Abstract

Canadian foreign policy towards Indonesia during the governments of Louis St. Laurent (1948-57) and John Diefenbaker (1957-63) was conditioned by Canada's place in the North Atlantic alliance, seen as more central to national interests. The most direct Canada-Indonesia connections were forged by non-government "public diplomats." This thesis utilizes the theory of "mental maps" as a way of understanding how diplomats imagined the world. Policymakers' mental maps gave prominence to Europe and the North Atlantic. Southeast Asia appeared only as a periphery needing to be held for larger "free world" goals. Ottawa viewed Indonesia through the prism of its alliances and multilateral associations. Canadian diplomacy towards Indonesia was often designed to preserve the unity of the North Atlantic alliance.

During the Indonesian national revolution, Canadian representatives on the Security Council acted to help their Netherlands allies. They found a compromise solution that helped to prevent splits within the North Atlantic alliance and the Commonwealth. Policymakers were working out a diplomatic self-image: Canada as mediating middle power. This was a process of myth making in which actions taken for alliance reasons were remembered as part of a global peacemaking mission. However, Ottawa avoided involvement in the second Indonesian-Dutch decolonization dispute over West New Guinea (Papua). Development aid also became part of Canada's diplomatic self-perception. Canada sent aid through the Colombo plan, intended to restore global trade and fight the cold war with non-military weapons. Canadian aid to Indonesia was negligible, primarily wheat.

While bilateral relations were limited, non-state actors operating within North America-wide networks forged more important connections. Canadian advisers to Indonesia's National Planning Bureau mapped out a development path based on Western models. McGill University's Institute of Islamic Studies promoted the "modernization" of Islam. Indonesia under Sukarno (1945-65) tried to avoid dependence on aid, but welcomed investment by oil companies such as Asamera and bought de Havilland aircraft from Canada. The seeds for the economic policies of Suharto's New Order (1965-98) were sown during this period by Indonesians based in the Planning Bureau and at McGill. Public diplomacy had a more enduring effect than government policy.
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Preface

This dissertation is concerned with demythologizing an idea about Canadian foreign policy, the idea of a special Canadian vocation as a mediating middle power and friend to the Third World. I am interested in tracing how this diplomatic self-perception emerged during the postwar “golden age” of Canadian diplomacy, by examining the case of relations with Indonesia. In fact, Ottawa’s top priority was the North Atlantic alliance, its mediating actions generally designed to assist its allies rather than serve some greater role as peacemaker to the world. Its bilateral relationships with such countries as Indonesia flowed from its main priorities, which lay within NATO and, to a lesser extent, the Commonwealth.

Canadian foreign policy first attracted my interest when I was an undergraduate at Trent University, then home to an organization called the Indonesia East Timor Programme. Like most Canadians, I accepted as an article of faith that my country was an international voice for peace and human rights. Reading about the situation in East Timor, and meeting East Timorese people who had escaped from the Indonesian military occupation of their country, I learned that the reverse was true. Instead of supporting the victims of a near-genocide that claimed the lives of as many as one-third of the East Timorese population, the Canadian government was supporting the invaders. Instead of seeking ways to bring the two sides together, it was a partisan of one side. It was not until public pressure mounted for a change that Ottawa finally moved to play a mediating role in 1999 that helped ease East Timor’s transition to independence.

This reality was a jarring clash with the image of Canada as mediator. The Canadian idea seemed not to be the pursuit of principles of peace and human rights; rather it was, in the formulation of John Holmes: “you hang on to your principles but you find a way around it.”

There was no grand conspiracy by policymakers to fool the public, but each small step taken for reasons of the national interest, and justified in idealistic terms, helped to create and build a myth. As I studied Canadian and Indonesian international history, I became convinced that the reasons were historic. The government of Canada had never considered the issue of East Timor on its own merits; its silence was based on the desire to please a pro-Western regime in Jakarta that kept Indonesia open to extensive Canadian investment and collaborated with Canada’s allies in the

Asian cold war. The origins of that policy lay in the first two decades of Indonesian independence, when Canadian relations with Indonesia were predominantly determined by Canada’s alliance ties.

Although Canadian-Indonesian political relations in this period were minimal, more extensive non-governmental connections were being forged. One point I underline in this dissertation is the importance of non-state diplomacy, whether through North American university and foundation networks, through aid projects, or through transnational corporations. Particularly within the aid realm, public diplomats have been the carriers of the idea of Canada as a humanitarian actor in global politics. The myth of Canada’s global role is not backed up by contemporary evidence from the “golden age.” Yet by its very repetition, and through non-governmental organizations that have tried to live by the myth, it has given Canadians something to strive towards. We fall short, but those who demand our governments live up to the ideals they preach may be slowly transforming the myth into something more concrete.

This is a study in Canadian history, and thus documents are Canadian unless stated otherwise. In the footnotes, “Jakarta telegram” refers to a telegram from the Canadian Embassy in Jakarta, and so on. Figures are Canadian dollars unless they are specified as US dollars in the text. Indonesian currency is given in rupiah; where a conversion has been made to another currency it is at the official exchange rate, although this did not always correspond to the actual number of rupiah that could be bought with a dollar on the streets of Jakarta.

This study does not pretend to give equal weight to Canada and Indonesia. It concentrates on the Canadian side, while trying to avoid the tendency of some diplomatic history to consider the Western state as actor and the Asian state as passive object. I have drawn on Indonesian published sources, memoirs and other secondary sources available to cast light on the Indonesian side of the relationship and to consider both states as actors within the international system.

My main source is the Library and Archives of Canada (LAC), especially the records of the Department of External Affairs and the personal papers of leading policymakers. Other departmental records (Privy Council, Trade & Commerce, Finance, and National Defence) have been consulted primarily to shed light on aspects of particular interest, such as Canada’s first loan to the Netherlands East Indies, efforts to sell aircraft to Indonesia, and Canadian participation in the West New Guinea peacekeeping mission. Finally, I have made use of the personal papers of individuals who played a major role in Canadian relations with Indonesia and foreign policy more
generally. The LAC is currently taking well over a year to respond to requests for material not yet declassified. This includes virtually all files related to relations with Indonesia after 1950, and has thus dictated the decision to end this study with the defeat of the Diefenbaker government in 1963. Later developments are discussed briefly in the epilogue.

Since the international system in these years was dominated by the United States, I have consulted American archival sources. Canadian interest and aid in Indonesia were frequently mediated through the United Nations, so I have looked at UN records, both open materials and unpublished confidential documents at the UN Archives. Another leading channel was the Commonwealth, with Australia as the main Commonwealth regional power; thus I draw on some Australian sources. I have also tried to give due weight to non-state links by going beyond the LAC to smaller archives and personal papers. Like the UN Archives, these smaller repositories are an excellent but under-used source of information that often escaped government notice, allowing a broader picture of the full scope of relations between peoples as well as governments. Special mention should be made of the helpful staff at the archives of McGill University, the United Church of Canada, the United Nations, the Rockefeller Foundation, the Massachusetts Institute of Technology, Harvard University and Cornell University.

I have run up an enormous number of debts in the writing of this dissertation. I benefited from a Social Science and Humanities Research Council doctoral fellowship, a UBC Killam scholarship, and additional support through the Frederic Soward memorial fellowship awarded by UBC’s History Department. Research trips were partly funded by the Killam and by a travel grant from the Northwest Regional Consortium for Southeast Asian Studies. My parents lent me their home in Quebec to write at a difficult time and were helpful throughout, as was the rest of my family. My brother Andrew in particular made invaluable comments which helped impose order on the chaos of some drafts. Steven Hugh Lee was kind enough to supervise this project, and has been unstinting in giving of his time and advice: many of the dissertations’ strengths are the result of his comments, and many of its weaknesses are the result of me not listening closely enough to what he had to say. My largest debt is to my partner Sean, who never flagged in supporting me, and who picked me up whenever I fell down. I can do no better than cite the apology to the partners of other writers made Wilfred Cantwell Smith, who figures in these pages, for never having realized “how much meaning was tucked away in that little sentence at the end of prefaces which expressed to them quite inadequate gratitude.” Thanks for advice, information, hospitality and translation assistance are also due to George Egerton, Howard Federspiel, Geoff Hainesworth,
Tineke Hellwig, Nathan Keyfitz, Diane Mauzy, John Roosa, Matt Shipkey, Allan Smith, Roald Vogels, and Alexander Woodside.
A note on spelling

It has become customary in books dealing with Indonesian history to include a note on spelling, and to say that no easy solution is possible. Indonesian spelling was based on Dutch. The “oe” was replaced with “u” in the early years of independence, and further changes were made later until an Indonesian-Malaysian commission adopted the present system which is easier on the eyes of English-speakers. All words are phonetic in English now except for the letter “c” which is pronounced like the English “ch”. However, many Indonesians continue to use the old Dutch spelling for their own names.

I have not found a solution, but have chosen to take my lead from Sukarno, who wrote: “Sukarno is my name, Soekarno is my signature.” Thus all names are spelled according to the new system, even where this looks odd to the eyes of those familiar with Indonesian history. The only exceptions are in direct quotations. Indonesian does not normally use surnames, and some people have only one name. Those with two or more names often use one for everyday use. In this case, the name is underlined below.

Some of the more common names in both old and new spelling:

<table>
<thead>
<tr>
<th>New</th>
<th>Old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curug</td>
<td>Tjoeroeg; Tjurug</td>
</tr>
<tr>
<td>Jakarta</td>
<td>Djakarta</td>
</tr>
<tr>
<td>Surabaya</td>
<td>Soerabaja</td>
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<tr>
<td>Yogyakarta</td>
<td>Djodjakarta; Djokjakarta, etc.</td>
</tr>
<tr>
<td>Juanda Kartawijaya</td>
<td>Djuanda Kartawijdaja</td>
</tr>
<tr>
<td>Linggajati</td>
<td>Linggadjati</td>
</tr>
<tr>
<td>Sutan Syahrir</td>
<td>Soetan Sjahir</td>
</tr>
<tr>
<td>Ali Sastroamijoyo</td>
<td>Ali Sastroamidjojo</td>
</tr>
<tr>
<td>Sukarno</td>
<td>Soekarno</td>
</tr>
<tr>
<td>Suharto</td>
<td>Soeharto</td>
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<tr>
<td>Sujatmoko</td>
<td>Soedjatmoko</td>
</tr>
<tr>
<td>Sumitro Joyohadikusumo</td>
<td>Soemitro Djiojahadikoesoemo</td>
</tr>
<tr>
<td>Amir Syarifuddin</td>
<td>Amir Sjarifoeddin</td>
</tr>
<tr>
<td>Syafruddin Prawirenegara</td>
<td>Sjafroeddin Prawirenegara</td>
</tr>
</tbody>
</table>
Abbreviations

ASA  Association of Southeast Asia
ASEAN  Association of Southeast Asian Nations
AURI  *Angkatan Udara Republik Indonesia* [Indonesian Air Force]
BDFA  *British Documents on Foreign Affairs*
BIES  *Bulletin of Indonesian Economic Studies*
BPM  Batavian Petroleum Company
BPN  *Biro Perancang Negara* [National Planning Bureau]
C&UN  *Canada & the United Nations*
Caltex  California Texas Oil Company
CHCD  *Canada House of Commons Debates*
CIIA  Canadian Institute of International Affairs
CIS  Center for International Studies
CPDUN  Canadian Permanent Delegate to the United Nations
CUA  Cornell University Archives
DAFP  *Documents on Australian Foreign Policy*
DCER  *Documents on Canadian External Relations*
DEA  Department of External Affairs
DL (1)  Defence Liaison (1) Division
DOSB  *Department of State Bulletin*
DSBCA  *Documents and Speeches on British Commonwealth Affairs*
ECAFE  Economic Commission for Asia and the Far East
FE  Far East
FRUS  *Foreign Relations of the United States*
GAOR  *General Assembly Official Records*
GOC  Good Offices Committee
HUA  Harvard University Archives
ICAO  International Civil Aviation Organization
IAIN  *Institut Agama Islam Negara* [State Islamic Institute]
IIS  Institute of Islamic Studies
IO  *Indonesian Observer*
JFKL  John F. Kennedy Library, Boston
LAC  Library and Archives Canada
LOC  Library of Congress
MADP  Military Assistance Development Program
MG  Manuscript Group
MIR  *Malaya-Indonesia Relations*
MIT  Massachusetts Institute of Technology
MITA  Massachusetts Institute of Technology Archives
MUA  McGill University Archives
NA  National Archives [of the United States]
NAA  National Archives of Australia
NATO  North Atlantic Treaty Organization
NEFO  New emerging forces
NIB  *Officiële Bescheiden betreffende de Nederlands-Indonesische Betrekkingen 1945-1950* [Official Documents on Netherlands-Indonesian Relations 1945-50]
NIT  *Negara Indonesia Timur* [State of East Indonesia]
NLA  National Library of Australia
Norad  North American Air Defence
NSF  National Security Files
NYT  New York Times
OLDEFO  Old established forces
OPEC  Organization of Petroleum Exporting Countries
Permina  *PT Perusahaan Minyak Nasional* [National Oil Company]
PIM  Pacific Islands Monthly
PKI  *Partai Komunis Indonesia* [Indonesian Communist Party]
PL 480  Public Law 480
PNI  *Partai Nasional Indonesia* [Indonesian National Party]
PRRI  *Pemerintah Revolusioner Republik Indonesia* [Revolutionary Government of the Republic of Indonesia]
PSI  *Partai Sosialis Indonesia* [Indonesian Socialist Party]
POF  President’s Office Files
RAC  Rockefeller Archive Center
RCAF  Royal Canadian Air Force
Refican  Refinery Associates of Canada
RF  Rockefeller Foundation
RG  Record Group
RI  *Republik Indonesia* [Republic of Indonesia]
RIS  *Republik Indonesia Serikat* [United States of Indonesia]
ROI  *Report on Indonesia*
Rp.  Rupiah
RTC  Round Table Conference
SCOR  *Security Council Official Records*
SEAC  South-East Asia Command
SEAFET  Southeast Asian Friendship and Economic Treaty
SEATO  Southeast Asia Treaty Organization
SSEA  Secretary of State for External Affairs
Stanvac  Standard-Vacuum Oil Company
STEM  Special Technical and Economic Mission
TA  Technical Assistance
TAA  Technical Assistance Administration
TNI  *Tentara Nasional Indonesia* [Indonesian National Army]
UCA  United Church Archives
UNA  United Nations Archives
UNCI  United Nations Commission on Indonesia
UNTEMI  United Nations Technical Assistance Mission in Indonesia
UNTEEA  United Nations Temporary Executive Authority
USI  United States of Indonesia
VOFI  *Voice of Free Indonesia*
YUA  York University Archives
YUN  *Yearbook of the United Nations*
Introduction
Themes in Canadian relations with Indonesia, 1945-63

Canadian and Indonesian diplomats marked Canada Day in 2004 by gathering for a ceremony in Jakarta’s Pancasila Building, where Indonesian nationalists first drew up their country’s constitution. In these evocative surroundings, Indonesian Foreign Minister Hasan Wirayuda posthumously conferred the Bintang Jasa Utama (Meritorious Service Star) on General Andrew McNaughton, the Canadian representative on the Security Council who he credited with authoring the proposal that saw the United Nations oversee Indonesian independence in 1949. The manner in which senior politicians and officials recalled the incident highlighted important aspects of both countries’ international self-perception. “This medal recognizes the role that Canada played in bringing about Indonesia’s independence and the friendship that Canada gave Indonesia as an emerging, and then fully independent nation,” said Canadian Foreign Minister Bill Graham. The Canadian government’s news release trumpeted how “McNaughton introduced and supported a series of United Nations Security Council resolutions which sought to bring about a peaceful resolution of conflict and cessation of hostilities between the Netherlands and Indonesia. This paved the way to the eventual independence of Indonesia in December 1949.” Canadian diplomatic memory imagined Canada as a peacemaker, an international mediator of conflicts, and friend to newly independent countries. On his own country’s behalf, Wirayuda praised McNaughton’s “superb diplomatic skill” in ending Dutch military attacks on the young Indonesian Republic and finding a diplomatic solution. In this, he linked his government to that touchstone of legitimacy, the Indonesian revolution against colonial rule: “This struggle not only set on fire our nation’s great revolutionary spirit, it also served as the formative years of Indonesia’s independent and active foreign policy which continues to be our guiding principle today.”

