest increased aid was necessary.

These arguments were in keeping with the work of Australian economists such as Douglas Copland, who in 1963 published *The Changing Structure of the Western Economy*, in

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<sup>68</sup> Department of External Affairs, “The United Nations Expanded Programme of Technical Assistance – Origin and Purpose of Australian Participation,” November 25, 1964, NAA: A1838, 2020/1/24/20.

<sup>69</sup> Department of External Affairs, “General Evaluation of Australian Aid – Relations with recipients, major allies and multilateral institutions,” December 15, 1964, NAA: A1838, 2020/1/24/23.

<sup>70</sup> External Affairs, “General Evaluation of Australian Aid.”

<sup>71</sup> Department of External Affairs, “Colombo Plan – Origins and Purposes of the Plan and Australian Participation,” December 9, 1964, NAA: A1838, 2020/1/24/20.

which he outlined his long-held view that countries like Australia were still in the process of development. For Copland, development in a country like Australia should be:

Not merely a matter of developing resources on the basis of rapid technological advances, but of blending this higher return for economic effort with the broader and more subtle objective of improving the social structure of the nation as a community.<sup>72</sup>

This corresponds with his earlier recommendations for the ‘developing’ Australian economy, as deeper social factors needed to be taken into account as well. The ‘milk bar economy’ only demonstrated the superficial results of development. However, Copland was also clear that increased amounts of international foreign aid were required, as his work was linked closely to the ‘One Per Cent Group’. He described the Colombo Plan as an “imaginative” initiative, but was more positive towards American aid, which was provided on a “grander scale”.<sup>73</sup> Copland’s work, which drew on the ideas of Myrdal and American modernisation theorists, fitted reasonably well with the overall recommendations of External Affairs. While he differed from External Affairs in his conviction that Australia was best understood as a developing country, he nonetheless advocated an increase in Australian foreign aid to countries in Southeast Asia.

The aid review’s final report equivocated on whether or not Australia was a developed or developing country. On one side it explained: “With one of the world’s highest per capita national incomes, Australia will be subject to pressure to give substantial assistance to all the multilateral programmes of aid.”<sup>74</sup> This was clearly an acceptance that Australia was a rich country, which suggested it belonged with the developed bloc. However, the report also stated:

We continue to be faced with a situation in which the level of domestic demand is placing heavy pressure on supplies of labour and other factors of production. In

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<sup>72</sup> Copland, *The Changing Structure of the Western Economy*, 38.

<sup>73</sup> Copland, *The Changing Structure of the Western Economy*, 51.

<sup>74</sup> “Australian External Aid,” 83.

these circumstances transfers of resources abroad must add to the pressures on the economy.<sup>75</sup>

Here, the Treasury view was presented, as the supposedly detrimental impact of foreign aid on the Australian economy was acknowledged. In keeping with many other aspects of the aid review, the committee was unable to establish a decisive position.

### **Policy Recommendations and the Consequences of the Aid Review**

The mid-1960s were a time of political and theoretical flux in the field of development, and this was reflected in the results of the aid review. After several months of debate and negotiation, the inter-departmental committee produced a number of policy recommendations that were expected to guide Australian aid for at least the rest of the 1960s. While most tended towards the maintenance of the status quo, such as the continued prioritisation of Australian aid to Southeast Asia and PNG, the explicit inclusion of spending in PNG as a form of external aid was an important new policy feature. The committee's proposals can be seen as a product of the tension between developmental and political considerations in aid policy. Developmental arguments brought PNG and the Colombo Plan closer together, as well as providing impetus for the focus on Southeast Asia and PNG. Political differences undermined the possibilities of significant reform, particularly with regard to the debate over increases in Australia's aid spending. While there was little immediate change in aid policy, the reforms of the late 1960s and early 1970s, discussed in the final chapter, can be traced to the inter-departmental committee's observations of Australian aid.

PNG and the Colombo Plan countries were maintained as the primary targets for Australian developmental assistance. In developmental terms, External Affairs argued

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<sup>75</sup> "Australian External Aid," 101.

that “while in most of these [Asian] countries Australian aid is only a small proportion of the total aid received, it nevertheless helps in promoting economic growth and is therefore economically valuable.”<sup>76</sup> As a result, External Affairs saw no reason to shift away from aid to Asia. On a political level, the geographic focus can be linked to Hasluck’s objective of placing foreign aid within the context of broader Australian foreign policy. This objective filtered through External Affairs. In a memorandum, the Ambassador to South Vietnam argued that “Australian aid should not be diffused over too large a group of countries or areas and particularly where Australia has relatively marginal political interests, eg. Africa and South America.”<sup>77</sup> In contrast to the more common tension between developmental and political imperatives, on this occasion both pointed to maintaining the emphasis on the Colombo Plan and PNG. This was manifested in the External Affairs submission to Cabinet, which stated: “As a general rule, priority should be given to meeting our responsibilities in Papua and New Guinea and to providing bilateral aid to those countries in South and South East Asia which are of immediate strategic importance to us.”<sup>78</sup> As it had for the two decades before the aid review, Australian developmental assistance was to be directed to those developing areas to its north.

The inclusion of PNG in the submission demonstrated the closer links between colonial development and foreign aid that emerged out of the aid review. This was one area of explicit change, and was a product of Treasury and External Affairs holding similar views. In the days before the completion of the committee’s report, Tange rejected a Territories Department suggestion that would reinforce the separateness of developmental assistance in PNG:

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<sup>76</sup> Department of External Affairs, “Economic Significance of Australian Bilateral Aid to Asian Countries,” December 29, 1964, NAA: A1838, 2020/1/24/23.

<sup>77</sup> Memorandum attached to H.D. Anderson to A.H. Tange, December 9, 1964, NAA: A1838, 2020/1/24/1 PART 2.

<sup>78</sup> Department of External Affairs Draft Cabinet Submission, “Australian External Aid,” May 3, 1965, NAA: A1838, 2020/1/24 PART 3.

The level of Australian expenditure in the Territory of Papua and New Guinea is a separate and different question from the level of external aid programmes. Australia has the direct obligation of administering the Territory of Papua and the Trust Territory of New Guinea. The objective of Australian policy in New Guinea may be stated as to build up a self-governing nation that will be politically stable, responsive to Australian influence when Australian interests are concerned and prepared to resist Indonesian or other undesirable penetration.<sup>79</sup>

By declining to include this passage in the final report, Tange and the Department of External Affairs ensured the inclusion of PNG as a recipient of Australian foreign aid. In many ways this confirmed the international process whereby colonial powers presented their assistance to dependent territories as aid, which had been going on in the United Kingdom for decades, and which has been thoroughly examined by Havinden and Meredith.<sup>80</sup> While there was still an acknowledgement of Australia's special 'responsibility' in PNG, which it did not have elsewhere, the review demonstrated the increasing Australian understanding of the connections between its two principal areas of aid spending. The explicit statements of developmental ideas that were made by officials from External Affairs, Treasury, and Territories facilitated this understanding.

Administratively, the interaction of the Territories Department and External Affairs also had some long-term ramifications. Acknowledging that Territories would continue to direct development in PNG, the report stated:

Although Papua and New Guinea is sui generis and the policies for its government and development lie within the jurisdiction of the Minister for Territories, the proceedings of this Committee have demonstrated the value of consultation also between the Department of Territories and other departments administering aid programmes.<sup>81</sup>

This statement was made in the context of increased recognition of the need for consultation between departments that had an interest in foreign aid policy. In the immediate aftermath of the aid review an inter-departmental committee was established that met twice a year to discuss developmental assistance. Over time, however, this

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<sup>79</sup> G. Warwick Smith to A.H. Tange, March 22, 1965, NAA: A1838, 2020/1/24/2.

<sup>80</sup> Michael Ashley Havinden and David Meredith, *Colonialism and Development: Britain and its Tropical Colonies, 1850-1960* (London: Routledge, 1993).

<sup>81</sup> "Australian External Aid," 110.

committee gave way to the establishment of the Australian Development Assistance Agency (ADAA) in 1974, which is examined in the final chapter. The establishment of the ADAA would complete the integration of PNG into the foreign aid policy machinery. Once again, this placed Australia slightly behind its Western counterparts, with the United States Agency for International Development (USAID) being established in 1961 and the British Ministry of Overseas Development formed in 1964.<sup>82</sup>

Another major component of the aid review revolved around the size of Australia's aid commitment. We have already seen that Treasury sought to commit a minimal amount of resources to foreign aid, while External Affairs felt that more needed to be done. This was arguably one area of debate that had been overt since the early 1950s. Nevertheless, the negotiations within the inter-departmental committee produced more concrete and specific recommendations. In the final report, these minimums and maximums were set, with projections cast forward to possible expenditure in 1968-9. Taking the minimum level of increase, which was based on steady Colombo Plan spending and preliminary IBRD recommendations for PNG, the figure of £65 million was reached.<sup>83</sup> In contrast, it was suggested if External Affairs and Territories had their way and more considerable increases to spending in Southeast Asia and PNG were provided, then Australia could be contributing £85 million in developmental assistance in 1968-9.<sup>84</sup> As it was, by 1968-9, Australia contributed just over \$150 million (following the introduction of decimal currency in 1966) in foreign aid, which included PNG in the calculation of official aid spending. This represented 0.55 per cent of GNP, which was a reduction on the 0.62 per figure at the time of the review.<sup>85</sup> Indeed, the mid-1960s marked the peak of aid spending as a percentage of GNP, as it reached a peak of 0.67

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<sup>82</sup> Ekbladh, *The Great American Mission*, 192; Morgan, *Changes in British Aid Policy, 1951-1970*, 13-29.

<sup>83</sup> "Australian External Aid," 79.

<sup>84</sup> "Australian External Aid," 98.

<sup>85</sup> *Official Year Book of the Commonwealth of Australia* (Canberra: Commonwealth Bureau of Census and Statistics, 1970), 113.

per cent.<sup>86</sup> The aid review, conducted in the shadow of modernisation theory and in the midst of the ‘decade of development’, foresaw a greater investment in governmental aid spending than would eventuate.