The dimly-remembered episode of McNaughton’s role at the Security Council, interpreted with different shades of meaning by both sides, now stood as a formative event in the Canadian diplomatic memory of relations with Indonesia and, in a wider sense, of Canada’s perception of its global role. But there was a wide gap between memory and actual contemporary policy decisions. In the decades following 1945, Canadian policymakers approached Indonesia indirectly, through multilateral lenses: the North Atlantic Treaty Organization (NATO), the Commonwealth, and the

1 Paul Dillon, “Indonesian salutes Canadian nation-builder,” Globe and Mail, 1 July 2004; “Bintang Jasa Utama untuk WN Kanada” [Meritorious Service Star for Canadian Citizen], Indonesian Embassy news release, Ottawa, 1 July 2004; “Canadian Receives Highest Civilian Honours from the Government of Indonesia,” Department of Foreign
United Nations. Such direct ties as existed were only beginning to be forged, mainly by non-
governmental actors. Indonesia and Southeast Asia as whole were “neglected,” peripheral to
Canadian interests.\(^2\) McNaughton’s efforts during the Indonesian revolution were meant to serve
Canadian self-interest in areas of more direct concern, particularly in the North Atlantic. Canadian
foreign aid, first given through the Colombo plan to Asian countries beginning in 1951, began
grudgingly out of a similar calculation of the national interest. By the late 1950s, it was being used
to aid Canadian farmers more than Indonesian development. Yet the self-image nevertheless took
hold during those years of Canada as a mediating internationalist power, as a Western power with
special sympathy for Third World countries, and as a potential post-colonial development model
for them to follow. It grew into an image enshrined in the Canadian diplomatic memory even
when Canadian actions ran directly counter to it, as they did in the government’s refusal to play
any role in the decolonization of West New Guinea in 1957-62. What was going on was a process
of mythmaking: not a direct attempt to deceive, but the gradual creation of a narrative of Canadian
engagement with Southeast Asia during the early cold war.

This dissertation is the first to examine Canadian-Indonesian relations during the Sukarno
years. In doing so, it places the bilateral relationship in its regional and global context, as
Canadian and Indonesian policymakers did at the time.\(^3\) Canada’s global policies were usually

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\(^{3}\) Canadian policy towards Indonesia and East Timor since 1975 is addressed in Sharon Scharfe, *Complicity: Human
rights and Canadian foreign policy, the case of East Timor* (Montreal: Black Rose Books, 1996); Malia Southard,
*Looking the Other Way: The Indonesian bond, partnership or plunder* (Victoria: South Pacific Peoples Foundation,
1997); Jeffery Kleinh, “Canadian Complicity in the East Timor Near-Genocide: A Case Study in the Sociology of
Sukarno’s Indonesia, see Paul F. Gardner, *Shared Hopes, Separate fears: Fifty years of U.S.-Indonesian relations*
(Boulder, Col.: Westview Press, 1997); Robert J. McMahon, *Colonialism and Cold War: the United States and the
struggle for Indonesian independence 1945-49* (Ithaca: Cornell University Press, 1981) and Frances Gouda,
*American Visions of the Netherlands East Indies/Indonesia: US foreign policy and Indonesian nationalism, 1920-
1949* (Amsterdam: Amsterdam University Press, 2002); Andrew Roadnight, *United States Policy towards Indonesia
in the Truman and Eisenhower Years* (London: Palgrave, 2002); Matthew Jones, *Conflict and Cooperation in
Southeast Asia, 1961-1965: Britain, the United States, and the creation of Malaysia* (Cambridge: Cambridge
University Press, 2002); Frederick Bunnell, *The Kennedy Initiatives in Indonesia, 1962-1963* (Ph. D. dissertation,
Cornell University, 1969); Terence C. Markin, *The West Irian Dispute: How the Kennedy Administration resolved
that “other” Southeast Asian Conflict* (Ph D dissertation, Johns Hopkins University, 1996); Bradley R. Simpson,
and George McT. Kahin, *Subversion as Foreign Policy: The secret Eisenhower and Dulles debacle in Indonesia*
(Seattle: University of Washington Press, 1995). On other countries, see Masashi Nishihara, *The Japanese and
Sukarno’s Indonesia: Tokyo-Jakarta relations, 1951-1966* (Honolulu: University Press of Hawai, 1976); John
Subritzky, *Confronting Sukarno: British, American, Australian and New Zealand diplomacy in the Malaysian-
Indonesian confrontation, 1961-5* (Basingstoke: Macmillan, 2000); John Francis Saltford, *UNTEA and UNRWI:
United Nations Involvement in West New Guinea During the 1960s* (Ph. D. dissertation, University of Hull, 2000);
mediated through the "North Atlantic triangle" comprising Canada, the United States and Great Britain. Approaching Asia, Canada did so through a modified North Atlantic triangle involving interplay with the US and the Commonwealth. Indonesia's geographical position and ties with the Netherlands led Canadian diplomats to define policy in light of Canada's existing links with NATO and the Commonwealth, not through any attempt to understand Indonesia's history and diplomacy in its own terms. Ottawa's view of Jakarta was a function of the cold war, refracted through London and Washington, but also through the Hague and regional Commonwealth capitals such as Canberra, New Delhi and, later, Kuala Lumpur. Because Canadian attitudes towards Indonesia were so often a function of global policies and relations with the United States or within the Commonwealth, this dissertation also examines aspects of American, British, Australian, Indian and Malayan relations with Indonesia in order to shed light on and contextualize Canadian attitudes. Canada shared a community of interest with its NATO and Commonwealth partners, particularly the US, Britain, Australia and the Netherlands, in which internationalist bureaucracies in all these capitals collaborated with one another. This dissertation also examines Indonesian policy. Jakarta viewed Canada as a distant country, part of the American-Commonwealth sphere: a subordinate piece of the Anglo-American alliance which dominated Southeast Asia. Indonesia's foreign policy was directed at seeking greater independence from that sphere of influence, and Indonesia thus played a large part in forming the Asian non-aligned group — initially as a cause for other Asians to rally around, and then as a participant. Through non-alignment, Indonesian policymakers were able to advance that cause by balancing the superpowers against one another. They viewed Canada as a relatively harmless part of the Western world, which to them meant the colonial powers. They could see the continuing influence of the Netherlands, for instance, on Canadian policy towards Indonesia. As Indonesian foreign policy became more confident, policymakers began to divide the world into those who had won independence on their own and those who had been granted it. A neo-colonialist country, in


one 1962 pronouncement from Jakarta, was "one which had a flag and national anthem of its own but whose policy was an imitation of other countries and whose defence was apparently based upon the power of another nation." As one official scrawled on the despatch reporting this: "There, but for a flag and anthem, goes Canada." The two governments had little in common, and rarely related directly to one another.

That was true from the very start of Indonesia's independence. Nationalist leaders Sukarno and Mohammad Hatta declared independence in 1945, but the new Republic had to fight both on the ground and in the international arena before the Netherlands recognized the independence of its colony in 1949. This struggle, and Canada's role at the UN in helping to resolve it, is the subject of chapter one of this dissertation. Chapter two examines the Liberal government of Prime Minister Louis St. Laurent and Secretary of State for External Affairs Lester Pearson which governed Canada from 1948-57. During these years, Indonesia was governed by a succession of parliamentary cabinets, with Sukarno acting as a ceremonial president and head of state. While non-aligned, the parliamentary cabinets kept Indonesia open to Western-style development. Canada and Indonesia formally established diplomatic relations in 1953, but the main channel for relations was through the Colombo Plan for aid to Asia, established in 1950.

Both Canada and Indonesia have portrayed themselves as "middle powers" at times, but this did not create any real community of interest during the first two decades of Indonesian independence. Two-way trade was never large. Issues of immigration and missionary work, important in Canadian relations with other parts of Asia, were relatively insignificant. There were international crises involving Indonesia, but after the struggle over Indonesian independence they never reached the centre of the Canadian policy agenda in the way that Korea and Indochina did.

7 The Role of Middle Powers in the Pacific: Indonesia-Canada Relations towards the Year 2000 (Jakarta: Centre for Strategic and International Studies, 1985). Both former Indonesian Foreign Minister Ali Alatas and Canadian Secretary of State for Asia Pacific David Kilgour stressed the theme of like-minded middle powers at an Ottawa seminar marking the 50th anniversary of bilateral relations in 2003.
Nor did Indonesia place a priority on its relations with Canada. Political relations were cordial, lacking the highs and lows of those between the United States and Indonesia. This often meant the closest and most significant ties were those forged by individuals and non-state actors who had more direct contacts, often mediated through North America-wide non-governmental networks. Even while interactions at the political level were nominal, there were fundamental Canadian influences on Indonesia at the non-state level. Two cases, the Canadian economic advisers to Indonesia’s National Planning Bureau and the McGill Institute of Islamic Studies, are examined in chapters three and four.

In 1957, both Canada and Indonesia went through sharp political changes of regime. In Canada, John Diefenbaker’s Conservatives jolted the previously serene Canadian political system when they unexpectedly ended 27 years of Liberal rule. The Conservatives remained in power until 1963, making few fundamental changes in Canadian policy towards Southeast Asia but altering the emphasis towards trade and the Commonwealth. At the same time, Indonesia began its transition from parliamentary government to “guided democracy” in 1957 with the declaration of martial law and take-over of Dutch businesses, which had retained a dominant role in the economy even after independence. President Sukarno took on a strong executive role in his own right for the first time. The armed forces wielded increasing power as managers of the Dutch business interests and, after regional rebellions in Sumatra and Sulawesi, executors of martial law. This Indonesia, at least rhetorically, was far less open to foreign aid and advice. The new Diefenbaker and Sukarno regimes had rockier relations. As described in chapter five, Canadian aid programmes became more driven by economic considerations. Canada proved far less willing to act as a mediator in the second decolonization struggle between Indonesia and the Netherlands over West New Guinea, the subject of chapter six.

Mental maps

In the years between 1947 and 1951, Escott Reid has suggested, “a revolution took place in Canadian foreign policy.” In place of an almost disarmed Canada with no allies, diminishing interest in the Commonwealth and no interest in foreign aid, this four-year interval saw Canada emerge with a five-fold increase in military spending, membership in a military alliance for the first time in its history, a renewed interest in the Commonwealth, and as a major foreign aid
donor. Most historians agree that Canadian policymakers did indeed radically shift in their outlook from the pre-war years. There was a sharp change in what Ole R. Holsti calls the foreign policy belief system of key figures from what has often been glossed as interwar “isolationism” into a more “internationalist” stance. Policymakers perceived a new world situation and shifted to a new “geopolitical code.” In part this was a necessary adjustment, as Canadian leaders realized they could not continue their old non-committal foreign policy in the changed postwar world. Yet it was far from inevitable. It required, as Reid noted, a revolution in the minds of Canadian diplomats. Since the stage was the whole world (or at least, the world as seen from Ottawa), a crucial aspect of the policy shift was its spatial dimension. For policy to change, the way diplomats imagined the world also had to change.

A useful approach to understanding this shift is the concept of mental maps: images of the world held in the mind of the policymaker. Alan K. Henrikson has defined a mental map as an ordered but continually adapting structure of the mind — alternatively conceivable as a process — by reference to which a person acquires, codes, stores, reorganizes, and applies, in thought or in action, information about his or her large-scale geographical environment, in part or in its entirety. Still more briefly, such a map is the cognitive frame on the basis of which historians of international relations, like diplomats and others who think internationally, orient themselves in the world.

The mental map is both spatial and perceptual. Mental maps purport to see the world “as it actually is,” but all maps distort or simplify. Since no one can hold all geographical information about the world whole in their mind, all mental maps are selective images of the world. A mental map need not be wrong, but it cannot be complete. Furthermore, mental maps tend to conceive of geography is static, something that simply is: the real and unchanging background to policy

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13 As John Lewis Gaddis applies the term to the United States, geopolitical codes are “assumptions about American interests in the world, potential threats to them, and feasible responses, that tend to be formed either just before or just after an administration takes office, and barring very unusual circumstances tend not to change much thereafter.” John Lewis Gaddis, Strategies of Containment: A critical appraisal of postwar American national security policy (New York: Oxford University Press, 1982), p. ix.
making. Concepts like Halford Mackinder’s Eurasian “heartland” or the “new world” become transformed in the mind into real things, solid and unchanging background facts with explanatory power. These symbolic representations are themselves reified, and become powerful background influences on policy decisions. If the “heartland” is the base for possible world domination, it can be “contained” through a sort of “rimland” — whether via sea power and great coastal bases with their subcontinental hinterlands, or through “offshore island chains” which acquire their own “anchors” and “links.” European explorers coined the term “the new world” to describe the Americas, yet the term’s power derives from the way it was used by settler societies. The new world was depicted as a place of purity and refuge, of peace as opposed to Europe’s wars, of the world’s longest undefended border, a land that had a mission to teach peace to the benighted old world. Prime Minister Mackenzie King derided Europe as a continent “which cannot run itself” and which Canada “should not feel called upon to save periodically.” By analogy, a mental map of one part of the world can also be displaced onto another. There are few more potent symbols in post-1945 international relations than “Munich,” a watchword for betrayal and appeasement utterly divorced from context and applied wholesale to other situations. British and French leaders, for instance, applied Munich by analogy to Suez, with Nasser cast as Hitler and Egyptian opinion as nothing more than the manipulations of a revanchist dictator. Dutch diplomats painted the same picture of Sukarno.

Geography need not determine policy decisions, but mental maps often form the background in policymakers’ minds, and can be all the more powerful for not being a conscious part of a policy decision. The mental map is internalized, becoming part of “common sense.” At

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times of rupture with the past, however, mental maps can shift with dizzying speed. This was the case with the “revolution” in Canadian foreign policy following the Second World War. Previously, Canadians had felt safe behind their oceans. Senator Raoul Dandurand had told the League of Nations that Canada lived in “a fire-proof house, far from inflammable materials.” Conceptions of distance, the limits of contemporary weaponry and existing political alignments reinforced a mental map in which Canada seemed distant from any real threat. Postwar political realignments and new military technology left Canada suddenly sandwiched between the two superpowers, where once it had been safe and secure. “Fortunately, we have no neighbours to the north,” Mackenzie King had written in 1937. Now, there was a northern neighbour, the most dangerous one imaginable; Canada was not secure in its isolation, but instead desperately vulnerable. Canada would be the battlefield in any Soviet-American war, Louis St. Laurent said. Distances had “shrunk,” the world was “smaller” — or so it seemed. All at once, the Canadian house was liable to catch fire after all. Fisheries Minister Robert Mayhew, Canada’s representative in early Colombo plan meetings, updated the incendiary image for a new and more dangerous age, describing the world as a haystack: “It does not matter on which side the fire is started; if the wind is favourable, all will be destroyed.” There had been complete reversal from aloof safety into anxious vulnerability. Speaking in November 1948, St. Laurent painted the new mental map which now preoccupied Canadian policymakers:

If a third world war should break out, Canada could not be neutral. We are situated right between two great powers, and whether we liked it or not, another world war would be fought at our very gates. It would, moreover, be a conflict not merely between two great powers, but between an atheistic communist world and our democratic Christian civilization.... Like many of you, I have paid for fire insurance since I first began to own a home. Happily, there has never been a fire in my house, but I feel no regret for having paid the premiums and I shall continue to pay them as long as I own the property. When I ask you to support a North Atlantic Treaty, I am simply asking you to pay an insurance

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premium which will be far, far less costly than the losses we would face if a new conflagration devastated the world.\textsuperscript{27}

The fire-proof house was no more; now was there NATO, a vital insurance policy against the threatening flames of war. Given the fear of Soviet intentions, the cold war soon dominated all aspects of Canadian policy. Even had policymakers wanted to pursue an independent course towards Indonesia, they would have been constrained by the imperatives of the cold war to aid in American containment strategies designed to “save” Indonesia from communism.

Canadian policymakers were very conscious of dwelling within the “North Atlantic triangle,” a concept formalized in John Bartlett Brebner’s 1945 book of the same name. That triangle circumscribed their very movements. Within it was the familiar; outside was the virtually unknown, seen mostly in wartime service or tourism. With a few exceptions, the men who led the Department of External Affairs were products of the triangle, comfortable anywhere in its high society institutions, relatively ignorant of the world outside. Lester Pearson, for example, was raised in Ontario, educated in Toronto and England, worked in the foreign service in London and Washington (where he ended as Canadian ambassador), and was an intimate of the Achesons and the British cabinet.\textsuperscript{28} In this he was following in the footsteps of Mackenzie King, who had found a Canadian “role as friendly interpreters of Britishers and Americans alike in a manner which may substitute good-will for ill-will.”\textsuperscript{29} The conception of Canada as a link between the US and Britain may have had some pre-war relevance, but the British and Americans soon spoke to each other quite easily with no Canadian help, leaving King with little more than photo opportunities. Yet the image of Canada as a bridge retained its power and would soon be applied to other areas.

NATO seemed the realization and refinement of the triangle, a British-American-Canadian scheme that added the rest of Western Europe to the British corner. As a mental map, it represented a shield for “western civilization” — for as St. Laurent declared, nothing less than “the preservation of civilization” was at stake.\textsuperscript{30} The idea that Canada formed part of the zone of “civilization” or the “free world” was integral to this mental map: the civilized countries included those allied with Canada and excluded its enemies, recalling the original origin of the idea of the West as a civilized Greece resisting a barbaric Persia. Communism was all the more dangerous, Pearson argued, because it had been “harnessed by a cold-blooded, calculating, victoriously

\textsuperscript{29} Cited in McKerncher & Aronson, \textit{North Atlantic Triangle}, p. 4.
powerful Slav empire for its own purposes.”31 As a shield for this “West,” NATO was a “natural creation,” in Pearson’s words. “No country has a greater stake in the success or failure of this great movement than Canada. For we are both North American and European.”32 The Canadian commitment to NATO seemed almost spiritual, a word leaders like St. Laurent did not shy away from using. Escott Reid’s “revolution” memorandum portrayed the North Atlantic Treaty, with its preamble and Canadian-authored Article II calling for North Atlantic economic and social links, as “a recital of our articles of faith, of the creed of our North Atlantic Community.”33 Thus Canada’s response to the Indonesian revolution was almost entirely conditioned by the imperatives of the North Atlantic alliance being created at the same time.

Canada’s early postwar foreign policy was therefore highly Eurocentric, conditioned by events in the North Atlantic. In such a context, it was almost inevitable that Canada’s response to the Indonesian revolution would be subordinated to North Atlantic alliance-making. When Ottawa addressed Asia, it did so in terms designed to advance Eurocentric strategies. Only gradually did Asia begin to appear on the horizons of Canadian policymakers as an entity in its own right. Pearson freely admitted that Canada had had no real Asian policy before the Second World War.34 In 1950, 46% of Canada’s diplomatic corps was stationed in Europe and just 12% in Asia.35 The Korean War began to change that, as Canadian troops fought across the Pacific on a larger scale than ever before. Yet the image of Asia was still filtered through Orientalist preconceptions. Health and Welfare Minister Paul Martin, for instance, spoke in 1950 of Asia as having for many years “fallen into lethargy. Their civilizations have been like sleeping giants, lying in caves, surrounded by the treasures which are the memorials of their past greatness. These nations are now stirring from their long sleep.”36 As they awoke, the Canadian government response was conditioned by the need to keep them non-communist at a time when communism seemed on the march: nowhere more so than in Asia. The “loss” of China in 1949 may have dictated slightly

30 “The Preservation of Civilization,” speech by Louis St. Laurent to University of Toronto convocation, 27 Oct. 1950, Statements & Speeches (S&S) 50/43.
31 “Some Principles of Canadian Foreign Policy,” speech by Pearson to Vancouver branch of the Canadian Institute of International Relations, Jan. 1948, in Pearson, Words and Occasions, p. 70.
33 Reid, “Canadian Foreign Policy, 1947-1951.”
34 Pearson, “The Development of Canadian Foreign Policy.”
35 Mel Himes, Canadian Foreign Policy Handbook (Montreal: Jewel Publications, 1996), p. 37. Top overseas embassies by staff were those in the United States, Britain, France, the Netherlands and Belgium. ibid, p. 38.
different lessons in Washington and Ottawa, but in both cases it fed a cold war strategy to prevent
the same events in other Asian states.

The doctrine of “containment,” one derived from mental maps of an expansionist empire
rooted in the heartland that had to be hemmed in by the forces of western civilization, captured
Canadian minds as much as it did American. NATO could be seen to shore up the defences of
Europe, but Asia was a weak point. Even more important to Atlantic-minded Canadians, Western
Europe was dependent on Asia too. “Eastern Asia as a whole is a main base of Western Europe,”
Reid wrote. European prosperity was thought to rest on access to the raw materials of Asia, and
a return to postwar multilateral commerce as dependent on restoring the triangular trade between
Europe, Asia and North America. The image or concept of a bridge, already strong, could be
transferred on to the new canvas of Canadian relations with Asia. The newspaper Le Canada, for
instance, recalled Canada’s role as an Anglo-American link in editorializing on relations with
Asia: “C’est dans le cadre de cette tradition que le Canada s’interpose de plus en plus entre les
grands états occidentaux et les pays du bloc afro-asiatique.” When Canadians began to look for
ways to relate to Asia, it was natural that they looked for a way Canada could serve as a link to
avoid alienation between East and West. Both the Commonwealth and the Colombo Plan for aid
to Asia were repeatedly described as bridges between the West and Asia. “This new
Commonwealth is providing not only a link between the Asian and the other members that
comprise it, but also a very valuable link between the east and the west,” Pearson told parliament.

During the postwar “revolution” in Canadian foreign relations, policymakers had rapidly
evolved a new mental map in which a vulnerable Canada depended on continued containment of
Soviet communism and barbarism, which in turn required bridges to the global south. NATO and
the Commonwealth would become cornerstones of the new internationalist foreign policy that
followed from this altered perspective. This did not change with the shift from Liberal to
Conservative rule in 1957, which left the new postwar mental maps largely intact. John
Diefenbaker, his Secretary of State for External Affairs Howard Green, and their colleagues were
products of the North Atlantic triangle. They embraced NATO without hesitation. In his first
speech as Prime Minister on American soil, Diefenbaker spoke of “the Anglo-Canadian-American

37 “General Principles of India’s Foreign Policy,” memorandum from Reid to Jules Léger, 20 Oct. 1949, LAC,
Pearson papers MG26 N1, pre-1958 corr. series, file “India-Canada relations 1947-1957.”
Community” as “a grand alliance for freedom, in partnership with others of the NATO family, in
the defence of democracy against the Red Menace.”\textsuperscript{40} The Conservatives had a stronger
sentimental attachment to Britain, and assailed their Liberal predecessors for moving the country
too much into the American orbit, but Diefenbaker signed the North American Air Defence
(Norad) agreement without hesitation, locking Canada even more tightly into military integration
with the US. With regard to Asia, his government continued to operate on mental maps similar to
those of its predecessor, employing the same images of Canada as link to the Third World, and
thus continued similar policies towards Indonesia. The Diefenbaker government’s mental maps
did lay more stress on the Commonwealth, spreading its loyal feelings towards Britain to also
embrace countries like Australia, and intensifying the concentration of foreign aid on the Asian
Commonwealth.\textsuperscript{41} “Canada naturally has a family concern for those countries achieving
independence within the Commonwealth,” Diefenbaker told the UN General Assembly in 1960.\textsuperscript{42}
R.B. Bryce, his clerk of the privy council, saw the Commonwealth as an organization which “can
do a little to bridge the gap between the white and the coloured — a gulf which I think will get
wider and more visible in the next five or ten years. We need to preserve all the bridges we can
across it.”\textsuperscript{43} Since the Commonwealth was more central, foreign aid was concentrated within the
Commonwealth sphere.

The belief in Canada’s ability to act as a bridge to Asia remained fundamental to
policymakers despite the priority given to the North Atlantic alliance. This mental map altered
Canada’s diplomatic self-portrait. Asians, Canada’s policymakers and opinion leaders repeated as
a mantra, liked Canada. The “new and rising nations of Asia,” the Montreal Star argued in one
typical article of this type, held Canada in “affectionate esteem,” partly because it was the only
white Commonwealth country never to have been a colonizer, and partly because of its attempts to
understand Asia. “This goodwill is a prize worth keeping. It is a bonus politically and can pay off

129-137.

\textsuperscript{40} “Great Issues in the Anglo-Canadian-American Community,” speech by John Diefenbaker at Dartmouth College,
Hanover NH, 7 Sept. 1957, S&S 57/30.

\textsuperscript{41} H. Basil Robinson, Diefenbaker’s World: A Populist in Foreign Affairs (Toronto: University of Toronto Press,
1989); Denis Smith, Rogue Tory: The Life and Legend of John G. Diefenbaker (Toronto: Macfarlane Walter & Ross,
1995); John F. Hilliker, “Diefenbaker and Canadian External Relations,” in J.L. Granatstein, Canadian Foreign
Policy: Historical Readings (Toronto: Clark Copp Pitman, 1986).

\textsuperscript{42} cited in Keith Spicer, A Samaritan State? External aid in Canada’s foreign policy (Toronto: University of Toronto

\textsuperscript{43} J.L. Granatstein, Canada 1957-1967: The years of uncertainty and innovation (Toronto: McClelland and Stewart,
economically too." It became a staple in Canadian political speeches: Canada acted as a bridge to Asia, and Asians in turn liked Canada. The mental map of the bridge to Asia was beginning to be mythologized.

**Mythmaking in Canadian foreign policy**

Canadian policymakers were not just carrying out diplomacy; they were also engaged in a process of mythmaking. The word myth is not used here to suggest falsehood, but rather in Ronald Wright’s definition, to describe “an arrangement of the past, whether real or imagined, in patterns that resonate with a culture’s deepest values and aspirations. Myths create and reinforce archetypes so taken for granted, so seemingly axiomatic, that they go unchallenged.” The way policymakers carried out diplomacy created the idea of Canada’s special vocation as a middle power, rather than implementing any preconceived Canadian middle-power role. Canada did not begin the postwar years determined to embark on a mission of peacemaking. Rather, its diplomats reacted to the events around them and made creative suggestions to resolve conflicts. As John Holmes wrote, their contribution lay in “the responses, in constructive amendments and imaginative formulas, in the exploiting of occasions, and in the insistence, usually in company, on certain basic principles.” Over time, this mediating role, almost always in close cooperation with allies, emerged as the main component of policymakers’ own image of Canada’s global role. By helping to fix individual disputes, Canadian diplomats created the idea that mediation was what Canada did best. Repeated instances entered the country’s diplomatic memory, and the notion was sanctified with Lester Pearson’s 1956 Nobel Peace Prize for “inventing” UN peacekeeping as a solution to the Suez crisis. Canadians quickly began to embrace what Robert Bothwell calls a “cargo cult of peacekeeping” which “achieved mythic proportions.” It was not peacekeeping alone that constituted this myth, but the entire self-image as a mediating middle power. Canada was not, in the title of a 1948 poem by diplomat Douglas LePan, “a country without a mythology.” Its diplomatic mythology was beginning to emerge from the day-to-day practice of its diplomats.

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If American mental maps predisposed the United States to act as the containing power, the defender of freedom, then that was natural for a great power that saw itself in near isolation from the world. Canadian perceptions of being in the middle — between Britain and the United States, between the USSR and the USA, as a bridge between the West and Asia — predisposed Canadians to act as mediators.\textsuperscript{49} If there was an American sense of mission, there was one for Canada too: the mediating power, the helpful fixer, the country that brought others together. The official mind prides itself on dispassionate analysis, but seldom admits that it is also affected by mythmaking. Once myths are formed, they often become pervasive in the public imagination as well. Canadian diplomats acted during the Indonesian revolution for pragmatic reasons, but their actions enhanced the mythmaking process. At the UN in 1948 and 1949, they found a way to extricate the Netherlands from a losing position through carefully-crafted compromise. This and subsequent Canadian efforts served to create and reinforce the idea of Canada’s international vocation as a helpful fixer. Canada acted as a loyal but independent-minded ally to the Netherlands during the Indonesian revolution, to the United States during the Korean war, and to Britain during the Suez crisis, but one of the major effects of such actions was to create and solidify a myth of Canada as a peacemaker. Canada consequently felt obligated for many years to take part in every UN peacekeeping mission, regardless of the mission’s effectiveness or relation to Canadian interests, because mediation and peacekeeping had become part of the Canadian identity.