The inter-departmental review of Australian foreign aid, which took place at a time of challenges to aid theory and practice in the United States and United Kingdom, provided a forum for departmental officials to discuss the different developmental notions that existed in the Commonwealth bureaucracy. While ideological differences had been a component of Australian aid policy formation since the 1940s, officials had rarely been able to debate and investigate the different departmental attitudes. By opening up a discussion over the different meanings of development, the aid review enabled a more critical understanding of the intellectual underpinnings of Australian aid. Once these ideas were out in the open, aid policy became more intellectually sound than it had been before the review. Thus, while the immediate outcomes tended towards the status quo, the review provided the foundation for more significant reform in subsequent years.

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<sup>86</sup> F.G. Jarrett, *The Evolution of Australia's Aid Program* (Canberra: Australian Development Studies Network, 1994), 6-7.

## Chapter 6

### **Taking up the “latest fashions”: International Development in Flux and the Australian Response, 1965-75**

The final decade of the age of international development was marked by the rise of new ideas. Three constituent elements provide insight into the forces at work on Australian aid policy between 1965 and 1975. The rapid move towards independence in PNG forced policymakers to come to terms with the limits of the modernisation paradigm and introduced ideas of self-reliance to indigenous leaders. The creation of the Australian Council for Overseas Aid (ACFOA) as an umbrella organisation for development NGOs brought the ‘basic needs’ paradigm to Australia. Finally, the establishment of the Australian Development Assistance Agency (ADAA) provided a new bureaucratic environment for development policy. Formed in 1974, the ADAA produced a complex interaction between orthodox modernisation ideas and the new theoretical approaches, as developmental imperatives briefly moved to the forefront of Australian aid policy. These elements reveal that international trends, both intellectual and political, continued to guide Australian policymakers in their attempts to promote development in poorer parts of the world.

The changes in Australian aid between 1965 and 1975 were a product of the proliferation of new approaches to development, which originated overseas and were co-opted by Australian experts and policymakers. Around the world, the authority of the orthodox modernisation paradigm, with its emphasis on national economic growth, was under serious challenge. The driving force for much of the new discourse on development was the rising voice of the developing world, which was increasingly critical of the orthodox Western-led and conceived modernisation paradigm. A conception of a ‘basic needs’ approach to international foreign aid policy arose out of the arguments of

dependency theorists and the New International Economic Order (NIEO) that post-war developmental programs had done little to alleviate poverty throughout the developing world.<sup>1</sup> Where the modernisation paradigm emphasised economic growth through the establishment of large infrastructure programs, the ‘basic needs’ view emphasised small scale assistance to the most poverty stricken people in developing countries.<sup>2</sup> A key consequence of this approach was the greater influence of non-governmental organisations (NGOs) in the global development system. Their authority arose from the perception that while governments were well suited to providing assistance to other countries in establishing large projects, NGOs were more effective in establishing connections on a grassroots level, to tackle poverty where it was being experienced.

UNCTAD served as an early sign that the Global South was coming to question the effectiveness of aid and trade systems based around the ideas of Rostow and his contemporaries. While external critique challenged the dominant understandings of development, internal economic crises linked to the global energy shortage provided an impetus to changes in the Global North that would reshape policy approaches to the ‘problem’ of development. Australia was no exception to this phenomenon. The late 1960s and early 1970s were marked by important intellectual challenges to Australian aid policy. These challenges reflected both the shifts in theoretical understandings of development and political changes taking place within Australia. Out of these ideas emerged new actors in the field of Australian aid, particularly the ADAA and ACFOA. Importantly, the rise of NGOs and a standalone aid agency like the ADAA replicated processes that had taken place earlier in countries like the United States and United

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<sup>1</sup> David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* (Princeton: Princeton University Press, 2010), 224; Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, 3<sup>rd</sup> ed. (London; New York: Zed, 2008), 165.

<sup>2</sup> Katrin Lederer, Johan Galtung, and David Antal, *Human Needs: A Contribution to the Current Debate* (Koenigstein/Ts.: Oelgeschlager, 1980).

Kingdom.<sup>3</sup> As had been the case since 1945, international forces exerted an influence on Australian policy.

This chapter shows that while these international forces guided Australian policymakers through the intellectual changes in international development between 1965 and 1975, there was a degree of continuity with earlier Australian aid policy. Rostovian modernisation theory was in decline, through its associations with the Vietnam War and the rise of authoritarian regimes throughout the Global South.<sup>4</sup> Yet the ongoing prominence of economists like Heinz Arndt ensured that the developmental orthodoxy remained part of Australian developmental policies. PNG and Asia continued to receive the vast majority of Australian aid, and developmental debates between External Affairs (renamed Foreign Affairs in 1970) and Treasury persisted through to 1975. In the final decade of the age of international development, forces for change competed with a tendency towards continuity in Australian aid policy. While forces for change and continuity existed alongside one another, both reflected the ongoing influence of international trends in developmental thought and practice on Australian academia and policy. As development took precedence over politics as the guiding force in Australian aid, new ideas and institutions emerged.

### **Developmental Debates: New Ideas Challenge the Orthodoxy**

The evolution of international development theory and practice was mirrored in Australia both in academia and within the Commonwealth bureaucracy. In previous chapters, the discussion of developmental theory has been largely limited to the dominant modernisation paradigm and the mid-1960s rise of the dependency school.

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<sup>3</sup> Ekbladh, *The Great American Mission*, 188; Matthew Hilton, ed. *The Politics of Expertise: How NGOs Shaped Modern Britain* (Oxford: Oxford University Press, 2013).

<sup>4</sup> Ekbladh examines how modernisation theory was damaged by its associations with the Vietnam War, Ekbladh, *The Great American Mission*, 10.

These ideas continued to exert an influence over the field of developmental economics into the mid 1960s and early 1970s. However, it faced major challenges. In the developed world, the 1973 Arab oil embargo and economic decline posed a threat to the ongoing provision of developmental assistance. In the developing world, political upheaval in places like Indonesia and Vietnam threatened many of the assumptions that were inherent to post-war developmental theory. By the late 1960s and early 1970s dependency theorists, such as Andre Gunder Frank, employed a ‘neo-Marxist’ approach, bringing a much more strident critique by arguing that development served the interests of the Global North (or ‘centre’ to use the terminology of dependency theory).<sup>5</sup> Modernisation theorists, perhaps compelled to take note of the rise of right-wing authoritarian regimes in countries that had received large amounts of Western aid, became less concerned with the idea that democracy was a prerequisite for development. Bradley Simpson examines this process in the Indonesian context. He demonstrates that experts such as Rostow continued to advocate increased aid to Indonesia despite the clear absence of democratic institutions following the establishment of the New Order government in 1965.<sup>6</sup>

Adding even more intellectual complexity, Gunnar Myrdal published *Asian Drama* in 1968. This detailed critique of “modernisation ideals” built on his earlier skepticism of the effectiveness of Western economic models in a South Asian context.<sup>7</sup> While not going as far as the dependency theorists in his critique on modernisation, Myrdal still argued that Asian ‘underdeveloped’ countries needed to reject Western developmental models and devise their own programs of development. Treasurer William McMahon made an explicit reference to *Asian Drama* in 1969, in support of his claim that “irrational attitudes and outmoded institutions are primarily responsible for

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<sup>5</sup> Frank, *Capitalism and Underdevelopment in Latin America*.

<sup>6</sup> Simpson, *Economists with Guns*, 238-239, 246.

<sup>7</sup> Gunnar Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, 3 vols. (New York: Pantheon, 1968).

the low levels of living in Asia.”<sup>8</sup> In spite of these changes, the orthodoxy’s lingering influence was felt through to the 1970s. During a 1970 visit to PNG, Prime Minister John Gorton quoted eminent developmental economist W. Arthur Lewis in identifying educational reform as the “spearhead of development.”<sup>9</sup> By taking Lewis as his intellectual inspiration, and emphasising economic growth as the driver of development, Gorton engaged with developmental ideas that had been dominant since the 1950s.

The modernisation versus dependency debate manifested itself in the early 1970s through two prominent experts on Indonesian development, who were both introduced in Chapter Four. Heinz Arndt and Rex Mortimer emerged as the respective voices of the ‘orthodox’ (modernisation) school and the ‘critical’ (dependency) school. The personal histories of these two scholars serve to inform an understanding of their intellectual approaches. Arndt, whose family had escaped Nazi Germany in the 1930s, steadily moved towards what could be considered a conservative understanding of economic development.<sup>10</sup> By the late 1960s, he was heavily involved in the Australian National University’s Indonesian Economy Project, which placed him in a position to assist the Department of External Affairs in their provision of aid to Indonesia.<sup>11</sup> Rex Mortimer provided an interesting contrast. A young communist who unlike Arndt never really lost his radicalism, Mortimer was a late entrant into academia. Studying under Indonesia expert (and Volunteer Graduate Scheme pioneer) Herb Feith at Monash University,

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<sup>8</sup> Speech by William McMahon at a Seminar held by ACFOA, April 14, 1969, NLA, ACFOA Papers, MS 9347, Box 2.

<sup>9</sup> Department of External Territories, “Prime Minister’s Speech – Goroka Teachers College,” July 1970, NAA: A452, 1970/3068. Lewis’ most prominent work was his 1955 study of economic growth, which places him firmly in the ‘modernisation’ school of development, W. Arthur Lewis, *The Theory of Economic Growth* (London: Allen & Unwin, 1955).

<sup>10</sup> H.W. Arndt, *A Course Through Life* (Canberra: National Centre for Development Studies, Australian National University, 1985).

<sup>11</sup> Department of External Affairs to Australian Embassy, Jakarta, July 19, 1966, NAA: A1838, 2036/5 PART 9.