So too with foreign aid. Earl Drake, who served in several posts in Asia and in Canada’s aid bureaucracy, called it one of the central pre-occupations of Canadian foreign policy:

\begin{quote} 
It had a high priority in Canada’s postwar foreign policy formulation. It had a moral dimension; we were fulfilling the Biblical injunction to “be our brother’s keeper.” We were helping the people of poor and underdeveloped countries to acquire the equipment and training to improve their standard of living. Moreover, we were doing it in a pragmatic way which enabled the recipient to maintain the maximum self-respect.\textsuperscript{50}
\end{quote}

The Colombo Plan for aid to Asia was created to combat communism and restore multilateral trade, but it was sold to the public as a humanitarian gesture, constructing a myth of Canada as a humanitarian internationalist power. Similarly, the Diefenbaker government cloaked subsidies to dispose of wheat surpluses as selfless humanitarian gestures. Ottawa took the then-radical step of sending aid to Asia out of a very specific calculation of its own self-interest. As John Holmes

\textsuperscript{49} Non-Canadian cases of this phenomenon are examined in Buffet & Heuser, \textit{Haunted by History}. 

\textsuperscript{50}
wrote in 1957, Canadian cultivation of bridges to Asia and Africa was "a thoroughly hard-boiled effort to prevent the Russians from turning our flanks and exposing NATO as a Maginot line." Just as policymakers believed they could not convince Canadians to embrace NATO unless it included ideas of a spiritual community of the North Atlantic, they realized that foreign aid had to be sold in humanitarian terms. They were not cynics deceiving the public: even as they created the humanitarian myth, they also believed it themselves. The public constituency for aid drew on the Canadian missionary tradition and on the postwar consensus for social programmes at home.

Humane internationalism, in Cranford Pratt's definition, is a "melding of the ethical and the self-interested" in which industrialized countries acted in their own interests but in so doing accepted an obligation to help the global poor. Canadian policymakers believed foreign aid would help everyone concerned, through a sort of global "invisible hand." They viewed northern and southern governments alike as, in the title of the 1969 Pearson report on aid, "partners in development." Canada was a very minor player in global foreign aid in the 1950s, but Canadians saw themselves as major donors, and this too became part of the Canadian self-image.

Once created, these myths had a self-fulfilling quality. They took hold in the minds of the general public, helping to meld the national self-perception and creating a strong constituency that lobbied for more aid and more "Pearsonian internationalism." It became "an article of faith with many Canadians that they have some special affinity with the new nations of Africa and Asia," R.J. Sutherland has written. Were that true, Canada would have a role as "a link and the interpreter between Western civilization and the cultures of Africa, Asia and Latin America." Most people in the global south, however, saw Canadians as "members of the well-fed white minority." There is no evidence that Indonesian policymakers saw Canada as a special friend. Ottawa provided far less aid than other donors, made no effort to team up with Indonesia in international forums, and usually rejected specific Indonesian overtures for help. Occasionally Indonesian diplomats used words designed to appeal to Canada's diplomatic image of itself, but

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they did so only for Canadian ears: they were adept in the art of diplomatic flattery, not believers in the Canadian myth.

A pragmatic ally

Despite the myths, Canadian foreign policy has above all been carried out within Canada’s alliances. Canadian actions portrayed as independent and idealistic were designed to achieve the same goals as Canada’s allies, but in ways that Canadian policymakers thought would be more effective. Collective security and alliance politics were vital to Canadian foreign policy, but Ottawa felt it also had the scope to pursue independent courses within the limits of its alliances. The best way to help the Dutch in their colonial war in Indonesia, or the British and French in Suez, or even the Americans in Korea, was not blind loyalty but a helpful course designed to extricate them from messes of their own making. Ottawa searched always for a middle ground, but not a middle ground between the two parties to a conflict; rather, the gaps it tried to bridge were between the divergent opinions of Canada’s allies, when they diverged.

The image of Canada as a selfless mediating power has clashed with the realist interpretation that sees Canada as acting purely in its own national interest. Constantine Melakopides has attempted to synthesize the middle power versus self-interested principal power debate by characterizing Canadian foreign policy as a consistent policy of “pragmatic idealism.” Yet by stressing humanitarianism as the basis of Canadian idealism, this view misses the role of alliances (broadly defined) as the central core of Canadian multilateralism in this period. Idealism was there, but it was an idealism not so different from that in the United States and the large states of Western Europe, one in which the cold war was central. The cold war, not humanitarian motives, conditioned Canada’s approach to Asia through economic aid just as it did with regional political issues. Canada had no Indonesia policy, whether idealistic or realistic; it had only a cold war policy applied to Indonesian cases.

Canadian policymakers imagined themselves occupying a space within the North Atlantic triangle, so much so that some wits in the Department of External Affairs described Canadian foreign policy in an equation. Where x represented Canadian external policy, they said,

\[ x = \frac{US + UK}{2} \]

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56 Andrew, *Rise and Fall of a Middle Power*, p. 41
British influences were always important, but British weakness meant that all of Western Europe was needed to balance the US in a new postwar North Atlantic triangle, a concept made real in NATO. This alliance occupied centre stage, and Canadian policy towards any foreign issue was always shaped with NATO in the background. Ottawa acted repeatedly in international crises to prevent a split within the alliance. In the Indonesian revolution, the US and the Netherlands seemed to be set on a collision course, when Canadian diplomats intervened to produce a compromise acceptable to both. That was designed less to resolve the dispute in Indonesia than to save NATO from division during the very months in which it was being born, and to save the Dutch from the consequences of an awkward situation created by their own actions. In Indochina, the Canadian government agreed reluctantly to join the truce supervision commissions in part to help its NATO allies. Similarly in Suez, Ottawa acted to prevent a split between the United States on the one side and Britain and France on the other. Its goal, as Arnold Smith said, was to “save the British government from an untenable position.”

The new postwar Commonwealth was gaining renewed relevance as a bridge between the West and Asia, as a result of the decolonization of British India. Canadian policymakers treated it as an important alliance, too. They regarded NATO as not only a military alliance, but also a spiritual and economic North Atlantic community. In that sense, the new Commonwealth was also an association that combined aspects of alliance and community. It was a less important one, without military aspects, but it was that way because Canadians had helped to define its new shape. As a Canadian invention and a cold war tool to win non-aligned friends, the Commonwealth remained important: even more so once Diefenbaker’s Conservatives took power. Thus Canadian policymakers also tried to avoid splits in the Commonwealth. The Indonesian revolution came close to dividing the Commonwealth at a time when it was defining its new structure, pitting India and Australia against Britain. The Indochina and Suez cases, more central to Canadian foreign policy, also had Commonwealth angles: Indochina offered a chance to continue a diplomatic collaboration with India forged during the Korean War, while Suez threatened a rift between the Asian Commonwealth and its white members. The Canadian view of how be to be a good ally sometimes differed from the American idea. In his biography of Pearson, John English described this clash between Pearson and US Secretary of State Dean Acheson: “The metaphors of leadership for Acheson were those of the front lines, where loyalty is cherished and

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doubts are banished. Those metaphors Mike rejected in favour of those of community and co-operation.”\(^{59}\) But when the chips were down, Canada always remained loyal to its ally. At the 1954 Geneva conference on Korea, for instance, Pearson and his alternate Chester Ronning attempted to reconcile American and Chinese positions, but warned in every speech that the Western powers would not allow themselves to be “split” by any peace offers.\(^{60}\) John Holmes summed up Pearson’s view of being a good ally:

> First of all, it does not mean that you submit to the will of the powerful leader. You argue against, you argue your case, you tell him when you think he’s wrong.... On the other hand, he had this feeling that ultimately, because of the importance of maintaining the solidarity of the Western countries, you recognize that you do owe something to your leader, that he should not be weakened or humiliated, so he actually believed in the necessity of solidarity.\(^{61}\)

As an ally, Canada was independent-minded, but loyal in the end. It acted pragmatically, in the sense that there was no blind support for an ally embarked on a self-destructive course. Instead, the Canadian policy was to intervene and find a way to save the ally from the consequences of its own folly. Canada was more pragmatic ally than pragmatic idealist.

Alliance politics were also central to the Diefenbaker government’s foreign policy. Diefenbaker is often derided for alienating the country’s most important allies over the question of whether Canada would accept nuclear arms on its soil.\(^{62}\) It is true that the government’s meltdown over this question led to its own destruction. Yet to focus on the final year of the government’s life is to ignore the strong alliance-based focus of its first five. “Had the balance sheet on his foreign policy been drawn up in 1961, it would have reflected credit on him,” Basil Robinson wrote.\(^{63}\) It would have reflected, too, a concentration on the North Atlantic and a firm commitment to the cold war under American leadership balanced against the pursuit of Canadian autonomy. Finally, it would include a renewed stress on the Commonwealth — even a willingness to confront British policy in the perceived broader interests of the entire association, as Canadian policymakers did over British attempts to enter the European Economic Community. Diefenbaker

\(^{58}\) Arnold Smith oral history in Stursberg, Pearson, p. 152.  
\(^{61}\) Holmes oral history, in Stursberg, Pearson, p. 93-4.  
\(^{63}\) Robinson, Diefenbaker’s World, p. 319.
was quite prepared to speak strongly to Canada’s allies and its Commonwealth partners, but was moved to anger when critics accused of him of leading Canada towards non-alignment. His path, he insisted, was one of loyalty. Although his response to crisis was to delay and avoid action, where Pearson preferred to charge in and offer possible solutions, both shared a commitment to an independent Canada firmly anchored within its alliances.

**Nation-building and the model of the Canadian past**

The decolonization wave that swept across Asia after 1945 was accompanied by an awareness that independence alone was not enough. *Merdeka*, to use the Indonesian word, meant not only political independence, but also the promise of a better life. It meant freedom, but also the demand for an end to poverty and famine. Thus, leaders like Sukarno spoke of independence as a “golden bridge” to a better life of prosperity and social justice. However, things were not so simple, as Sukarno himself pointed out in a 1956 speech offering an insight into one of the main problems of contemporary Asian nationalism:

> For generations the political leaders of colonies work and aim for the destruction of the colonial governments.... Then by one means or another, there comes independence. Immediately that already weakened nation — weakened by colonialism and the struggle against colonialism — immediately that nation must begin to seek a re-orientation. Not destruction, but construction; not opposition, but support; not conflict, but co-operation. Is it surprising that sometimes independence proves to be a heady wine?

The response was “nation-building.” New states had been created, but now they had to make their way in the world and deliver a better life to their citizens. There was more than one type of nation-building on offer, however. There was the Soviet model, seductive to many, anti-colonial to its bones, and after 1949 its Chinese variant. The US government saw the need to offer an alternative and bolster the governments of newly-independent countries by backing “moderate nationalists” who were neither colonial puppets nor communists. This was done through military aid, to help them resist armed insurrections or the threat of Communist China, and, increasingly, through economic aid designed to deliver an improved standard of living and thus reduce the

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64 "Kemerdekaan adalah jembatan emas menuju masyarakat adil dan makmur," independence will be a golden bridge to a just and prosperous society, Sukarno declared in 1933. “On the far side of the bridge, this golden bridge,” Sukarno promised in 1945, “only then shall we be free to build a society of Indonesia which is self-reliant, strong and healthy, enduring and age-long.” Sukarno, “The Birth of Pancasila,” speech delivered 1 June 1945, in Toward Freedom and the Dignity of Man (Jakarta: Department of Foreign Affairs, 1961), p. 7.


66 Lee, Outposts.
appeal of communist solutions.\textsuperscript{67} The doctrine of nation-building through economic development was promoted by figures like Chester Bowles and enunciated most fully by Walt Rostow, who argued that there were "stages of development" through which successful industrial countries had to pass, with much of Asia in a stage at which it was vulnerable to communist subversion. This modernization paradigm, influential in the late 1950s and especially when Rostow served under President John F. Kennedy in the 1960s, drew substantially on models from the American past, suggesting that America offered a universally valid model.\textsuperscript{68}

Canada did not consciously pursue "nation-building" on this scale. Yet the same themes were still present in Canadian diplomacy. St. Laurent’s global vision, in many ways, was to spread throughout the world the “peace of Compton.”\textsuperscript{69} He wanted to see everyone enjoy the harmony and industry of his own bilingual, church-going community in Quebec’s Eastern Townships. So too with other policymakers, who were confident that the world had much to learn from Canada’s experiences. Through schemes such as the Colombo plan and participation in UN technical assistance, Canada was taking part in nation-building projects designed to create a prosperous and non-communist global order. Though softer in approach and more multilateral, this was still nation-building. In many cases it dovetailed well with the goals of elites which governed third world countries. Canada’s perceived ability to work closely with non-aligned states such as India in the Korean conflict deepened Canadian antipathy to military pacts as the answer to communist expansion in Asia. The preferred path for Asian nation-building was not military, then, but economic. Security was the immediate priority, St. Laurent said, but more was needed:

To preserve civilization, we have to nurture the spirit within.... We cannot neglect the less fortunate within our own midst, nor can we ignore the plight of nations less fortunate than our own. The preservation of civilization requires us to help those untold millions, most of them in Asia, to improve their standards of life and to achieve a situation they will feel it is worthwhile to defend.\textsuperscript{70}

St. Laurent had linked international aid explicitly with social welfare at home, which was gradually being introduced by his government. In approaching the question of Third World economic development, Canadians drew, often unconsciously, on their own country’s recent past.

\textsuperscript{70} "The Preservation of Civilization," St. Laurent speech, University of Toronto, 27 Oct. 1950, S&S 50/43.
They saw differences, of course, but also viewed the Canadian experience as a model for other countries' political and economic development. Just as the best path to political independence was evolution on the Commonwealth model, the best path to economic development was to mimic the tactics that had contributed to Canada's own postwar development. Canada was a better model than the Soviet Union, one offering capitalist development that was in the early 1950s blossoming into an industrialization boom. Other countries might learn from Canada's experience. Pearson saw two paths to development on offer: communism's "spurious, but ... superficially enticing offer of paradise at once," versus democracy's "genuine, but less exciting offer of help and cooperation with results to be achieved slowly, with toil and effort." The task was to make this model more enticing, to accept the force of Asian nationalism, but guide it into constructive channels and control its pace.