Mortimer was drawn to the radical ideas of development scholars such as Andre Gunder Frank and Dudley Seers.<sup>12</sup>

In much the same way that the dependency school emerged to provide a critique of the dominant modernisation theory, Mortimer's work was directed towards identifying problems with Arndt's scholarship. Nowhere was this more obvious than in Mortimer's *Showcase State*. Emerging out of a symposium held at Monash University in 1972, this book examined the economic policies of the Suharto regime in Indonesia.<sup>13</sup> In one key chapter, however, Mortimer examined the development of the social sciences in Australia, touching on how the influence of American approaches, such as the 'end of ideology' school, closely associated with Rostow and modernisation theory, exerted influence in Australian universities.<sup>14</sup> He linked Arndt to this school of thought, and argued that "to a greater degree than most Indonesianists in Australia, and most Indonesian intellectuals outside the governmental in-group, he is highly optimistic about the progress of Indonesia's Western-conceived development effort."<sup>15</sup> In contrast, Mortimer suggested:

The division of the world into countries that are growing relatively richer and countries that are growing relatively poorer is not simply the product of some historical accident ... but constitutes a network of interactions which is systematically enforced by the wealthy club.<sup>16</sup>

This was a clear engagement with the conception of development presented by dependency scholars such as Frank, who suggested that the entire process perpetuated

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<sup>12</sup> T.H. Irving, "Mortimer, Rex Alfred (1926-1979)", Australian Dictionary of Biography, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/mortimer-rex-alfred-11181/text19925>, published first in hardcopy 2000, accessed online 6 February 2016.

<sup>13</sup> Rex Mortimer, ed. *Showcase State: The Illusion of Indonesia's "Accelerated Modernisation"* (Sydney: Angus & Robertson, 1973); Mortimer would go on to produce similar analysis of the development of Papua New Guinea, Azeem Amarshi, Kenneth Good, and Rex Mortimer, *Development and Dependency: The Political Economy of Papua New Guinea* (Melbourne; New York: Oxford University Press, 1979).

<sup>14</sup> Rex Mortimer, "From Ball to Arndt: The Liberal Impasses in Australian Scholarship on Southeast Asia," in *Showcase State: The Illusion of Indonesia's "Accelerated Modernisation"*, ed. Rex Mortimer (Sydney: Angus & Robertson, 1973). Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), 16.

<sup>15</sup> Mortimer, "From Ball to Arndt," 121.

<sup>16</sup> Mortimer, "From Ball to Arndt," 129.

the phenomenon of ‘underdevelopment’.<sup>17</sup> Through the intellectual disagreements between Arndt and Mortimer, we can see how international discourse made its way into Australian thinking.

Other ideas emerged out of the intellectual debate between followers of the modernisation and dependency paradigms. The ‘basic needs’ concept emerged out of the increased recognition of the continued prevalence of poverty throughout the world, even after decades of development assistance.<sup>18</sup> Another critique of development arose among scholars and politicians in developing countries who were concerned with the negative effects of foreign aid. Many of the leaders of these countries were concerned at the social effect of modernisation programs. The notion of developmental ‘self-reliance’ emerged out of this context. Most closely associated with Tanzanian President Julius Nyerere, these ideas exerted a large amount of influence throughout the developing world in the early 1970s.<sup>19</sup> At the heart of this approach was the view that traditional society should adapt to development, rather than simply be replaced. In the words of Nyerere: “We must take our traditional system, correct its shortcomings, and adapt to its service the things we can learn from the technologically developed societies of other continents.”<sup>20</sup> The emphasis on self-reliance found a ready audience in PNG, with inaugural Prime Minister Michael Somare’s Eight Aims co-opting many of Nyerere’s ideas. As Gilbert Rist explains, the self-reliance approach, along with the notion of ‘basic needs’, demonstrated that by the second half of the 1960s:

Whereas the dominant strategy proposes a single path of ‘development’, what is now happening is a *diversification of ‘developments’*. The theoretical sequence of modernization is replaced with a multiplicity of new practices that spring forth at the crossroads of history and cultures.<sup>21</sup>

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<sup>17</sup> Frank, *Capitalism and Underdevelopment in Latin America*, 27.

<sup>18</sup> Rist, *History of Development*, 165.

<sup>19</sup> Rist, *History of Development*, 123-139.

<sup>20</sup> Julius K. Nyerere, *Socialism and Rural Development* (Dar es Salaam: Printed by the Govt. Printer, 1967), 4.

<sup>21</sup> Rist, *History of Development*, 137.

Out of the fragmentation of developmental ideas of the mid-1960s, new attitudes towards development emerged in different parts of the world. This global phenomenon guided Australian aid through the significant political changes in PNG.<sup>22</sup>

### **Papua New Guinea: Development and Independence**

The late 1960s saw increased momentum for Papua New Guinean independence, both in PNG and amongst Australian policymakers. The earlier rhetoric claiming that it would be ‘generations’ until the indigenous population could govern themselves largely disappeared. This was due to a combination of factors, ranging from international pressures for decolonisation, manifested in the UN Trusteeship Council, to changing attitudes towards colonial administration amongst federal policymakers. These changing attitudes combined with increased indigenous agitation for independence to produce self-government in 1973 and full independence in 1975.<sup>23</sup> The granting of self-government was closely linked to an evolution in developmental thought. At the time of independence, the Papua New Guinean budget was still heavily reliant upon Australian economic assistance. However, a more diverse range of ideas informed Australian policy than in the first two decades following the Second World War. From the mid-1960s onwards, visitors from international organisations such as the World Bank took a greater interest in the development of PNG. In addition, indigenous leaders in PNG became more vocal in regard to their vision of developmental policy after independence. These viewpoints had an increasing impact on Australian developmental policy.

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<sup>22</sup> Patrick Kilby explains the role of ACFOA’s *Development News Digest* in driving Australian engagement with new developmental ideas. Patrick Kilby, *NGOs and Political Change: A History of the Australian Council for International Development* (Acton, ACT: ANU Press, 2015), 52.

<sup>23</sup> Ian Downs, *The Australian Trusteeship Papua New Guinea, 1945-75* (Canberra: Australian Government Publishing Service, 1980), 496-498.

As we saw in Chapter Three, throughout the 1950s and early 1960s Hasluck and Territories officials maintained the view that development was a prerequisite to self-government. By the end of the decade, this situation had changed, as the opposition Labor Party had committed to a policy of immediate moves towards self-government if elected.<sup>24</sup> This pressure led the Coalition Government, under Prime Minister John Gorton, to repudiate the previous approach, and to promise continued aid even if PNG lacked economic self-sufficiency at the time of independence. While Gorton was on tour in PNG, the Department of External Territories provided him with a policy brief that explained: “Constitutional progress towards self-government will not alter Australia's intention to assist the political, social and economic advancement of the Territory.”<sup>25</sup> This reversal in policy reflected political pressures, both in Canberra and PNG, but the developmental considerations behind Australian aid remained consistent. The Australian grant to PNG continued to form the bulk of Australian aid, comprising around two thirds of the foreign aid budget in the first half of the 1970s.<sup>26</sup> Orthodox ideas continued to exert influence, as shown by Gorton's claims that continued improvement in tea, coffee, and cocoa production would “help to boost economic development and give better lives to everyone.”<sup>27</sup> This was an approach reminiscent of the Hasluck era. Nevertheless, as the pace towards independence began to quicken, Australian policymakers were exposed to the new ideas emerging in the field of development. This produced some innovative policy suggestions throughout the final years of the Australian administration of PNG.

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<sup>24</sup> K.E. Beazley to J.A. Burnett, July 2, 1970, NAA: A452, 1970/3068.

<sup>25</sup> Department of External Territories, “Early Self-government,” July 3, 1970, NAA: A452, 1970/3068.

<sup>26</sup> *Official Year Book of the Commonwealth of Australia* (Canberra: Commonwealth Bureau of Census and Statistics, 1973), 118. This statistic also demonstrates the degree to which Australian colonial development funding had become accepted as foreign aid.

<sup>27</sup> Department of External Territories, “Prime Minister's Speech – Kieta Local Government Council,” July 1970, NAA: A1838, 1970/3068.

The 'basic needs' approach found a receptive audience in Australian planning for PNG. Department of External Territories staff, working on a five year development program for 1970-1975, began to place greater emphasis on the impact of economic policy on the lives of ordinary people. Responding to criticisms of early drafts that failed to acknowledge these factors, a departmental officer added a passage to the draft program: "Economic development is largely meaningless if it does not improve the lot of ordinary men and women and it may actually be self-defeating if it creates more problems than it solves."<sup>28</sup>

The increasing importance of direct expenditure aimed at improving the lives of "ordinary men and women" can be seen in the increase of the social and community development budget from \$170,000 in 1970-1 to over \$2.5 million in 1973-4.<sup>29</sup> Projects supported by this funding ranged from improvements to housing to provisions for child welfare. Community centres were to be built throughout PNG, from Port Moresby to Lae. Youth activities attracted funding, including the expansion of existing school leaver programs, which had the objectives of maintaining student morale, inculcating "habits of responsibility and reliability", and assisting them to find employment. It was expected that the community centres would require around \$35,000 to run by 1975/76, while the school leaver program would only require a budget of around \$10,000.<sup>30</sup> These programs shared the broad developmental objectives of earlier policy, as seen through the behavioural goals of the school leaver program. However, they also marked a shift away from the programs associated with the earlier Hasluck period, thanks to the emphasis on directly improving the lives of indigenous Papua New Guineans. Community development policy in PNG, which required closer involvement with the indigenous

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<sup>28</sup> A. McIntosh, "Social Development in Papua and New Guinea," February 25, 1971, NAA: A452, 1970/4775.

<sup>29</sup> A McIntosh Memorandum, "Revised Department Program – Section 15.7.1 – Department of Social Development and Home Affairs," February 2, 1971, NAA: A452, 1970/4775.

<sup>30</sup> D.M. Fenbury, "Second Five Year Plan, 1973-1978 – Department of Social Development and Home Affairs," February 4, 1972, NAA: A452, 1970/4775.

population, can be seen as a product of the changing understandings of development entering into the 1970s. This was a shift away from the earlier emphasis on modernisation, which aimed at national economic growth and often gave little consideration to the consequences for individuals. The ‘basic needs’ concept, which was a product of the re-examination of the development process, became another component of the Australian colonial development policy in PNG.

### **Self-Reliance and the Faber Report**

The shift in development policy in PNG was partly a product of the growing interest of international organisations in the soon-to-be independent territory. While the UN Trusteeship Council had always maintained its oversight on Australian actions in PNG, it was really the visit of the World Bank mission in 1963 that marked the beginning of a shift away from the Australian monopoly over developmental planning in the territory.<sup>31</sup> The Australian administration of PNG came under increased scrutiny as the global process of decolonisation accelerated throughout the 1960s. After a visit to a number of African countries in 1964, Tange reflected on the “hopeless dilemma” that faced Australia. He held that Australia either kept control of PNG and faced the charge of ‘colonialism’, or it prematurely granted independence and would be accused of ‘neo-colonialism’.<sup>32</sup> One consequence of this was the intensification of efforts to achieve independence at a sooner date than was perhaps expected in the early 1960s.<sup>33</sup> In the face of international scrutiny, Australian officials invited a UN Development Program/World

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<sup>31</sup> World Bank, *The Economic Development of the Territory of Papua and New Guinea* (Canberra: Department of Territories, 1964).

<sup>32</sup> A.H. Tange to P.M.C. Hasluck, August 28, 1964, NLA, Tange Papers, MS 9847, Box 6.

<sup>33</sup> On a visit to PNG in 1967 Mildred Watt, the wife of former Secretary of the Department of External Affairs Alan Watt, contrasted the “the liberal and paternal Hasluck pattern” to the situation of the late 1960s, marked by a “view to self-sufficiency and self-government.” Mildred Watt, PNG Diary, June 23, 1967, NLA, Watt Papers, MS 3788, Box 1.

Bank mission, headed by the British economist and administrator, Michael Faber. Faber, a prominent development expert and former administrator in the newly independent Zambia, was chosen for his “international standing in the field of development economics and ... wide knowledge of underdeveloped countries and of world economic trends affecting them.”<sup>34</sup> The Faber Report, as it became known, was influential in guiding Papua New Guinean leaders in their planning for independence. It called for a plan that drew on both orthodox and new developmental ideas, and its principal recommendation is worth quoting in full:

In short, we propose the development of a mixed capitalist economy in which there are *two* important sources of dynamic transformation – one is the modern enclave (our bureaucratic sector) drawing on imported capital, technology and skills, the other is the endogenous evolution of small-scale rural and urban activities (both petty capitalist and collective in different sectors); the role of the government will be to attract, control and draw resources from the modern enclave and to devote a major part of its own material and administrative resources towards creating the environment in which informal activities may flourish.<sup>35</sup>

Faber and his colleagues contrasted their ideas “with any modernisation theory which thinks of the transformation process solely as the need to graft a western-type modern sector (including what we have called the ‘small firm’ sector) on to an assumed indigenous subsistence economy.”<sup>36</sup> They also suggested that greater attention be paid to promoting “crafts and service industries”, in contrast to the existing emphasis on “wage employment, entrepreneurship and agriculture.”<sup>37</sup> This process had been followed in other newly independent countries, and reflected the growing emphasis on developmental strategies that took indigenous traditions and practices into account.

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<sup>34</sup> “United Nations Development Programme (Technical Assistance) - Commonwealth Government of Australia (on Behalf of Papua New Guinea): Request for Country Project No. 71,” n.d. [Around February 1972], NAA: A452, 1972/2133; “Michael Faber Obituary,” *The Guardian*, March 26, 2015, <<http://www.theguardian.com/politics/2015/mar/25/michael-faber>>, visited January 25, 2016.

<sup>35</sup> World Bank. and United Nations Development Programme., *A Report on Development Strategies for Papua New Guinea: Prepared by a mission from the Overseas Development Group (University of East Anglia) for the International Bank for Reconstruction and Development acting as agency for the United Nations Development Programme* (Port Moresby: IBRD, 1973), 27. Hereafter cited as *Faber Report*. [Italics in original].

<sup>36</sup> *Faber Report*, 27.

<sup>37</sup> DRAFT, The Overseas Development Group (University of East Anglia) for the IBRD acting as executive agency for The UNDP, “Report to advise upon Strategies for the next Development Programme (1973-1978) for Papua New Guinea,” June 1972, NAA: A452, 1972/2133.

The incorporation of traditional practices into developmental policy was at the heart of the self-reliance movement, which was most closely associated at this time with Nyerere's Tanzania.<sup>38</sup> As a consequence of recommendations such as these, the Faber Report argued for an increased focus on "localisation/indigenisation, rather than on growth," marking a departure from the orthodox Rostovian model of modernisation.<sup>39</sup> It was also critical of the size of the central administrative bureaucracy, which was another product of Australian developmental policy. While the Australian administration relied on a public service modelled on the metropolitan example, the Report noted that this would not be appropriate given the budgetary and technical constraints that would exist in a newly independent PNG. Overall, the Faber Report recommended increased indigenous participation in economic development, and a shift away from emulating Australian-style development in PNG.

The Australian response to the Faber Report was mixed, reflecting the varied state of developmental thinking during this period. In a Department of External Territories meeting, held on August 15, 1972, some officials expressed their opposition to the ideas conveyed in the Report. One critic felt that the Report was "disappointing" and "superficial", and argued that "growth is not necessarily inconsistent with indigenous participation."<sup>40</sup> The same critic observed the influence of self-reliance ideas in the Faber Report, noting that it aimed to "impose an African model" on PNG.<sup>41</sup> Such commentary demonstrates how particular ways of thinking, once accepted, were difficult to overcome. The Secretary of the Department, David Hay, was more diplomatic in his comments. He recognised that the "proposed strategies will probably be very acceptable to Papua New

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<sup>38</sup> Rist, *History of Development*, 125; Nyerere, *Socialism and Rural Development*, 4.

<sup>39</sup> "Report to advise upon Strategies for the next Development Programme (1973-1978) for Papua New Guinea."

<sup>40</sup> Department of External Territories, "UNDP Report: Some Notes of a Discussion on 15th August," NAA: A452, 1972/2133.

<sup>41</sup> Department of External Territories, "UNDP Report."

Guineans.”<sup>42</sup> The Faber Report’s criticism of Australian developmental policy undermined the long-held claim that Australia’s policy in PNG was disinterested and selfless.<sup>43</sup> This supposedly selfless approach had manifested in policies based on the growth model of development. The Faber Report, with its shift away from that paradigm, is indicative of the swirling field of ideas that confronted Australian policymakers by the early 1970s.

The Department of Foreign Affairs also took an interest in the Faber Report. Examining the Report in the context of aid policy, Foreign Affairs was more accepting of its recommendations. In summarising the key recommendations, Neil Hope of the Department’s Aid Branch emphasised that Papua New Guinean development shared numerous features with that of other developing countries. Hope identified that “Papua New Guinea is unique, but many of its problems are not ... What is needed as much as anything is a change of attitude and a new and clearer formulation of objectives.”<sup>44</sup> This view reflects Foreign Affairs’ recognition of the changing field of international development. It also illustrates their rejection of the External Territories’ long-held view of PNG as ‘unique’.

Their different attitudes towards the Faber Report notwithstanding, both departments acknowledged its appeal to PNG’s leaders. Hope noted that “there have been many indications that PNG leaders have adopted its recommendations as a guide to future policy.”<sup>45</sup> This was indeed the case, as the Faber Report formed the basis for the Somare Government’s early foray into developmental policy, the Eight Point Plan. James Griffin has summarised the Plan in the following terms: “Succinctly, the eight aims were localisation, equal distribution of incomes and services, decentralisation, small-scale

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<sup>42</sup> Department of External Territories, “UNDP Report.”

<sup>43</sup> “Colonialism in Reverse,” *Canberra Times*, October 19, 1966.

<sup>44</sup> Summary of Faber Report, attached to Neil Hope to Loveday, Spratt, and Nicholson, “Aid to PNG - The Faber Report,” June 13, 1973, NAA: A452, 1973/291.

<sup>45</sup> Neil Hope to Loveday, Spratt, Nicholson, “Aid to PNG - The Faber Report,” June 13, 1973, NAA: A452, 1973/291.

industry, self-reliance in production, self-reliance in the raising of revenue, equality for women and government control of the economy where necessary.”<sup>46</sup> These policies adhered to Julius Nyerere’s approach to development, which stressed that:

Just as each village would be able to do certain things on its own, and for others would benefit from co-operating with similar villages nearby, so there are some things in which the nation as a whole has to co-operate... The job of Government would therefore be to help these self-reliant communities and to organize their co-operation with others.<sup>47</sup>

A number of Papua New Guinean leaders had visited Tanzania in the 1970s, and Nyerere came to Australia in 1974 at the same time as PNG was gearing up for independence.<sup>48</sup> Somare’s Eight Point Plan, which was guided by the self-reliance approach, was a product of Australian and Papua New Guinean leaders’ engagement with new ideas in international development.

### **The Establishment of the Australian Council for Overseas Aid**

For the first two decades following the Second World War, Australian overseas developmental assistance was almost exclusively in the hands of the federal government. There were small groups of volunteers who travelled overseas to places like Indonesia to provide technical assistance, with the oldest and most famous being the Volunteer Graduate Scheme (VGS), founded by Herb Feith in 1950.<sup>49</sup> NGOs including Community Aid Abroad had also begun fundraising for overseas welfare projects. Nevertheless, these groups attracted only small numbers of supporters, and their resources were dwarfed by

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<sup>46</sup> James Griffin, Hank Nelson, and Stewart Firth, *Papua New Guinea: A Political History* (Richmond: Heinemann Educational Australia, 1979), 188-189.

<sup>47</sup> Nyerere, *Socialism and Rural Development*, 20.

<sup>48</sup> Downs, *The Australian Trusteeship Papua New Guinea, 1945-75*, 415.