Canada in this view was part of the Western democratic option, but its tactics differed from those of the United States. It would be easy to exaggerate the difference of opinion in the 1950s between a Canadian preference for economic aid and sympathy for Asian neutrals, and an American emphasis on military aid and a binary world-view. Both governments held similar views, their positions different points on a spectrum that included both types of aid, rather than occupying diametrically opposed positions. But the manufactured image of Canada as an aid-giver, America as a military player, became more and more influential in the rhetoric and diplomatic self-image of Canadians. Journalist John Harbron could write in 1955 that Canada had become "a byword in the Middle East for fair dealings in international commissions and sound business practices in trade relations" from Turkey to Indonesia. Canada's aid programme was in some ways a smaller version of the American effort. "However, unlike the U.S. — involved as she must be ideologically, in this vital area — Canada's interests have no undertones of political or military link-ups." Asians, Harbron wrote, saw Canadian aid as altruistic. Or as the *Globe and Mail* would argue: "Food and machinery are more important weapons in the struggle for Asia than tanks and planes; and will, in the end, determine who wins that struggle." Significantly, the perceived softer Canadian approach to nation-building helped Canadians differentiate themselves

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and their foreign policy from the United States: perceptions of a distinct Canadian approach to nation-building helped to define a distinct Canadian international identity.

Canada’s approach to nation-building complemented parts of the Indonesian approach but conflicted with others, creating a relationship of mutual interests and tensions. The most significant Canadian participation in Indonesian nation-building came in the form of individual participation in Indonesia’s National Planning Bureau, which attempted to set the country on a path of modified Keynesian development. In this, the planners entered an unequal political contest with forces in Indonesian society that rejected the idea of dependent development within the global economy in favour of a self-reliant path. Under Sukarno, Indonesia ultimately opted not to follow the nation-building path laid out by the planners. Where they sought to build the “state” as an institution and to develop the national economy, Sukarno and others were more concerned with building a united nation as a participatory society. Sukarno’s guided democracy is often portrayed as an anti-Western period, but it also saw the birth of new modernizing elites trained in the West. These elites of army officers, economists, and even religious teachers came to power under General Suharto after 1965, establishing a regime that Benedict Anderson describes as “the resurrection of the state and its triumph vis-à-vis society and nation.”

Public diplomacy

Diplomatic historians no longer study only the “high politics” carried out in diplomatic chanceries and across international conference tables. More and more attention is being given to what used to be called “low politics” — trade, aid, missionary work, cultural exchanges, and the like. There has been a turn to the study of “public diplomacy.” This term was coined in the 1960s to describe “the ways in which both governments and private individuals and groups influence directly or indirectly those public attitudes and opinions which bear directly on other governments’ foreign policy decisions,” thus describing a second arena for diplomacy outside traditional government-to-government relations. In the official parlance of today’s US government, public diplomacy is the effort to “promote the national interest of the United States

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through understanding, informing and influencing foreign audiences.” Public diplomacy is essentially the new word for propaganda, although its practitioners reject the comparison by pointing out that their public diplomacy is “truthful,” aiming to show the US, in Edward Murrow’s phrase, “warts and all.” In these definitions, the government still remains the agent of diplomacy; only the object of diplomatic endeavour has changed, from foreign governments to foreign publics. More complete definitions, on the other hand, include diplomacy carried out by non-governmental agents. The study of the history of “international relations” is being redefined by some writers to include the full range of relations between nations, broadly defined, rather than simply relations between governments. It is not only the state that carries out diplomacy, but also civil society. Scholars of conflict resolution, for instance, have stressed what can be achieved through citizen-based diplomacy across cold war barriers such as the US-USSR and North-South Korean divides. When “track one,” government-to-government contact, seems blocked, it can be valuable to resort to “track two” consisting of non-governmental actors. Drawing on the Philippine democracy movement, Francisco Nemenzo has advanced the concept of “people’s diplomacy,” defined as “the efforts of private groups to counter the diplomatic initiatives of a repressive state.” This turns the official American definition of public diplomacy on its head by stressing how non-state actors in other countries can affect governments. A fuller understanding of public diplomacy makes room for the full range of interactions between states and international civil society.

83 Francisco Nemenzo, “People’s Diplomacy and Human Rights: The Philippine Experience” in James T.H. Tang, *Human Rights and International Relations in the Asia-Pacific Region* (London: Pinter, 1995), p. 113. People’s diplomacy has acquired its own institutions, such as the Diplomacy Training Programme at the University of New South Wales founded by José Ramos Horta, then an exiled East Timorese diplomat and now East Timor’s foreign minister.
Direct contact between Indonesian and Canadian civil society was still in its infancy in the first two decades of Indonesian independence, but aid projects were laying the groundwork for stronger connections. While the Canadian government viewed Indonesia through the lenses of other, more central interests, meaningful bilateral Canada-Indonesia relations were being forged by non-state or semi-state actors. Canadian technical experts were the people charged with implementing the details of policy on the ground. In many cases, they did more than the Canadian government to affect events. Governments may set the broad lines of diplomacy, but it is individuals on the spot who make that diplomacy live and breathe. Day-to-day connections between Canada and Indonesia have always been stronger outside the government realm. The non-government actors contracted to implement aid projects were ultimately responsible for weaving the fabric of bilateral relations. "We may want understanding between East and West on the deepest ideological level, but the way to this is through day-to-day practical co-operation," wrote Nathan Keyfitz, who played a major role in the exchange of technical personnel. Non-governmental institutions and corporations were seldom confined to Canada alone; instead, they were enmeshed in North American networks. The Canadians who advised Indonesia's National Planning Bureau were linked through the UN Technical Assistance Administration and through their academic connections to American colleagues and schools. They created a development model for Indonesia, one that was not adopted immediately but became the blueprint for the Indonesian developmentalist state after 1965. They also began the training programmes that created a modernizing elite for the country. McGill's Institute of Islamic Studies was part of a North America-wide postwar academic complex backed by major US foundations. Its mission was to advance cross-cultural understanding between the West and Islam, while at the same time transforming Islam into a more "modern" religion. McGill trained another component of Indonesia's modernizing elite that played an important post-1965 role, and became an alternative to the more "fundamentalist" centres of Islamic learning in the Middle East. Canadian oil companies exploring their Indonesian prospects were component parts of an integrated North American industry. At a time when independent oil companies were making inroads into the global petroleum business, they fought for exploration rights in Indonesia as if they were home in Alberta. In so doing, they also created space for the Indonesian government to pursue a more nationalist oil strategy. Although implicated in prevalent ideologies and government polices, these

cases are still examples of public diplomacy carried out across borders by non-governmental actors.

The Indonesian and Canadian governments both carried out public diplomacy directed at swaying opinion in the other country. Canadian embassies were less active in the field of information than their American counterparts: diplomats abroad generally limited their efforts to "a little genteel publicity work." Still, Canada presented medical books and carried out information activities around Colombo Plan programmes, while its offer of scholarships to those who would later become important in Indonesian politics and the economy was also a form of public diplomacy meant to win friends for Canada and influence Indonesians to a more sympathetic view. Indonesia engaged in public diplomacy of its own, with Sukarno's 1956 trip to North America as the prime case of an attempt to improve Indonesia's image in the West. Canadian aid to Asia was a government programme, yet it also laid the groundwork for direct contacts.

Ultimately, the non-state realm was the more important one in Canadian relations with Indonesia. Neither government placed much effort in cultivating close relations with the other, but public diplomats forged some connections during the first two decades of Indonesian independence that later blossomed into stronger ties. Ottawa's gaze fell only rarely on Jakarta, and then with larger national interests in the North Atlantic predominating. Policymakers' mental maps predisposed them to focus elsewhere, and alliance politics reinforced that tendency. Canadian official interest in Indonesia was in seeing it develop in the Western image and preventing crises that could trouble Canada's alliance systems. The pursuit of these two goals, entirely for reasons driven by the cold war in which Ottawa was an enthusiastic participant, helped forge the myth of Canada's global role as peacemaker and humanitarian.

Drake, Stubble-Jumper, p. 34.
Chapter 1
Fire and the full moon: Canada, the UN and the decolonization of Indonesia, 1948-49

We should express our thanks to the Almighty that we won our independence not—as I have said—under the rays of the full moon, not protected by the perfume of roses and jasmine. No, it has always been through struggle, struggle and yet again struggle. In fact, I once said that we who grew up in the fire’s heart of revolution, we who grew up in the cauldron of Tjadradimuka and of revolution, we have now become a strong nation. We are not a nation that received our independence as a gift, we are not a nation that pleaded for independence.

— Sukarno, 1961

The experience of Indonesia is in fact part of a longer and larger story which now takes on a clearer and more compelling meaning in a shrinking world where all peoples must learn to live and work and progress together, if we are to live at all. This cannot be done if people who wish political freedom cannot achieve it by peaceful change—or at all. But it also cannot be done if freedom means only national narrowness and prejudice and suspicion of others.... Indonesia, I know, is now independent, and that is good. But the reality of its independence might be deeper, and more secure, if it had been achieved in a more peaceful, orderly and co-operative fashion.

— Lester Pearson, 1960

Looking back on the rocky decolonization of Indonesia, participants recalled very different things. From the equally rocky years of the early 1960s, when Indonesia seemed to be setting itself against the “old established forces” of imperialism, President Sukarno sang of the glories of revolution, of a nation that had won its freedom through its own efforts. Before a frenzied crowd in the revolutionary capital of Indonesia, he declared that the revolution was not yet finished, that Indonesia still pursued a policy of “confrontation” against the Netherlands, its former colonial master. Indonesia’s careful and successful diplomacy during its 1945-49 struggle for independence, and the part played by the United Nations, went unmentioned. Lester Pearson, Canada’s key foreign policy architect in these years, glanced back from the viewpoint of a decade later and saw a tragedy: moderates eclipsed by extremists and four years of fighting, leading to bitterness on both sides, with consequent troubles in Indonesian relations with the Netherlands and the West in general, and a centralized Indonesia that resembled a police state. Had the Dutch been more generous with a grand gesture at the start, the Indonesians more patient, and the United

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1 Sukarno, The People’s Command for the Liberation of West Irian (Jakarta: Department of Information, 1961) [speech at Jogjakarta, 19 Dec. 1961].
Nations more able to assist in orderly decolonizations, Pearson suggested, the result could have been a prosperous, federal, democratic Indonesia friendly to the West.

Implicitly, Pearson recalled Canada's own slow journey along the constitutional road to independence within the Commonwealth: evolution rather than revolution. Where Indonesian nationalists fought for what they called "100% freedom" — expelling the colonial power, casting off old thinking in favour of revolutionary dynamism, and restructuring the colonial basis of their economy — Canadian views on decolonization drew on Canada's own orderly and gradualist path to self-government. While supporting the principle of Indonesian independence, Canadian policymakers envisioned it on a Dominion model, retaining its links to the Dutch metropolis, production for the international market, domestic order and stability, and ties to Europe and North America in both economic and political realms. It was these goals that the Canadian government sought to advance as the UN considered the Indonesian question.

Canadian policy as a member of the UN Security Council in 1949-49 was also a large part of the construction of Canada's postwar diplomatic self-image. In sharp contrast to its avoidance of international commitments before the Second World War, Canada developed a conception of itself as a "helpful fixer," a middle power with a special vocation for the mediation of international disputes. George Ignatieff, who served as the number two figure on the Canadian mission to the UN, has argued that Canada's international vocation as a peacemaker was worked out in this period in the context of three international disputes: Palestine, Kashmir, and Indonesia. In these years, Ignatieff said, "Canada definitely turned her back on the tacit isolationism of the period between the wars, and chose the path of international co-operation and commitment."

Canada's Security Council delegation under General Andrew McNaughton, he wrote, "set the hallmark of patience, pragmatism and mediation on Canadian diplomacy." Similarly, diplomat and writer John Holmes called Canada's term "one of the most productive periods in the whole life of the Security Council" which at the same time conferred on Canada

... a transformed philosophy of the United Nations and a new enthusiasm and commitment. It is particularly notable that during the very years when Canada was most active in the establishment of the North Atlantic Treaty organization it was creating for itself in the UN, and particularly in the Security Council through the instrumentality of a

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Canadian general, the foundations for its reputation as a moderate mediatory power that was to last for several decades.\textsuperscript{4}

Of the three international disputes, Canada’s role in the Indonesia dispute was hailed at the time as the greatest triumph — in Holmes’ words, “McNaughton’s most solid achievement.”\textsuperscript{5} This question, however, has received the least attention of the trio.

Canadian views were based on policymakers’ mental maps, their ways of imagining the world geographically. They saw Canada as part of the North Atlantic triangle, existing in a space between the United States and Britain (or in the new conception, the United States and western Europe).\textsuperscript{6} The government was far more concerned with Europe than Asia, its Indonesian policy dictated by the needs of the North Atlantic alliance, emerging in 1948 and 1949 as the core of Canadian foreign policy. Canadian intervention at the Security Council which helped to resolve the Indonesian question in 1949 had three goals: to uphold the role of the United Nations, to save the Dutch from what Canadian diplomats saw as their own folly, and to create unity on an important issue between the West and the new states of Asia (which not least meant a united Commonwealth). Canada’s role in this dispute was less disinterested mediation than a self-interested policy designed to uphold multilateral institutions at the base of Canada’s postwar role: the UN, the North Atlantic alliance and the Commonwealth. Canada’s efforts were directed mainly to helping itself and Western allies. The context of Canadian policymaking was complex, involving relations with the United States, the Commonwealth, and the Asian states emerging into independence. Both the new Commonwealth and the North Atlantic Treaty were gelling in 1948-49. It was the needs of these multilateral organizations, and not events in Indonesia, which dictated Canadian actions.

**Indonesia in the “British phase,” 1945-47**

After the Dutch East Indies were over-run by Japanese forces during the Second World War, much of the administration of the two large army-administered islands of Java and Sumatra


was carried out by Indonesian nationalists. On 17 August 1945, two days after Japan surrendered, Sukarno and Mohammad Hatta, the two top men in the wartime administration, declared an independent Republic of Indonesia. When Dutch forces began to return to reclaim their colony, Indonesians saw themselves as already independent. Instead of welcoming the Dutch as liberators, Indonesian nationalists saw them as invaders attempting to reconquer Indonesia. In the words of Sukarno, Indonesians were “already free”; their task was to defend that independence. The same was true in neighbouring colonies such as Burma and Vietnam: nationalists were not asserting a new independence, so much as defending the independence they had already begun to achieve against an attempted European recolonization.