<sup>49</sup> Purdey, *From Vienna to Yogyakarta*, 75-79; Agnieszka Sobocinska, “A New Kind of Mission: The Volunteer Graduate Scheme and the Cultural History of International Development,” *Australian Journal of Politics and History* 62, no. 3 (2016); Agnieszka Sobocinska, “How to Win Friends and Influence Nations: The International History of Development Volunteering,” *Journal of Global History* 12, no. 1 (2017): 49-50; Faye Sutherland, “The Dynamics of Aid and Development: Australian and Asian Responses to Poverty in the Region 1950s-1990s” (PhD Thesis, University of NSW, 1997), 50-81.

those available to the Australian government. The primacy of governmental aid was in keeping with the dominant conceptions of development during the period, which placed economic growth as the primary goal of international development.<sup>50</sup> This resulted in large-scale infrastructure programs such as hydroelectric schemes and industrial projects, which in many ways resembled the developmental aims of countries in the Global North.<sup>51</sup>

As the previous chapter showed, large-scale projects came under increasing scrutiny by the second half of the 1960s. Around the same time that the effectiveness of large-scale development programs was coming under criticism, NGOs began to assume increased public prominence. In Australia, these groups interacted through ACFOA. Emerging out of a conference organised by John Crawford in April 1964, ACFOA sought to co-ordinate the work of voluntary aid organisations in Australia.<sup>52</sup> Inaugural member organisations included Community Aid Abroad, Freedom From Hunger Campaign, Overseas Service Bureau, along with numerous church relief organisations. These NGOs were taking a greater interest in developmental assistance, which was in keeping with a broader international process.<sup>53</sup> ACFOA believed NGOs could break down “institutional barriers” by:

Providing direct financial and technical assistance to small, local projects at the ‘grass roots’ level which may have a valuable educational effect, helping village farmers to acquire techniques adapted to local conditions and enabling them to take advantage of large-scale water conservation or fertilizer projects etc.<sup>54</sup>

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<sup>50</sup> Rist, *History of Development*, 25-46.

<sup>51</sup> Nick Cullather, *The Hungry World: America's Cold War Battle Against Poverty in Asia* (Cambridge, Mass.: Harvard University Press, 2010), 108-113.

<sup>52</sup> John Crawford, Press release, April 23, 1964, NLA, ACFOA Papers, MS 9347, Box 1. Kilby, *NGOs and Political Change*, 35-39.

<sup>53</sup> Michael N. Barnett, *Empire of Humanity: A History of Humanitarianism* (Ithaca, New York: Cornell University Press, 2011), 123-124.

<sup>54</sup> Nancy Anderson, “Voluntary Foreign Aid Seminar, April 20-21, 1964: Review Paper Notes,” NLA, ACFOA Papers, MS 9347, Box 1.

Many organisations took a closer interest in the ‘basic needs’ of people in developing countries, although there was a clear awareness of the connection between this approach and the objective of promoting growth in terms of GNP.

In its early years, ACFOA also sought to co-ordinate their activities with the government. Jim Webb, president of the Overseas Service Bureau, one of the founding member organisations of ACFOA, noted that NGOs could provide forms of aid that governments could not. Because of this:

ACFOA is also of the view that, as voluntary agencies and Government departments develop understanding of each other, the role of the voluntary organization as an agency of aid can be recognized as a part of the overseas aid programme of the nation.<sup>55</sup>

The grassroots, ‘basic needs’ approach of NGOs was seen as complementary to the developmental assistance provided by the government. As a result, ACFOA believed NGOs contributed to the overall effectiveness of Australian aid, despite the small resources at their disposal.<sup>56</sup>

The Department of External Affairs saw potential in establishing ties with ACFOA. Paul Hasluck attended early conferences and some contacts were established with Departmental officials, such as H.D. White. ACFOA’s willingness to work with the government was part of an international pattern. By the mid-1960s, many NGOs worked with governments throughout the West, mainly due to the fact that states exerted a profound degree of control over the provision of aid.<sup>57</sup> By working closely with governments, NGOs could expect better developmental results than if they attempted to go it alone in developing countries. ACFOA also sought recognition as an official body

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<sup>55</sup> ACFOA Paper, “The Objectives and Relationships with Government,” March 1966, attached to Minutes of ACFOA Executive Meeting, May 3, 1966, NAA: A1838, 2101/5/1 PART 2.

<sup>56</sup> This was somewhat borne out by the spending figures provided at the 1964 conference, where it was stated that the combined resources of all the participating NGOs was “somewhat over £3 million,” with the vast bulk of these funds belonging to church groups, compared to the governmental spending of over £45 million in the year 1963/4. Nancy Anderson, “Voluntary Foreign Aid Seminar, April 20-21, 1964 - Review Paper Notes,” NLA, ACFOA Papers, MS 9347, Box 1.

<sup>57</sup> Barnett, *Empire of Humanity*, 118-131.

to secure tax-exempt status on donations.<sup>58</sup> As with many features of Australian aid during the age of international development, developmental and political imperatives existed simultaneously.

The growing critique of large-scale government aid projects affected the relationship between ACFOA and the Government. Whereas the mid-1960s were filled with sentiments of co-operation between government and NGOs, by 1972 ACFOA was deeply critical, claiming:

Many believe that voluntary aid is far more effective than Government aid in bringing about real and practical development to people, for despite genuine efforts to the contrary the Government is regarded as impersonal and mostly appears to be soulless.<sup>59</sup>

As Faye Sutherland's analysis has shown, NGOs became increasingly frustrated with the official approach towards aid during this time. ACFOA had close ties with prominent Australian dependency theorists, Rex Mortimer and Herb Feith.<sup>60</sup> As the government persisted with large programs that supposedly promoted economic growth, ACFOA became more firmly convinced of the need to tackle the causes of poverty at a grassroots level.<sup>61</sup> While there were pragmatic reasons behind the growing distance between ACFOA and the Department of Foreign Affairs, such as over the absence of official financial support, differences over developmental ideas were pivotal in separating the two institutions.<sup>62</sup> The contrast between ACFOA and its 'basic needs' approach, and the

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<sup>58</sup> The campaign for tax exemption forms a substantial part of the correspondence found in Box 1 of the ACFOA papers at the NLA.

<sup>59</sup> ACFOA Submission, For the Consideration of the Sub-Committee of the Joint Committee on Foreign Affairs of the Subject: What is the most effective form of foreign aid, bi-lateral or multi-lateral, 1972, NLA, ACFOA Papers, MS 9347, Box 1.

<sup>60</sup> Appendix to Minutes of ACFOA Council Meeting, 25-26 August 1973, NLA, ACFOA Papers, MS 9347, Box 54. Jemma Purdey discusses the power of Mortimer's ideas with ACFOA member organisations such as Community Aid Abroad. Jemma Purdey, *From Vienna to Yogyakarta: The Life of Herb Feith* (Sydney: University of New South Wales Press, 2011), 362-364.

<sup>61</sup> Sutherland, "The Dynamics of Aid and Development," 68, 180.

<sup>62</sup> Kilby, *NGOs and Political Change*, 132. An undated "History of ACFOA" document held in the ACFOA Papers at the NLA explains that the annual grant provided from the government remained below \$20,000 between 1968 and 1973, "History of ACFOA," n.d., NLA, ACFOA Papers, MS 9347, Box 2.

departmental adherence to the orthodox growth model was more powerful than the political forces that drew them together.

### **ACFOA and 'Basic Needs'**

The growing awareness of the “urgent and expanding needs of peoples in many parts of the world” was central to the establishment of ACFOA.<sup>63</sup> In 1966, ACFOA drafted a ‘standing policy’ paper on development and relief aid, and part of it was devoted to a critique of official aid programs. The central point of the critique was:

International aid, whether for relief or development is not just a question of impersonal economic relationships. It involves and requires an acute and sympathetic awareness of human needs and aspirations. This personal dimension must not be lost sight of no matter how vast and impersonal the problems may seem.<sup>64</sup>

Comments such as these reflected the growing view that aid provided by governments was underpinned by economic theories that did not take the human aspects of development into consideration. This emphasis on the ‘basic needs’ components of development assistance was ACFOA’s primary contribution to the intellectual discourse on development in Australia in the second half of the 1960s.

The developmental basis for co-operation between ACFOA and the Department of External Affairs was the mutual recognition that both groups specialised in different forms of overseas aid. In his address to the ACFOA conference on the “Respective Roles of Government, United Nations and Non-Government Agencies,” Hasluck admitted that voluntary organisations were often best equipped to help foreign countries

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<sup>63</sup> ACFOA, Draft Constitution, February 1965, NLA, ACFOA Papers, MS 9347, Box 1.

<sup>64</sup> “ACFOA Standing Policy on Development and Relief Aid,” March 1966, NAA: A1838, 2101/5/1 PART 2.

with “their worst social blots.”<sup>65</sup> On the other hand, Hasluck argued that large-scale infrastructure projects, such as road-building or other construction projects, were “a field which the voluntary agencies are not equipped to enter.”<sup>66</sup> The departmental view placed NGOs as a supplement to the official aid program, with voluntary agencies filling the gaps left by ‘official’ aid. Importantly, this was a clear recognition of the different developmental approaches, with the Commonwealth restating its belief in the orthodoxy of growth and voluntary organisations taking charge at a more grassroots level.

This observation led to the enlistment of ACFOA in providing civil assistance in South Vietnam. Following extensive negotiations between ACFOA and External Affairs, aid workers were sent to South Vietnam to continue technical assistance programs that had lost momentum as the conflict escalated.<sup>67</sup> By 1967, the Commonwealth Government had paid ACFOA \$18,000 to assist in the establishment of an office in South Vietnam.<sup>68</sup> The purpose of the office was to co-ordinate the work of ACFOA’s member organisations, thereby supplementing the civil aid being provided by the government, which mainly revolved around the provision of a surgical team and a water supply project in Bien Hoa, projects valued at around \$1.2 million.<sup>69</sup> ACFOA provided assistance to the government in co-ordinating these projects, although by the end of the 1960s the collaboration between the government and ACFOA became unworkable due to intensified opposition to the war and dangerous conditions in South Vietnam.<sup>70</sup> As can be seen in the relative financial figures, the government’s support for voluntary aid was somewhat insignificant compared to its own expenditure, despite Hasluck suggesting that Commonwealth assistance to ACFOA “could be expected to produce big increases

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<sup>65</sup> Hasluck speech, “Respective Roles of Government, United Nations and Non-Government Agencies, and Opportunities for Co-operation in Overseas Aid Activities,” ACFOA conference, November 11, 1965, NAA: A1209, 1965/6531 PART 1.

<sup>66</sup> Hasluck, “Respective Roles of Government, United Nations and Non-Government Agencies.”

<sup>67</sup> “Committee on Aid Will Go to Vietnam,” *Canberra Times*, October 31, 1966.

<sup>68</sup> “History of ACFOA,” n.d. [written in the late 1970s], NLA, ACFOA Papers, MS 9347, Box 2.

<sup>69</sup> Department of External Affairs, “Australian Economic Aid to Viet Nam”, n.d., NAA: A1209, 1965/6531 PART 1.

<sup>70</sup> Kilby, *NGOs and Political Change*, 41-42.

in voluntary aid efforts.”<sup>71</sup> For the Department of External Affairs in the second half of the 1960s, the ‘basic needs’ approach provided by ACFOA and its member NGOs merely filled the gap left by official aid.

While ACFOA’s engagement with the Department of External Affairs indicated a degree of acceptance of the orthodox approach to development, alternative concepts steadily assumed greater prominence. This was perhaps most pronounced in a 1972 submission to the Parliamentary Joint Committee on Foreign Affairs. Titled “What is the most effective form of aid, bi-lateral or multi-lateral?”, the submission criticised ‘traditional’ aid policies in terms set by dependency theory:

There must be a change of attitude in the developed countries and in the decision-making centres of the developing countries. Work for development must not be allowed to continue what has become the pattern of established traditional attitudes without its being submitted to the scrutiny of the criteria of justice and equality. Aid programmes must seek to promote social justice.<sup>72</sup>

According to Patrick Kilby, the acceptance of these ideas was facilitated by a “heady period of social change in Australia”, which by the 1970s produced a more “radical edge” amongst ACFOA’s members.<sup>73</sup> In keeping with the influence of international forces during this period, the shift to a more radical politics in Australia followed from similar changes amongst NGOs in the United Kingdom and the United States.<sup>74</sup> This was linked to the rise of the NIEO, which was introduced in Chapter Four.<sup>75</sup> In many ways the critical approach provided by the anti-modernisation model (which manifested itself most clearly in Australia as anti-growth), with its emphasis on the social consequences of development assistance, suited the ‘basic needs’ approach of ACFOA.

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<sup>71</sup> “Major Boost in Vietnam Aid,” *Canberra Times*, February 2, 1967.

<sup>72</sup> ACFOA Submission, For the Consideration of the Sub-Committee of the Joint Committee on Foreign Affairs of the Subject: What is the most effective form of foreign aid, bi-lateral or multi-lateral, 1972, NLA, ACFOA Papers, MS 9347, Box 1.

<sup>73</sup> Kilby, *NGOs and Political Change*, 66-67.

<sup>74</sup> Matthew Hilton, “Ken Loach and the Save the Children Film: Humanitarianism, Imperialism, and the Changing Role of Charity in Postwar Britain,” *The Journal of Modern History* 87, no. 2 (2015): 360-361; Akira Iriye, *Global Community: The Role of International Organizations in the Making of the Contemporary World* (Berkeley: University of California Press, 2002), 113-116.

<sup>75</sup> Nils Gilman, “The New International Economic Order: A Reintroduction,” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015): 1.

Ultimately, the first decade of ACFOA's existence exemplified the changes that took place in Australian engagement with international development in the late 1960s and early 1970s. Established in 1965, ACFOA arrived at a time when the modernisation paradigm was still influential both within and outside official circles. The grassroots approach of voluntary NGOs was thus conceived of as a supplement to official developmental assistance. By the beginning of the 1970s, however, the 'basic needs' concept became closely associated with more critical developmental approaches. ACFOA, in tune with the evolution of developmental ideas, became much more skeptical of the effectiveness of the official aid program.<sup>76</sup> The break between ACFOA and the Commonwealth Government was therefore a product of the shifting nature of international development.

### **Creating a Standalone Australian Aid Agency: The Establishment of the ADAA**

The previous sections have demonstrated that the late 1960s and early 1970s were marked by the arrival of new forces in the field of Australian aid policy. While the emerging voices of NGOs and indigenous leaders in PNG called for aid that met basic needs or that promoted self-reliance, government officials in Canberra also continued to search for ways to improve Australian developmental assistance. The inter-departmental aid review, examined in the previous chapter, considered a number of reforms to aid policy. In the short-term, development policy continued to be driven by an emphasis on growth as it had since the end of the Second World War. In 1972 the election of the Whitlam Labor Government, following twenty-three years of Coalition Governments, provided an opportunity for significant reform in the field of foreign aid. Throughout the late 1960s and 1970s, Labor politicians consistently targeted the aid policy of the

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<sup>76</sup> Box 2 of the ACFOA Papers held at NLA contains numerous documents that provide information on British and American institutional arrangements for the provision of developmental assistance.

Coalition governments, particularly in taking up the call for a minimum of one per cent of GNP to be spent on foreign assistance.<sup>77</sup> These calls, alongside the increased prominence of ACFOA, presented the rare situation where Australian foreign aid policy was the subject of considerable public interest. In this context, the Australian Labor Party (ALP) made it clear in their 1972 election platform that significant reforms would take place in the field of overseas aid.<sup>78</sup>

The clearest symbol of these reforms was the establishment of a standalone Australian aid agency, the ADAA. The establishment of the ADAA corresponded with two important international trends. First, the ADAA was a late entrant into the international process of countries establishing standalone aid bureaucracies. The United States Agency for International Development was established in 1961, the British Ministry of Overseas Development in 1964, and the Canadian International Development Agency in 1968.<sup>79</sup> Secondly, the incorporation of colonial development expertise into the ADAA, most clearly expressed in the appointment of the Administrator of PNG Les Johnson to be the first head of the Agency, was in keeping with the international practice of bringing colonial officials into aid institutions.<sup>80</sup> By establishing a separate agency dedicated to the provision of foreign aid, the Whitlam Government placed development at the centre of their vision of Australian overseas economic assistance. Looking back at the brief existence of the ADAA, former Aid Branch official and Whitlam's Private Secretary, Peter Wilenski argued that a separate aid

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<sup>77</sup> "Major ALP Policy Switch," *Canberra Times*, July 18, 1967.

<sup>78</sup> E.G. Whitlam, Cabinet Submission No. 634, "Administration of Australia's Foreign Aid," August 29, 1973, NAA: A571, 1973/2215 PART 16.

<sup>79</sup> Ekbladh, *The Great American Mission*, 192; Gordon Cumming, *Aid to Africa: French and British Policies from the Cold War to the New Millennium* (Aldershot: Ashgate, 2001), 71-72; Keith Spicer, "Clubmanship Upstaged: Canada's Twenty Years in the Colombo Plan," *International Journal* 25, no. 1 (1969): 32.

<sup>80</sup> Daniel Gorman, "Britain, India, and the United Nations: Colonialism and the Development of International Governance, 1945-1960," *Journal of Global History* 9, no. 3 (2014): 488; Veronique Dimier, *The Invention of a European Development Aid Bureaucracy: Recycling Empire* (Basingstoke: Palgrave Macmillan, 2014).

agency would ensure “that developmental aspects (including the social and income distribution effects of aid) received a high priority in formulating aid programmes.”<sup>81</sup>

Domestically, the forces driving the establishment of the ADAA ranged from the political to the intellectual to the pragmatic. On a political level, ALP criticism of the previous government’s handling of foreign aid policy created momentum for significant change in the administration of Australian overseas assistance. On an intellectual level, the ADAA emerged out of recognition of the limitations of the existing aid policy, with the problems of ‘underdevelopment’ seemingly as pressing as they were in 1950, when the Colombo Plan was formed. This could be seen in the Foreign Affairs observation that, outside of aid to Indonesia and PNG, “most of our aid has been a conglomeration of small, and often unrelated projects.”<sup>82</sup> This was a long-held concern amongst Australian policymakers, and had been at the heart of the 1965 aid review. Finally, on a pragmatic level, the independence of PNG necessitated a bureaucratic reshuffle away from the dual forces of the Departments of External Territories and Foreign Affairs.

Prior to the 1972 election, the ALP had pledged to “reorganise” the provision of Australian aid. W.L. Morrison, a former External Affairs official and Labor Minister for External Territories, played an important role in driving ALP aid policy. According to Wilenski, Morrison’s work in External Affairs convinced him of “the extent to which the developmental aspects of aid were ignored in the Department and of the lack of professionalism in its aid branch.”<sup>83</sup> Morrison’s arguments found a receptive audience in Whitlam, and the ALP Federal Platform pledged reorganisation of Australian aid within the context of “accepting the United Nations programme to work towards a national

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<sup>81</sup> Peter Wilenski, “Infanticide in the Bureaucracy: The Australian Development Assistance Agency,” in *Decisions: Case Studies in Australian Public Policy*, ed. Solomon Encel, Peter Wilenski, and B.B. Schaffer (Melbourne: Longman Cheshire, 1981), 104.

<sup>82</sup> A.R. Parsons, memorandum for Minister of Foreign Affairs, “Future Foreign Aid Programmes,” January 16, 1973, NAA: M3383, 73.