Dutch leaders painted the new Republic as a Japanese creation. Lieutenant-Governor H.J. van Mook called it “a dictatorship after the Japanese model,” a “puppet government” run by an “extremist organization.” This attitude ignored the nationalist past of Sukarno and Hatta, who had been at the forefront of the independence movement since the 1920s, and the ambiguous role they played during the Japanese occupation. Sukarno, for instance, sent signals that he was working for independence in his wartime broadcasts, while nationalist leaders later argued that their tactics had been to divide into a group cooperating with the Japanese and another working underground for independence. Still, Sukarno said, the occupation had given Indonesians “self-

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10 Sukarno’s radio broadcasts certainly included the requisite denunciations of Britain and America, but they also attacked “all forms of colonialism” and vowed that “when I am free again and unfettered, I will continue my fight against modern imperialism.” Bernard Dahm, *Sukarno and the Struggle for Indonesian Independence* (Ithaca: Cornell
For their part, Indonesian nationalists blamed the Dutch for abandoning them to Japanese occupation without giving them the opportunity to defend themselves.\(^{12}\)

The task of accepting Japan’s surrender in Indonesia went to Lord Louis Mountbatten’s South-East Asia Command (SEAC, nicknamed Save England’s Asian Colonies). Although Britain was beginning to loosen the imperial tie in India, its colonial policy in Southeast Asia also had elements of reconquest. Malaya and Singapore, crucial both to British regional strategy and British finances (Malaya’s tin and rubber provided much-needed dollar earnings), were slated for recolonization.\(^{13}\) In Burma, part of the Indian Empire and of less strategic and economic importance, the British soon struck a bargain with nationalists led by Aung San to stabilize the country. The wartime experience had radicalized Burma’s nationalist movement in a way it had not done in India, so Burma declined to stay in the Commonwealth. Nevertheless, it gained independence in 1948 while remaining friendly to Britain.

British forces took two months to arrive to accept Japan’s surrender in Java and Sumatra, a space which gave the new Indonesian Republic time to consolidate itself. By the time they arrived, they faced a functioning administration offering to work with them on tasks such as policing. Mountbatten had little interest in a military campaign to restore Dutch rule; Britain instead pressured the Dutch to negotiate. This “British phase” of the Indonesian revolution was characterized by Britain’s desire to force the Dutch into a liberal-minded policy in order to keep the region peaceful and prevent war from spilling over into Malaya.\(^{14}\) Indonesian raw materials were also vital for economic reconstruction. Foreign Secretary Ernest Bevin promised union


supporters that soon Indonesian palm oil would be available and "every woman in Northumberland will have her fat ration increased." British observers quickly began to classify Indonesian nationalists into two groups, extremists and moderates, and pressed the Dutch to ally themselves with the latter. They contrasted their own liberal-minded policy in Burma with the counter-productive stubbornness of the Dutch in Indonesia (while keeping silent on Malaya). “The energies of all of us should be bent towards making a settlement with the moderate Indonesians, who, after a settlement, might join the Dutch against the extremists,” Bevin wrote. It was a deal that the Republic seemed inclined to accept. Defence Minister Amir Syarifuddin reportedly told Dutch negotiators: “Our idea is that you (the Dutch) should recognise us as an independent Republic and we should then throw ourselves into your arms.”

SEAC did not allow Dutch troops into Indonesia initially, despite vociferous protests, and British troops — most of them sympathetic to the Indonesian cause, especially the British Indian soldiers — avoided combat except for one clash at Surabaya in November 1945. On the other hand, troops had to be brought home as soon as possible and the Netherlands was the sovereign power in British eyes. Thus, even as talks progressed, Dutch troops began to arrive. From a peak of 46,000 British troops, by May 1946 there were 19,000 British and 21,000 Dutch soldiers, with further troop withdrawals coordinated with Dutch arrivals to maintain the overall number at 40,000. Netherlands authorities agreed to negotiate; eventually they grudgingly accepted the Republic as a de facto government in Java and Sumatra and agreed to cooperate with nationalist leaders to form a United States of Indonesia within a new Netherlands-Indonesian Union, an idea modelled on the French Union solution in Indochina. This was much less than full independence. In the words of the Dutch minister of colonies J.H.A. Logemann, Indonesia had been “defiled” by Japan and needed a long period of tutelage. “There will be necessary the toiling and poverty of an

15 Gouda, American Visions, p. 152.
16 Bevin to Bland, Ambassador to the Netherlands, Dec. 10, 1945, BDFA III, E, 8: 454-5; Mountbatten to cabinet offices, 4 Dec. 1945, cited in Oey, p. 52. On the Burma-Indonesia comparison, see Bevin to Bland, 15 Oct. 1945, BDFA III, E, 8:444-6, and the report of British liaison officer Laurens van der Post on the first year of Britain’s presence in Java, reprinted as chapter 10 of The Admiral’s Baby.
19 Record of meeting of British and Dutch leaders at 10 Downing St., 12 April 1946, BDFA IV, E, 1: 437-40.
entire generation of Indonesians and Netherlanders in common, self-denying, hard work," he declared. Dutch policy was partly ideological, partly a refusal to let go of the empire that alone made Holland great (a world power, or in the new parlance, an emerging middle power), and partly economic: almost all stripes of Dutch opinion considered Indonesia vital to the very survival of their country’s economy. Lieutenant-Governor van Mook, a leading voice of progressive Dutch colonial thought and one of many Indies-born Dutchmen, was more conciliatory but also thought full independence possible only "by a process of evolution through a friendly co-operation between Indonesians and Netherlanders." Like British authorities, van Mook divided nationalists into two groups, which he called the forces of “gangsterism” and those who wanted to cooperate with their former colonial rulers to build an independent state. Van Mook’s entire tenure was spent chasing the chimera of cooperation with moderate nationalists. Yet the leading moderate nationalists were already committed to the Republic. Van Mook was left with a handful of nobles, most of them from the outer islands where Dutch military power was in control. Dutch attempts to establish a federal Indonesia under their own tutelage, led by these marginal cooperative nationalists in outlying regions, mostly failed to win popular support. The only partial success was the State of East Indonesia (Negara Indonesia Timur, NIT), derided by the Republic as Negara Ikut Tuan, the state that follows the master. NIT leaders obligingly backed the Dutch case at the UN in 1947, but would later ally themselves with the Republic.

21 Between one-fifth and one-seventh of Netherlands income came from Indonesian trade, but in popular conceptions the amount was as high as 50%. Gouda, American Visions, p. 70. This was of not inconsiderable interest to the British themselves, grappling with similar issues of decolonization, and owed approximately £90-million by the Netherlands which it was envisioned could be repaid by NEI exports. Secretary of State for Dominion Affairs to Canadian Secretary of State for External Affairs (SSEA), circular D.467, 26 May 1947, LAC, RG 25, vol. 4714, file 50054-40 [2].
22 H.J. van Mook’s declaration, as transmitted by Dutch Ambassador M.E. Teixera de Mattos to British Foreign Office, 7 Nov. 1945. BDFA III, E, 8: 452-4.
The typology of the Indonesian nationalist movement as divided between "moderates" and "extremists," common to both Dutch and British perception, betrayed a fundamental misunderstanding of what was happening in Indonesia. Such divisions as existed were tactical. All factions were defending the Indonesian declaration of independence; their differences lay over how much to negotiate and how much to rely on force. The Republic settled on a strategy of *diplomasi* to obtain international recognition, with a fall-back position of reverting to *perjuangan* (struggle) in support of its diplomatic goals. This remained a constant throughout the revolution, regardless of the ideological stripe of four successive governments. Those in power pursued *diplomasi*, while those out of power generally preached *perjuangan*. Once achieving power, they would immediately shift to the *diplomasi*-centred strategies of their predecessors. Whenever ideological advocates of *perjuangan* posed too sharp a threat to the *diplomasi*-driven strategy of the Republican leadership, President Sukarno intervened to ensure a consistent policy of negotiations. He preached an ideological synthesis that married *diplomasi* and *perjuangan*. "The policy now adopted by the Indonesian Republic must be oriented to the international world," Sukarno said in a September 1945 speech. "For this the prime condition is diplomacy. Yet no nation can enter the international arena by diplomacy alone. Behind that diplomacy, indeed the very basis of that diplomacy, must be a power force." Yet a tension remained between the two approaches. In this period it even had geographical expression. The increasing Dutch military presence prompted the Republic to move its capital in 1946 from Jakarta (Batavia), the coastal colonial capital, to Jogjakarta in the interior of Java. Syahrir remained in Jakarta to handle negotiations, but Jogjakarta became the centre of the Republic's fighting spirit.

The imperatives of *diplomasi* dictated that outside powers be brought in as mediators and induced to recognize the Republic's status. Since the Soviet Union was too remote and lacked appeal among most Indonesian Muslims, that meant demonstrating responsible government, a pro-Allied posture and openness to foreign investment. The Republic's Political Manifesto issued in November 1945 by Vice-President Hatta promised respect for property, investment guarantees, early elections, UN membership and the full range of human rights — a clear appeal to the West. At the same time, Sukarno's presidential cabinet was replaced by one headed by a prime minister, Sutan Syahrir, who had impeccable credentials in Western eyes as an anti-Japanese leader. Sukarno as President continued his overall position of leadership, now above party politics.

Diplomasi was a strategy to gain support in the West, and far from the non-aligned foreign policy that would emerge by 1949.\textsuperscript{27} It rested on Indonesian ideas of their own position in the world. Syahrir in 1945 offered up a new mental map for the new postwar era, one that explained his willingness to make concessions to the Dutch in the course of British-mediated talks:

Indonesia is geographically situated within the sphere of influence of Anglo-Saxon capitalism and imperialism. Accordingly Indonesia's fate ultimately depends on the fate of Anglo-Saxon capitalism and imperialism.... So long as the world we live in is dominated by capital, we are forced to make sure that we do not earn the enmity of capitalism. This involves opening up our country to foreign economic activity as much as possible...."\textsuperscript{28}

Hatta drew a similar picture of Indonesia as located within the capitalist sphere, telling the Republic's provisional parliament: “The form of our country as an archipelago, lying in the tropics and in the midst of the international world, has fixed the principles of our foreign policy.... In a world which is dominated by capitalist interests we may not think that we can defend our country with a strong navy and army. The main method of defence for our country is an active policy of peace, led by a cunning diplomat.”\textsuperscript{29} Indonesia had been isolated, trapped within a closed Dutch political system; now it would be open to the world. It was “a bridge between Asia, Australia and America,” in the words of Johannes Leimena, one of the Republic's chief negotiators.\textsuperscript{30}

The Republic's first diplomatic efforts came even before Syahrir took power. Sukarno telegramed US President Harry Truman and the UN Security Council in November 1945 asking that the Dutch be disarmed and pointing out that their use of American equipment was alienating Indonesia from the West. His Foreign Minister issued a simultaneous appeal to the Soviet

\textsuperscript{30} Johannes Leimena, \textit{The Dutch-Indonesian Conflict} (Jakarta, 1949), p. 25. Even for those more suspicious of capitalist powers, the Indonesian revolution was part of the global movement against imperialism. Sukarno called “the whole area from Gibraltar to the Philippine Islands” a single “field of reaction against imperialism,” while Mohammad Bondan, an Indonesian leader in Australia, called Indonesia’s revolution “an aspect of the struggle against world imperialism, for Dutch imperialism is but its vehicle.” National Awakening Day speech broadcast on Radio Republik Indonesia, May 20, 1948, in \textit{Miscellaneous Documents covering the period January 1948 - June 1948 in connection with the Truce Agreement and the Eighteen Renville Principles} (Batavia: Topographical Service Reproduction Branch, [1948]); Mohammad Bondan article in \textit{Republic of Indonesia} (Brisbane: Komite Indonesia Merdeka, 1946), p. 19.
Union. The President invited four international figures to visit Indonesia: Madame Chiang Kai-
Shek, first lady of China; Indian Prime Minister Jawaharlal Nehru; General Carlos Romulo of the
Philippines; and Australian Foreign Minister Herbert Evatt. The Republic made little headway
with Western powers, however. Its first foreign treaty was sparked by a clever offer of rice to
famine-hit India which led to a trade agreement. Much of Asia lacked rice, but the Republic in
1946 was producing a surplus. In April 1946 Syahrir offered India 500,000 tons of rice as a
humanitarian gesture. Nehru’s government dispatched a diplomat who worked out a barter
arrangement for textiles and other consumer goods, and the first shipment of rice was on its way
by August. Dutch shelling of the warehouse meant the Republic ultimately shipped only 54,000
tons, but a durable bond with India had been forged (one marked, for instance, by the flying of the
Indian flag alongside the Republic’s banner on the first anniversary of the independence
proclamation). The trade deal’s importance lay mainly in its assertion of the Republic as a
sovereign state able to sign international agreements and in full control of its territory. “The sole
purpose was political — to tell the world that we were in charge,” recalled Sumitro
Joyohadikusumo, then a finance ministry official. The Republic tried a similar tactic in 1948,
gathering rice for shipment to Palestine to meet a UN request for relief supplies, but was unable to
arrange shipment past the Dutch blockade.