<sup>83</sup> Wilenski, “Infanticide in the Bureaucracy,” 102.

contribution of one per cent of gross national product.”<sup>84</sup> When combined with the ALP’s acknowledgement that “the quantity of aid is not the full measure of its effectiveness,” the incoming government conceived of aid in a slightly different way to the Coalition governments of the previous two decades. In order to implement these changes, the new government sought to reform the aid bureaucracy. This was in keeping with the recommendations of the 1965 aid review, commentary coming from ACFOA, as well as by additional comments made by John Crawford in other forums.<sup>85</sup> For instance, Crawford was invited by the Department of Foreign Affairs to present his views during the planning process, and he firmly indicated a preference for a “separate Department or Bureau responsible to the Foreign Minister but *not* to the Permanent Head of Foreign Affairs.”<sup>86</sup> Comments such as these demonstrated both a concern over bureaucratic autonomy for the new agency, as well as a desire to separate Australian aid from the diplomatic imperatives of Foreign Affairs. The structure suggested by Crawford as well as several others, such as Wilenski, prevailed, and the ADAA was formed as an autonomous agency that reported to the Foreign Minister.<sup>87</sup>

By separating Australian aid from the diplomatic imperatives of Foreign Affairs, the ADAA was able to emphasise the developmental aspects of economic assistance. In their 1975-6 Annual Report, the ADAA explained that:

Although Australia gives assistance in emergency situations for the alleviation of human suffering in the short term, the success of the aid program depends ultimately on the contribution it can make to building up the capacity of developing countries to achieve self-sustaining growth.<sup>88</sup>

This reference to Rostow’s modernisation theory suggests a degree of intellectual continuity in the aims of Australian aid, but the ADAA also implemented some policy

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<sup>84</sup> Extracts from Federal Platform of Australian Labor Party relative to overseas aid, attached to W.L. Morrison to E.G. Whitlam, March 8, 1973, NAA: A571, 1973/2215 PART 16.

<sup>85</sup> “Australian External Aid, Report to the Minister for External Affairs by the Inter-Departmental Committee to Review Australian External Aid,” March 1965, 109, NAA: A4311, 147/1.

<sup>86</sup> J.G. Crawford, Report on Aid Administration, June 6, 1973, NAA: M3383, 73. [Emphasis in original]

<sup>87</sup> “Report of the Task Force on a Unified Aid Administration,” May 1973, NAA: M3383, 73.

<sup>88</sup> Australian Development Assistance Agency., *Annual Report, 1975-76* (Canberra: Australian Govt. Pub. Service., 1977), 1.

reforms. Perhaps the most significant change was the shift away from the Colombo Plan scholarship scheme towards providing resources for the training of students in developing countries themselves.<sup>89</sup> The ADAA also took over the control of Australian assistance to PNG, following the closing of the Department of External Territories after the granting of self-government to PNG in 1973. With regard to specific aid projects, Nancy Viviani and Peter Wilsenski identify only minor changes in the types of programs supported under the ADAA, but emphasise the increased environment of “innovation and experimentation which would lead to a great involvement of Australian aid in social welfare programs and to an impact on ‘people’s’ problems rather than a government’s problems.”<sup>90</sup> The ADAA offered a promising sign to those who sought to bring developmental imperatives to the forefront of Australian aid policy.

Debates over the autonomy of the ADAA demonstrated that Foreign Affairs retained a concern for the political objectives of Australian aid. As Departmental Secretary Keith Waller argued:

While in the selection and implementation of individual projects our objectives are essentially ‘economic’, decisions on the geographical distribution of foreign aid, the concentration on South East Asia, day-to-day decisions on food aid, projects and training, can only be assessed in foreign policy terms.<sup>91</sup>

Waller’s comments highlight the ongoing tension between developmental and political considerations in Australian aid. The fact that the Department of Foreign Affairs was unsuccessful in maintaining direct control over foreign aid indicated that the new Labor Government was less willing to allow political imperatives to drive Australian developmental assistance.

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<sup>89</sup> Australian Development Assistance Agency., *Annual Report, 1975-76*, 18-19.

<sup>90</sup> N. Viviani and P. Wilsenski, “Politicians, Bureaucrats and Foreign Aid: A Case Study,” in *International Aid: Some Political, Administrative and Technical Realities*, ed. R. T. Shand and H. V. Richter (Canberra: Development Studies Centre, A.N.U., 1979), 120-121.

<sup>91</sup> J.K. Waller, memorandum for Minister of Foreign Affairs, “Administration of Aid Programmes,” n.d. [written in the first half of 1973], NAA: M3383, 73.

The change of government brought an end to the long-held conflict between Treasury and External/Foreign Affairs over aid spending. Unlike his predecessors, who had believed that Australian aid contributions had to be limited by Australia's domestic needs, the new Federal Treasurer, Frank Crean was an adherent of the 'basic needs' approach to development. The Treasurer wrote, "I would like to see Australia's aid used more effectively and would like to ensure that it is provided in such a way as to reach the under-privileged people within the developing countries."<sup>92</sup> Crean's receptiveness to overseas developmental assistance had not been seen in the more than two decades of Coalition Government. It also demonstrated an official engagement with some of the newer approaches towards developmental assistance.

The looming independence of PNG was a further driver in the establishment of the ADAA. As the largest recipient of Australian aid spending, and with the firm view that this situation would persist well into the future, PNG held a 'special' place in aid policy. The Department of External Territories was abolished following PNG self-government, and questions were raised over where that expertise would be employed. The Chairman of the Public Service Board, Alan Cooley, recommended that:

It is considered that with the change in the relations between Australia and Papua New Guinea, Australia's economic aid activities should be concentrated in an International Development Agency styled after the Overseas Development Administration in the United Kingdom and the Canadian International Development Agency. The objectives would be to achieve overall co-ordination of aid activities and at the same time, to raise the status of the function and to increase the quality of resources allocated to it.<sup>93</sup>

Further evidence of PNG's significance to the reforms of Australian aid can be seen in the decision to appoint Les Johnson, the final Administrator of the Territory, as Director-General of the ADAA.<sup>94</sup> Through such an appointment, a level of continuity was established between earlier colonial development policies and the new bilateral aid

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<sup>92</sup> Frank Crean to E.G. Whitlam, September 5, 1973, NAA: M3383, 73.

<sup>93</sup> "Overseas Aid Function," attached to Alan Cooley to E.G. Whitlam, May 16, 1973, NAA: M3383, 73.

<sup>94</sup> "Agency to Oversee Aid," *Canberra Times*, September 19, 1973.

relationship. As was the case throughout the decades following the Second World War, events in PNG were central to the Australian attitude towards overseas development and on means to implement aid policy.

### **The ADAA and the Clash Between Developmental and Political Imperatives**

In 1976, the ADAA was renamed the Australian Development Assistance Bureau (ADAB) and incorporated back into Foreign Affairs under new Coalition Prime Minister Malcolm Fraser. The ADAA's brief existence reflects a short period where the tension between political and developmental objectives within Australian aid favoured the latter. As Faye Sutherland has argued: "Whatever ADAA might have been[,] Labor policy did at least align government thinking on aid more closely with current global development analysis."<sup>95</sup> We have already seen this through the 'innovative' environment that the ADAA sought to foster. New ideas could also be found in the work of the ADAA Advisory Board, which was chaired by John Crawford and included staff members from government departments as well as from ACFOA. According to the Board's 1974 report, the ADAA was working towards the target that:

In the longer term aid should contribute to self-reliance in the recipient country through the development of human and other potential ... The encouragement of self-reliance in the sense of decreasing dependence on the regular input of foreign aid is in the political and economic interests of donor and recipient countries alike.<sup>96</sup>

Of course, the transition from 'help' to 'self-help' had been central to developmental assistance since President Truman's Point Four speech.<sup>97</sup> Yet, the combination of new

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<sup>95</sup> Sutherland, "The Dynamics of Aid and Development," 219.

<sup>96</sup> "Getting Aid to Those Who Really Need It," *Canberra Times*, March 22, 1974.

<sup>97</sup> Rist comments on how self-reliance shares a contradiction with more orthodox approaches to aid, in that it created "a paradoxical situation where what was done contradicted the declared goal." Rist, *History of Development*, 133.

ideas with significant bureaucratic reform gave Australian aid a different look just as the age of international development was coming to an end.

That is not to say that all debate about the nature and size of Australian aid had ended. Long-held concerns over the effectiveness of aid programs continued. In a conversation between Jim Ingram, First Assistant Secretary of the ADAA's Bilateral Programs and Operations Division, and a Treasury Department official, Ingram commented that:

The people in the Policy Secretariat had no practical experience with projects but they continually took up whatever were the latest fashions, eg. aid must help the poorest sections of the community, it must go to the rural areas etc. While these objectives were highly desirable they were often completely irrelevant when it came to the design of an Australian aid project, which was usually so small that it could have no impact on income distribution or other high minded objectives except in a very remote fashion.<sup>98</sup>

This revealing comment speaks to the engagement of ADAA officials with the new developmentalism of the early 1970s, while also highlighting the difficulties in implementing the various approaches through policy. The ADAA in 1975, much like the Department of External Affairs with the Colombo Plan in 1950, was the location for Australian bureaucrats with an interest in development to attempt to implement developmental theories on a limited budget. As was the case throughout the period from 1945 to 1975, Australian aid was guided by international trends in development, but had to contend with political and bureaucratic obstacles.

## **Conclusion**

The final decade of the age of international development was marked by the rise of new ideas in international development that put further pressure on the orthodox foundations of Australian aid. These new ideas found their way into Australian aid policy, as seen in

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<sup>98</sup> R.H. Dean, Minutes of conversation with Jim Ingram, October 14, 1975, NAA: A571, 1973/2215 PART 16.

the newfound recognition of basic needs and the acceptance that PNG's development might not adhere strictly to the Australian model. However, there was also a degree of continuity. In 1974-5, PNG and the Colombo Plan accounted for almost \$210 million out of Australia's overall bilateral aid budget of \$278 million.<sup>99</sup> Small project aid continued to comprise the majority of Australia's economic assistance, while significant numbers of students continued to be sent to Australia under the Colombo Plan scholarship scheme. By mid-1975, there were 1775 Colombo Plan scholars in Australian educational institutions, with the grand total of 15,041 coming to Australia between 1950 and 1975.<sup>100</sup> Australia continued to provide significant amounts of aid to PNG, but there was now a much greater emphasis on the desires of the indigenous population. These changes, alongside the arrival of the first Labor Government in over two decades, drove the establishment of the ADAA.

The creation of the ADAA reflected a desire for developmental objectives to take precedence over political goals. By taking the responsibility for Australian aid away from the Department of Foreign Affairs, the Whitlam Labor Government signalled their intentions to give aid policy a clearer developmental basis. Similarly, the increased significance of NGOs organised under ACFOA by the 1970s indicated that the diplomatic objectives of Australian aid were less significant than the developmental. Finally, PNG's independence caused a significant bureaucratic reshuffle that brought significant amounts of developmental experience into the new ADAA. The intersection of all of these events ensured the ascendancy of development in Australian aid policy. While this ascendancy was short lived, it can be seen as the culmination of three decades of intellectual and political adaptation.

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<sup>99</sup> *Official Year Book of the Commonwealth of Australia* (Canberra: Commonwealth Bureau of Census and Statistics, 1976), 127.

<sup>100</sup> *Official Year Book of the Commonwealth of Australia*, 128.

## Conclusion

This thesis has demonstrated the importance of developmental imperatives in Australian aid policy at the high point of a global age of development between 1945 and 1975. In doing so, it has taken the story of Australian aid beyond the Colombo Plan. While political considerations were a part of aid policy throughout this period, they existed alongside concerns over development. The developmental basis of Australian aid has not been thoroughly examined before, and as a result this thesis has added a new dimension to the history of Australian aid. Australia's involvement in the age of international development was motivated by more than just self-interest and a desire for Asian engagement. Humanitarian concern for the plight of people living in poverty combined with increased academic interest in the process of development to guide Australian policymakers in the provision of economic assistance. This combination of forces was found in Australia's policy towards both PNG and Southeast Asia.

Looking at the Colombo Plan or Australian policy in PNG only tells part of the story. Development provided the link between these two areas of government spending. While the two areas of Australian aid were not closely associated throughout the 1950s, by the mid-1960s policymakers had begun to acknowledge that assistance to PNG closely resembled Colombo Plan aid. Paul Hasluck's experience as both Minister for Territories and External Affairs provided a personal link between PNG and the Colombo Plan. By bringing PNG into the history of Australian aid between 1945 and 1975, this thesis has highlighted the close links between colonial development and post-war foreign aid policies. While there were important differences between the two areas of assistance, they formed two complementary strands in post-war Australian aid.

Both the New Deal in PNG and the Colombo Plan emerged out of the complex interaction between post-Atlantic Charter concern with global poverty and the

recognition amongst policymakers that promoting development throughout the poorer parts of the world was in the national interest. By 1950, the twin strands of Australian aid policy had been put into place. The 1950s were marked by a process of consolidation both in PNG and in the Colombo Plan. After existing alongside one another with minimal interaction, by the mid-1960s PNG was incorporated into Australian policy towards the developing world. Considerations over the development of PNG had an effect on the Middle Zone policy at UNCTAD, as it complicated McEwen's claim that Australia was not a 'developed' country. The final two chapters tracked the formal incorporation of Australian colonial policy into broader foreign aid considerations. The 1965 aid review brought out the developmental and political arguments for counting spending on PNG as a form of aid. By the 1970s, PNG was on course to become independent and the colonial expertise established in Australia over the previous two decades was incorporated into the ADAA. By bringing the previously separate components of Australian aid together, this thesis brings a new perspective to the study of Australian developmental assistance between 1945 and 1975.

In going beyond the orthodox assumption that the Colombo Plan was the dominant component of Australian aid in the decades following the Second World War, this thesis has also challenged the dominance of political imperatives in Australian aid policy. Instead, it has focused on the developmental considerations behind Australia's spending on development in PNG and Asia. This thesis has analysed the tension between these imperatives, as Australian policymakers were regularly driven by a combination of political and developmental factors. At times the political factors were dominant, such as in Spender's arguments for the establishment of the Colombo Plan. At other times developmental considerations took priority, as in the establishment and brief existence of the ADAA. At all times, however, both imperatives were present. While the political aspects of Australian aid have received substantial historical attention,

the developmental side of the debate has been under-examined. This thesis has gone some way towards restoring this balance, thereby enabling a more comprehensive understanding of Australian aid policy between 1945 and 1975.

This tension continues to be felt in Australian aid policy, as developmental imperatives compete with an emphasis on the political benefits that come from aid spending. This is the case today, as the Coalition Government's aid policy under Foreign Affairs Minister Julie Bishop places a clear emphasis on the political objectives of foreign aid. Under Bishop, the Australian Agency for International Development (AusAID) was incorporated into the Department of Foreign Affairs and Trade (DFAT) in order to align Australian "diplomatic, trade, and development efforts" as part of an attempt to strengthen "economic diplomacy".<sup>1</sup> Examining the history of Australian aid helps to understand contemporary policy. As Joseph Hodge writes:

Historians are not in the business of predicting what will happen, but what we *can* do is examine the historical context and complexities of current policy prescriptions more deeply, which, if nothing else, will alert those interested enough to listen to the potential pitfalls and ramifications of certain actions.<sup>2</sup>

The history of development in Australian aid during the age of international development therefore not only informs our understanding of that period, but also provides valuable information that can guide contemporary development practice.

This thesis has also demonstrated that Australian aid was informed by international political and intellectual trends throughout the age of international development. While domestic political interests and diplomatic benefits undoubtedly motivated the establishment of the Colombo Plan and Australian policy in PNG, international forces were often just as influential. Australian experts and policymakers

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<sup>1</sup> Department of Foreign Affairs and Trade, *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability* (Canberra: Department of Foreign Affairs and Trade, 2014), iii.

<sup>2</sup> Joseph Morgan Hodge, "Writing the History of Development (Part 2: Longer, Deeper, Wider)," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 3 (2015): 160.

were deeply interested in overseas trends, and they had a clear sense of how Australian policy fit into a broader international context.

Whether it was in the sphere of colonial development or through the Colombo Plan, advances in Australian aid policy were closely related to shifts in development theory and practice overseas, particularly in the United States and the United Kingdom. It was no coincidence that Eddie Ward and his Department of External Territories decided to implement a New Deal for PNG after the war. As international concerns over the plight of colonised peoples coalesced with newfound developmental imperatives, colonial development under the auspices of trusteeship became a central component of colonial practice throughout the world. The Hasluck era in PNG coincided with the rise of the modernisation paradigm of development. This phenomenon in international development informed Hasluck's emphasis on agriculture and education while also challenging his conception of uniform development. Similarly, Chapter Two demonstrated that the Colombo Plan emerged out of international forces that drew developmental theory into foreign policy. By the mid-1960s, the rising challenge of dependency theory was felt keenly in Australia. McEwen's Middle Zone policy was both a response to these ideas as well as an attempt to present an Australian counter to the dichotomy of international development. The 1964-1965 aid review followed similar investigations in the United States and the United Kingdom. It also provided a forum for the different developmental approaches within the Canberra bureaucracy to emerge, many of which were informed by ideas that originated overseas. This culminated in the emergence of new ideas and institutions in the final decade of the age of international development. In a similar way to the international influence of ideas of trusteeship and modernisation, the basic needs and self-reliance approaches illustrated the power of international trends on Australian policy.

This thesis points to the importance of ‘academic bureaucrats’ in translating global trends for Australian conditions. An increasing number of scholars became interested in developmental economics in the post-war decades, observing and engaging in a global conversation that encouraged theoretical and policy advances. Importantly, these scholars were also very closely involved with Australian policymaking institutions; acting as ‘academic bureaucrats’ who were pivotal in ensuring that public policy was informed by academic expertise. This established an important trend that persisted through to the early 1970s. Australian developmental economists including Douglas Copland, John Crawford, Heinz Arndt, and Rex Mortimer engaged with international theoretical trends, and the broad meaning of ‘development’ underwent a constant process of evolution and re-evaluation. This impacted upon Australian policymakers.

Between 1945 and 1975 a number of different positions on development emerged within the Commonwealth bureaucracy. Officials within External Affairs engaged with international trends, advocating what has broadly been referred to as a ‘growth’ model of development. According to this view, increased financial and technical assistance to poorer countries was expected to enable states to undergo the development process. In contrast to the External Affairs emphasis on the developmental needs of other nations, Treasury and Trade and Industry acknowledged the need for international development so long as it also benefitted Australia. Presenting Australia as a ‘developing’ country, these departments were far more likely to engage with the self-interested arguments behind overseas assistance, as they aimed to get the most ‘bang’ for their aid ‘buck’. Finally, Territories maintained what they perceived as the extremely difficult task of bringing PNG out of its ‘primitive’ state into a modern society that would eventually be prepared for independence. Guided by the principles of trusteeship, Territories highlighted the special ‘responsibility’ Australia had in PNG, favouring a gradual approach until the progress towards independence suddenly accelerated in the 1960s.

These ideological differences within the Commonwealth bureaucracy had a profound influence over developmental policies.

Ultimately, this thesis has added to the story of Australian aid by looking beyond the political dimensions of the Colombo Plan. It has shown that Australian assistance to PNG was the dominant form of Australian aid, and that policymakers in Canberra paid close attention to the constantly evolving field of international development. As a result, this thesis not only adds new dimensions to the analysis of Australian aid between 1945 and 1975, it also contributes to the historical understanding of the age of international development. The Australian case study reveals the close interaction between colonial governance and post-war development practice. It has also demonstrated how ideas flowed around the world and impacted upon debates over aid policy. International notions of trusteeship, modernisation, and dependency all found their way into the Commonwealth bureaucracy, and were adopted or challenged by different government departments. The Australian story was one of adaptation and evolution, of debate and compromise. No idea was hegemonic, and no policy was static. The evolution of Australian aid policy throughout the age of international development illustrated the close engagement of Australian experts and policymakers with the rest of the world. While national and regional interests were always present, the developmental considerations of Australian aid were a product of international forces. By examining these developmental considerations, this thesis has demonstrated just how closely Australian policy was in tune with the rest of the world.

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