Syahrir and van Mook were able to come to agreement via British mediation. The
Linggajati agreement, signed in late 1946, became the basic framework of all future Dutch-
Indonesian talks. It envisioned a cooperative effort by the Netherlands and the Republic to
establish a federal state to be called the Republik Indonesia Serikat (rendered in English as the
United States of Indonesia). Neither side, however, agreed on exactly what the Linggajati text

31 Sukarno to Truman, 9 Nov. 1945; Sukarno to UN Security Council in London, 9 Nov. 1945; Subarjo to Molotov,
32 Osman Raliby, Documenta Historica: Sedjarah Dokumenter dari Pertumbuhan dan Perjuangan Negara Republik
33 India-Indonesia trade agreement, Fakta dan Dokumen2, III, 2: 84; Lukisan Revolusi, no page number; Visualisasi
Diplomasi Indonesia/Visual presentation of Indonesian Diplomacy 1945-1995 (Jakarta: Dept. of Foreign Affairs,
1995), p. 59-60; Mani, Indonesian Revolution, p. 64-76; “South-East Asia: Quarterly Report of the Special
The same point was made at the time by many Indonesian nationalists. “It shows that the Republic of Indonesia is a
going concern, that we have a land which we rule and an efficient administration which attends to the duties of
government,” said Vice-President Hatta. “In one fell blow we have delivered the ‘coup de grace’ to Dutch claims that
our Republic is in a state of collapse and that our people are going about with empty stomachs.” Cited in Mani, p. 75.
See also Simon Pinontoan, Secretary of the Indonesian Seamen’s Union, Brisbane, “Rice for India,” Merdeka
(Brisbane: Komite Indonesia Merdeka), 17 Aug. 1946, p. 32-3, and “Indonesian Rice for India,” VOFI #28, 3 Aug.
1946, p. 1.
allowed. The truce finally broke down over Indonesian complaints that the Dutch were creating federal states without their participation, and Dutch complaints over the Republic’s foreign relations. The ultimate sticking point was a dispute over which side would have policing authority in Java. Syahrir’s cabinet fell over his willingness to compromise on this point. Even conciliatory words from Sukarno, briefly handling negotiations himself, failed to resolve the basic issue: the Dutch wanted a joint constabulary under their command to police Republican areas, but this was a concession the Republic could not make. The Indonesian army was not willing to be commanded by Dutch orders, and vowed to fight on even if the Republic’s political leaders agreed to any such arrangement.36

Given the Linggajati stamp of approval as a de facto government, the Republic began to establish diplomatic relations. Following the rice-for-textiles deal, India stationed an unofficial representative in Jogjakarta. Former Republican cabinet minister Sudarsono (dubbed the “minister of rice”) was posted to New Delhi, where he received most of the privileges of a foreign ambassador. A mission to the Middle East won de jure diplomatic recognition from several states and the official endorsement of the Arab League.37 Egypt was particularly supportive, offering to mediate the dispute, sending a representative to conclude a treaty of friendship with the Republic in Jogjakarta, and granting easy access to Indonesian Ambassador Rasyidi, previously the Republic’s first Minister of Religion.38 Aung San offered Burma’s full support.39 In 1947, the Republic was able to establish a UN mission headed by L.N. Palar. As an elected Socialist deputy in the Dutch Parliament, Palar was exactly the sort of moderate that Dutch policy hoped to work with; his defection symbolized the failure of that policy.40

Messages between the Republic’s scattered overseas missions passed through Indian channels. Republican communications went via India’s consulate in Batavia and then through the Indian diplomatic network and were thus entirely open to the government of India. They were also

39 Jan 20, 1946 speech to AFPFL congress in Rangoon, and telegram of support to Sukarno and Syahrir, in Raliby p. 203-4, 439; telegram from Aung San to Sukarno, 17 Aug. 1946, VOFI, Jakarta, unnumbered special anniversary issue, 1 Nov. 1946.
shared freely with Australian diplomats and, since they went via Batavia, were easily intercepted by the Dutch. The diplomatic network lived from hand to mouth, thanks mainly to trade between Sumatra and Singapore which evaded Dutch blockades. British authorities usually turned a blind eye to this “smuggling” to avoid upsetting the Chinese business community.\(^{41}\)

Makeshift missions existed across Asia (Singapore, Penang, Bangkok, Rangoon, New Delhi, Karachi), and beyond in Cairo, Canberra, Washington, New York, London and Prague. Foreign supporters — John Coast and Tom Atkinson from Britain, Molly Bondan from Australia, Charles Tambu from Malaya and others — played vital roles in the makeshift diplomatic network. “Everything was up to us,” one of Indonesia’s amateur diplomats remembered. “The only instructions were to argue and win the case, to put Indonesia on the map.”\(^{42}\)

An American who worked with the Republic’s UN delegation wrote: “Pleading the case of a blockaded government whose instructions, more often than not, disappeared in transit between Java and New York, gave the whole procedure a nightmarish quality in which the problem of unlimited responsibility coupled with severely limited authority left the delegation, in effect, walking a tightrope blindfolded.”\(^{43}\)

In July 1947, Dutch forces launched an armed “police action” against the Republic and brought the United Nations into the dispute. The breakdown of talks over the joint constabulary issue was the pretext: the Dutch argued that once law and order were restored and Republican “terror” ended, then the United States of Indonesia could be established. There were economic as well as political imperatives, however. While the Republic controlled the richest rice-growing areas of Java and the plantations of Sumatra, Dutch-held areas were going hungry, and the Dutch economy was suffering from its inability to control the export products of the Indies. Food shortages were one of the biggest postwar problems facing Asia, with an International Emergency Food Council in place from 1946-9 to allot rice quotas and extra wheat shipments from Canada, the United States and Australia.\(^{44}\) Mountbatten in 1945 had been forced to ask Syahrir for rice for the cities, which the Indonesian leader agreed to supply, but the Republic was far less willing to


\(^{43}\) Jeanne Mintz, untitled paper on Republic of Indonesian mission to the UN, LOC, Mintz papers, Box 6, Harvard University papers - misc.

help a Dutch regime which was blockading its trade. Dutch officials frankly told their American and British counterparts they needed Indonesian agricultural production desperately to meet foreign exchange shortages. Originally military planners had intended to strike directly at the heart of the Republic in Jogjakarta, Canada’s military attaché in The Hague learned. But battle plans were revised to focus on the more productive agricultural areas, with the hope that this could meet economic needs and be more acceptable to international public opinion. Van Mook saw the police action as freeing moderate nationalists in the Republic from the extremists. “Together with the Indonesians we are curing the body politic of a Japanese infection,” he announced. The Dutch offensive was successful enough in military terms to reverse the rice situation. Subsequently, Dutch-held areas had enough to eat and the Republic lacked food: so much so that it gratefully accepted a gift of rice from Burma.

At the Security Council, Syahrir (now a roving ambassador) appealed for the withdrawal of troops to previous positions, a commission to supervise a cease-fire, and another committee to arbitrate the dispute. The Council, however, confined itself to ordering a cease-fire and accepting a Dutch offer to establish a Good Offices Committee (GOC) of three nations, one to be named by each side and a third by the two selected. This mechanism avoided oversight by the full Council, instead substituting a committee of Australia (selected by the Republic), Belgium (selected by the Netherlands) and the United States (selected by Australia and Belgium). The committee’s powers were limited and fell far short of the arbitration sought by the Republic. The GOC was limited by what Australia’s representative called “the restrictive interpretation the Dutch insisted on giving to ‘good offices’.” Still, Sukarno urged Indonesians to abide by the Security Council resolution in order to show the world their honest desire for peace and

45 “The Food Blockade of the Netherlands-Controlled Territories in Java and Sumatra,” Documentary material on the Indonesian question submitted by the representative of the Netherlands to the UN, 1 Oct. 1947, S/553.
49 “Hubungan Indonesia dengan Negara2 Lain,” [Indonesian relations with other countries], Fakta dan Dokumen2, III, 6: 138.
51 Tom Critchley, Foreword to Martin O’Hare & Anthony Reid, Australia dan Perjuangan Kemerdekaan Indonesia/Australia and Indonesia’s Struggle for Independence (Jakarta: Gramedia, 1995).
independence. The Dutch were pleased since the committee included “two nations basically friendly to the Netherlands”: the United States and Belgium.

**Canadian policy to 1947**

Dutch concepts of gradual evolution towards a federal Indonesia with continuing ties to the Netherlands fell on sympathetic ears in Ottawa. Although the Dutch-sponsored federal states had little support locally, they seemed to indicate movement towards a decentralized state developing along lines much like Canada’s own constitutional history. East Indonesia, for instance, hoped to develop “in evolutionary fashion yet at a revolutionary pace.” That had a familiar ring in Ottawa, where policymakers remained proud of Canada’s non-violent path towards independence. “Canada is a country which has gained its national independence by evolution from colonial status, rather than revolution against it.... by conference, rather than by convulsion; by the signing of papers, rather than the flashing of sabres,” Pearson said proudly in one 1953 speech. A federal Indonesia was even more appealing, especially as it would be “linked to the Home Country as in our own Commonwealth by the Crown.”

The Canadian government was especially predisposed to sympathy with the Netherlands, with which it had forged close ties during the Second World War. While Queen Wilhelmina presided over a Dutch government-in-exile in London, her heir Princess Juliana (who succeeded to the throne in 1948) spent the war years in Ottawa with her children. A Dutch battalion was raised in Canada. Canadian troops took charge of liberating the Netherlands; more than 7,600 Canadians died there. Another 2,500 brought Dutch wives home. There was an influential Netherlands-Canada Society which among other tasks facilitated substantial Dutch immigration to Canada: in 1950, the Netherlands ranked fifth among sources of Canadian immigration, with just under 10% of the total. A Netherlands Information Bureau in Montreal promoted trade ties.

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52 “Our Reception of the World’s Decision,” Sukarno speech on 8 Nov. 1947, Cornell University Library.  
54 Declaration text in D.H. Rodrigues, *Two Years of Statehood: East Indonesia* (New York: Netherlands Information Bureau, [1948?]).  
58 Canada 1945-1995 Netherlands/Pays-Bas/Nederland (Ottawa: Veterans’ Affairs Canada, 1995).  
Prime Minister Mackenzie King waxed especially sentimental about Dutch-Canadian friendship on a state visit to the Netherlands in November 1947, where he became the third leader after Britain’s Winston Churchill and South Africa’s Jan Christian Smuts to address a joint session of the States-General.\(^{62}\)

Canada and the Netherlands also shared similar ideas about the postwar world. Ottawa promoted the “functional principle,” its demand that countries able to contribute to a specific task be given a fair voice in determining policy in that sphere, which would ensure Canada an increased international status. The Netherlands was advancing similar ideas, and was quickly named by Canadian diplomats as a like-minded middle power.\(^{63}\) Then there was economic reconstruction. Canada’s prewar exports averaged between a quarter and a third of the national income. Needing overseas trade, Canada, like the United States, offered reconstruction credits to a group of Western European countries. Finance Minister J.L. Ilsley justified the expenditure as necessary to rebuild Canada’s trading partners so that the country could make the exports it so desperately needed.\(^{64}\) The Netherlands received $25-million, plus a separate credit to the government of the Netherlands East Indies of $15-million, more than the Dutch had expected, and approved with no apparent knowledge of Indonesia’s declaration of independence. (In comparison, US lend-lease and surplus property credits to the Netherlands were just over $100-million.)\(^{65}\) The Indies needed a separate credit because most observers believed Dutch prosperity

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62 Mackenzie King diary, 13 Nov. 1947, LAC.
63 “Dr. van Kleffens’ idea,” Georges Vanier of the Canadian High Commission in London reported on a conversation with the government-in-exile’s Foreign Minister, “is that representations on all commissions or committees of an ‘institutional’ character should be given to one or more smaller Power. Moreover, whenever the interests of any smaller Power are involved, that country should participate in the deliberations of the committee and not be called in for ‘consultation.’” Canadian legation to Allied governments in the UK, despatch Netherlands No. 19, 6 Dec. 1943, LAC, RG 25, vol. 3703, file 5495-40C [1]. This was very similar to Canadian views as outlined by Mackenzie King: “Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question.” Statement by King in the House of Commons, 9 July 1943, CHCD 1943, 5: 4558. In a broadcast on 1 July 1945, Pearson identified six countries as middle powers: Australia, Belgium, Brazil, Canada, Mexico and the Netherlands. Holmes, *The Shaping of Peace*, vol. 2, p. 38. Escott Reid gave the same list with the addition of India and (if it could maintain an independent policy) Czechoslovakia. Proposed standing instructions to all Canadian delegations to UN meetings, 26 Feb. 1946, LAC, MG 31 E46, Escott Reid papers, vol. 6, file 10.
65 W.C. Clark, Deputy Minister of Finance, to D.C. de Jongh, chairman of board for the Netherlands East Indies, Netherlands economic mission to USA, 19 May 1945; order-in-council approving loan, 4 Oct. 1945; text of loan agreement (Treaty series, 1945, No. 31), 9 Oct. 1945. LAC, RG 19, vol. 4318, file 8411/42-1 [1]. Another $50-million loan was originally projected for the Indies, but this was halted after fighting began. Acting SSEA telegram 108 to Embassy in The Hague, 15 Oct. 1945, LAC, RG 19, vol. 4318, file 8411/42-1 [1]; USSEA Norman Robertson
depended on Indies trade and products for domestic use and re-sale on the world market. That conviction was based on pre-war trade patterns: from 1921-40, the Netherlands had a $900-million accumulated trade deficit with the United States, but a $955-million trade surplus with its Indonesian colony. In this triangular pattern, colonial products financed dollar purchases. In Canadian eyes, one of the main problems with the Indonesian conflict was that it was “delaying the economic rehabilitation of the whole of Indonesia, whose products are highly important to world recovery.” With our increased industrialization resulting from the war and with the necessity of expanding our export trade to non-sterling markets, we propose to exert a good deal of pressure in increasing our export and import trade with the Netherlands East Indies,” the Deputy Minister of Trade and Commerce wrote.

Canadian forces in 1945 were concentrated in the Netherlands, where they abandoned much surplus equipment. Of the three Dutch divisions in Indonesia, Canada supplied one (and Britain the other two), with the equipment arriving by the end of December 1945. The Netherlands obtained 9mm Browning automatic pistols and other surplus equipment left behind by Canadian troops in Holland; many Dutch pilots received their air training during the Second World War in Canada. The first postwar permit for arms sales approved by cabinet was for a sale of ammunition to the Netherlands. Canadian willingness to sell arms abroad contrasted with an Australian official ban on arms sales. Later, Canada sold arms and trainer aircraft to the Netherlands, but following a British lead, placed an embargo on the use in Indonesia of any new arms sales (as distinct from the already-supplied surplus equipment). Indonesian leaders were
well aware that the Dutch had received arms and training in the United States, Britain and Canada.\textsuperscript{74} 

A dissenting stream in Canada backed the Indonesian cause and was especially critical of the supply of Canadian arms to the Netherlands. Maverick Quebec MP Jean-François Pouliot asked whether Canada's loan to the Netherlands East Indies included arms or ammunition.\textsuperscript{75} Some left-wing groups backed a campaign led by the Australian Communist Party, which identified strikes in Australia and independence for Indonesia as its two main priorities.\textsuperscript{76} Australian waterside workers had joined with Indonesian seamen and nationalist groups to impose a boycott on Dutch shipping.\textsuperscript{77} This was backed by the Canadian Seamen's Union and then by the BC Federation of Labour, which resolved to "boycott all ship cargoes and all personnel engaged in the transportation of war materials from the province of British Columbia to the Dutch Government."\textsuperscript{78} Pressure was most severe from trade unions over the issue of Canadian arms supplies to the Netherlands, with letters of protest coming in from a broad range of union locals and federations affiliated with the Canadian Congress of Labour. The Minister of Finance was receiving "a considerable amount of correspondence" on Indonesia by early 1946, most of it critical of Canada's support of the Dutch.\textsuperscript{79} These dissenting voices, however, were a minority. For Ottawa, European strategy trumped the desire to make friends in Asia. Canada resisted direct involvement, declining a Dutch attempt to include it (along with Brazil, China, Saudi Arabia and

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\textsuperscript{74} Remarks of Sutan Syahrir in Cairo, 6 Aug. 1947. \textit{NIB} 10: 285fn.

\textsuperscript{75} Memorandum for deputy minister by David M. Johnson, solicitor to the Treasury, 6 May 1946. LAC, RG 19, vol. 4318, file 8411/42-1 [1].

\textsuperscript{76} L.L. Sharkey, President of Australian Communist Party, to Tim Buck, Labour Progressive Party [Communist Party of Canada], 21 Nov. 1945. York University Archives, Norman Penner papers, Communist Party - relations with C.P. of Australia and CPGB.

\textsuperscript{77} The story of the Australian dockworker protests is told in Rupert Lockwood, \textit{Black Armada: Australia and the struggle for Indonesian independence, 1942-49} (Sydney: Hale & Iremonger, 1982).


Sweden) on a hand-picked cease-fire monitoring committee. Still, Ottawa on the whole sympathized with Dutch views.80

Canada, the Security Council, and the Indonesian issue, January-November 1948

In 1947, Canada decided to seek a seat on the Security Council, accepting in the words of Secretary of State for External Affairs Louis St. Laurent “new and onerous responsibilities ... to make decisions on major questions of policy arising from situations which exist far from our shores and which some may feel do not directly concern us.” Canada would, he said, “become involved directly with questions such as the Balkan dispute and the Indonesian problem which do not now come immediately before our attention.”81 The Canadian delegation’s position on the Council would be a delicate one, the Department of External Affairs noted in its instructions. The delegation could be “decisive in determining solutions to problems which may seem to be remote from Canada’s interests” and would have to be careful in balancing its community of interest with the United States and Britain on the one hand, with its desire to appear independent on the other. Instructions were to avoid clashes between the great powers, but if they arose to seek “an overwhelming preponderance of force” on the side of the Western democracies. Most significantly, the instructions interpreted the role of the Security Council as being, wherever possible, to “avoid bringing judgment to bear on any of the parties to a solution or dispute. It should concentrate on devising means to remove the immediate threat to the peace, or to stop the conflict if it has already arisen. It should throw back on the parties themselves, as much as possible, the responsibility for settling their differences.”82 This marked a sharp departure from the views of Australia, the country Canada was replacing. Led by H.V. Evatt, the Australians had attempted, with little success, to make the Council a quasi-judicial body able to make rulings on such disputes as Iran, Greece, and Indonesia.83 Evatt had also pursued an aggressively independent line as the champion of smaller countries. To the Netherlands, the fact that Canada was replacing

Australia at the UN was a hopeful sign: Foreign Minister Dirk Stikker saw Canada as very understanding, more so even than Britain.  

Canada's entry onto the Security Council was symbolic of the country's new global policy, as St. Laurent pointed out in an April 1948 overview of external affairs to Parliament. The speech was notable as perhaps the clearest expression yet of the new Canadian mental map: isolation had given way to internationalism, the avoidance of commitments to a belief in collective security. “For us there is no escape, even if we wish to seek one, in isolation or indifference,” St. Laurent said. There was a global communist threat, one that could not be resisted by Canada alone. “Canada’s boundaries against such a threat extend far beyond her physical frontiers. We know also that a line is being drawn through the hearts of free men everywhere, and that on our side of the line are all those in every country who work and fight to preserve the freedom and dignity of the individual against reactionary dictatorship, whether communist or fascist. We know that there can be no neutrality in this conflict, which is as spiritual as it is political.” The United Nations was failing to live up to Canadian hopes for a collective security system, he said, but remained effective on issues not involving the superpowers, especially Kashmir and Indonesia.  

Indonesia, clearly, was going to be an issue. Accordingly, Arthur Menzies' Political III Division in the Department of External Affairs put together a 31-page memorandum of guidance on the Indonesian question for Security Council delegation, which became the first Canadian policy statement on Indonesia. It set Indonesia very clearly within Canadian interests in stability and the resumption of commerce in the Pacific region. “Unrest in any part of the world which may become a threat to international peace and world security is of direct concern to Canada, whose economy is so closely linked with international trade,” the memorandum noted. Canada's main trading interests were in Europe, yet European recovery depended in part on the restoration of the triangular trade: Europe sold manufactured goods to Asia, which exported raw materials back and also sold these resources for dollars needed by the European powers. Indonesia provided essential raw materials and dollar earnings not only to the Netherlands, but also to other European countries. “Stability in the Netherlands East Indies cannot be secured by a refusal to recognize the strengths and legitimate aspirations of the rising nationalist movements of Asia,” the memorandum argued. “Neither can it come about if irresponsible elements are permitted to create
conditions of political and economic chaos, prejudicial to the well-being of the local populations, and to the requirements of the world at large of food and other raw materials." Here Canadian views echoed the extremist-moderate paradigm already evident in Dutch, British, and American thinking. In Indonesia, the “irresponsible elements” included the Communist Party (PKI) and the leaders of the army (TNI), while the Republic’s political leaders were cast as moderates. A legitimate moderate nationalist was someone like Nehru in India, while the other side was represented by groups like the Malayan Communist Party, which took up arms against British rule in June 1948.

In January 1948, Dutch and Indonesian negotiators signed a deal with the aid of the Good Offices Committee on board the US warship Renville, docked in Jakarta. The Republic accepted Dutch military conquests up to the maximum line of Dutch advance and agreed to withdraw its own troops from behind that line, with the proviso that they would turn from bullets to ballots: instead of warfare in these areas, there would be plebiscites within a year. The Renville agreement was effectively a Dutch victory. “The news that the Republic ... has accepted the proposals of the Committee of Good Offices is almost too good to be true,” Ambassador J.H. van Roijen wrote in a personal note to Pearson. Renville’s harsh terms brought about the fall of the Republic’s cabinet and a new government, now headed by Hatta as Prime Minister, which nevertheless pledged to respect the agreement. For the Republic, Renville meant an increased reliance on political rather than military tactics. The agreement failed to resolve the conflict through cooperation. Dutch authorities determined fairly early that rather than working with the Republic, they would form as many states as possible and then seek an invitation to intervene from a new

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87 See for instance “South-East Asia: Growing Communist Strength,” report from Killearn to Bevin, 15 July 1947, BDFA IV, E, 4: 21-3; and Secretary of State to US Embassy in the Hague, 17 July 1947, FRUS 1947, 6: 977-8. The way in which Britain, the United States and Canada all viewed Asian nationalism through the extremist-moderate paradigm is a central theme in Steven Hugh Lee, Outposts of Empire: Korea, Vietnam and the origins of the Cold War in Asia (Montreal: McGill-Queen’s University Press, 1995).
federal government.91 The Dutch were outraged to discover that Republican acceptance of Renville had been based on assurances regarding the Republic’s international status given by the American committee member, who assured Indonesian leaders “you are what you are.”92 Ali Sastroamijoyo, a Republican negotiator and later Prime Minister, wrote in his memoirs: “We interpreted this to mean that before we became part of a federal state, the republic would continue to hold the same status as before, that is, as an independent nation holding sovereignty over the territory of Indonesia even though it had diminished considerably in size.” The Indonesians believed that they had been offered an implicit American guarantee of the Renville terms in return for accepting Dutch territorial gains.93

At the Security Council, much of the action following the Renville agreement was piloted by Canada’s representative Andrew McNaughton, a retired general and scientist and who had served a brief wartime stint as Minister of Defence. Already head of the Canadian mission dealing with atomic energy matters at the UN, he reluctantly agreed to take on the Security Council job at St. Laurent’s urging.94 As a soldier, McNaughton had inspired those around him. “He breathed a similar sense of purpose, enthusiasm and imagination when he tackled diplomatic problems,” according to Ignatieff, his deputy in 1948-49. McNaughton used his “quality of being cool yet exhilarated in face of crisis” to good effect in the ensuing debates.95 Mackenzie King, who lacked the international enthusiasms of St. Laurent and his Under-Secretary Lester Pearson, thought it was good to have McNaughton on the Council since he would not be cowed by pressure from other powers. King was highly suspicious of the new ambitions evident in External Affairs and of the United Nations as whole. “Conciliation,” he thought, “was about as far as the United Nations can hope effectively to go at this time.”96 McNaughton, whose stature allowed him more freedom

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93 Ali Sastroamijoyo, Milestones on my Journey (St. Lucia: University of Queensland Press, 1979), p. 146-7; Kahin, Nationalism and Revolution.
94 “It is not the sort of work I had planned to do as I had hoped, as President of the Atomic Energy Control Board, to get back into a more direct contact with engineering problems and, particularly, to have a close hand in the direction of the far-reaching experiments we have in hand with Atomic Energy at Deep River,” he wrote to one correspondent. “However, I am sure the work at the United Nations will be interesting and, I hope, useful and under the circumstances I am very glad indeed to be able to undertake it.” McNaughton to J.B. Challies, 22 Jan. 1948. On the appointment, see McNaughton’s handwritten notes on meetings in December 1947. LAC, MG30 E133, McNaughton papers, vol. 299, file “Personal-Miscellaneous; Canadian delegate to UN; Congratulatory messages.”
from instructions than the typical Security Council representative, used the Indonesian dispute to help advance this view of the Security Council’s role as lying more in voluntary conciliation than passing judgment and imposing settlements. In this sense, King’s influence on Canadian foreign policy continued to be significant even as power began to pass to his successors.

As President of the Security Council for February 1948, McNaughton had the job of wording the resolution on the Council’s next, post-Renville step. His draft resolution, as approved by the Canadian cabinet, noted the truce agreement with satisfaction, commended the GOC and endorsed continued good offices. This was just the sort of resolution the Dutch government wanted, since it did not touch on constitutional issues and maintained the bilateral nature of the dispute, rather than expanding UN oversight. On Republican urging, McNaughton agreed to add the word “directly” to the clause asking both parties to keep both the GOC and Security Council informed, a step that protected the Indonesian right of access to the Council. However, he resisted an Australian-authored amendment that would have allowed the GOC to make suggestions of its own. Rather than siding with one of the parties, Canadian diplomats were displaying their concern with the orderly workings of the UN itself. Canada, Pearson wrote, hoped to take no stand on the rights and wrongs of the issue. The Palestine experience had shown the UN’s inability to handle arbitration or direct administration, so Canada hoped to confine its role in Indonesia to conciliation. Canada’s first month leading the Security Council had been an eventful one: 21 meetings, twice as many as usual, of which ten dealt with India and Pakistan, seven with Indonesia and four with Palestine. These three cases, McNaughton wrote, showed the Council emerging as “the principal organ of conciliation in the United Nations.”

Two themes in Canadian policy were beginning to emerge. First, Canada would act pragmatically: even if it shared the Dutch legal interpretation that the question might be a matter within the domestic jurisdiction of the Netherlands, Canada would not be bound by Dutch legalism. The Netherlands had been the first state to invoke the domestic jurisdiction article in the Charter, and Canadian analyses showed some sympathy with that claim, but Canada had the

100 Canadian draft resolution, S/678, 17 Feb. 1948; Australian amendment, S/681, 21 Feb. 1948.
luxury of lacking a colonial empire to protect and could therefore be flexible on the point. Pearson himself had his doubts about absolute national sovereignty, which he called “as out of date as the battle axe at Chalk River,” Canada’s new experimental nuclear facility. Nevertheless, Canada had long been concerned about international interference in its own domestic affairs and thus took a cautious line on expanding Security Council jurisdiction over colonial territories. With regard to Indonesia, Canadian diplomats tried carefully to avoid the issue by framing resolutions in such a way that the Council could continue its conciliatory role without asserting an explicit claim to jurisdiction. In a later debate, McNaughton even broke ranks with the US and Britain to request the maximum possible information from UN agents in Indonesia, a further sign of pragmatism.

The second theme was that Canadian diplomats would try to advance Dutch interests, in spite of Dutch actions. Canadian policymakers wanted to save the Dutch from themselves. Pearson recognized that Indonesian nationalism existed, had solid support, and was not going to disappear, no matter what actions the Netherlands took. Thus, he looked for ways that the best interests of the Netherlands could be served, given the inevitability of Indonesian independence. “However objective they may try to be,” he wrote, “it is probably difficult for Netherland [sic] officials to fully appreciate the strength of the nationalist movement in the Indies, especially the fact that it cannot help being to a considerable extent anti-Dutch in character. You need only let your mind draw a parallel with the growth of national sentiment in Canada.”

McNaughton’s resolution, Pearson felt, had “preserved for the Netherlands a considerable degree of flexibility in their forthcoming negotiations which they might not have otherwise been able to enjoy.” The Dutch had played their hand poorly, but Canada had acted in their interests. McNaughton thought this gave Canada a special right and duty to counsel Dutch moderation. Through the remainder of 1948, there are repeated indications that Canadian diplomats saw the Dutch as an important ally.

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104 CPDUN telegram 732, 2 July 1948, LAC, RG 25, vol. 4715, file 50054-40 [5]. The argument involved whether the Council would request a copy of informal proposals made to the parties by the American and Australian GOC members, and had a faint tone of absurdity as most countries had already privately obtained the proposals. Although they were advanced by the American GOC representative with the full knowledge of the Department of State, the US opposed the Security Council requesting the proposals and a Council resolution asking for them failed.


106 SSEA to CPDUN, for McNaughton from Pearson, 9 March 1948. LAC, RG 25, vol. 4715, file 50054-40 [4].

in the march towards a North Atlantic Treaty and in other arenas, but also saw Dutch resistance to change in Indonesia, especially their willingness to resort to military means, as a stumbling block.

**Indonesia as a Commonwealth issue**

Canada's moderately pro-Dutch policy was similar to that of Britain and the United States, but clashed with the policies of some other Commonwealth countries, straining the association at a time when it was dealing with the independence of three new Asian Dominions and then with India's desire to become a republic. The governments of India and Labour-ruled Australia, backed by Pakistan and Sri Lanka, were increasingly sympathetic to the Republic. The British and South African governments leaned to the Dutch side while urging the Hague towards a more positive policy. Canadian authorities saw themselves falling somewhere in between, although others often saw them as pro-Dutch partisans. The Indonesia problem affected Canadian relations with Australia and India and ultimately threatened the unity of the entire Commonwealth. A rivalry between the Canadian and Australian styles of diplomacy was especially evident. The two had tangled at the founding conference of the UN, with Canada's delegation acting as a self-proclaimed responsible middle power and Evatt leading what one his assistants called a "curious Third World consisting of himself, the Latin Americans (twenty out of the UN membership of 51), the Indians and a few others."\(^{108}\) Australia won election to the Security Council seat Canadian officials had hoped to occupy, while both countries' representatives expressed contempt for the other as, respectively, irresponsible or cowardly. Mackenzie King confided to his diary that "[t]his fellow Evatt has become a regular Hitler," while Pearson called him "an arrogant and aggressive fellow" whose brilliant proposals were often saved from disaster by more moderate counsels.\(^{109}\) The contempt for "Doc Evatt" was widespread in North Atlantic capitals.\(^{110}\) When Canada replaced Australia on the Security Council at the beginning of 1948, Australian officials expected

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\(^{110}\) US Under-Secretary of State Robert Lovett, for instance, told the British Ambassador "Australia had not always been particularly cooperative in Indonesia, in Korea, or in Greece. The British Ambassador said that his Government
Canada to look to them for guidance on the Indonesian question with which they were so familiar. Instead, Canada paid more attention to its closest allies, Britain and the United States.

The Australian government is usually portrayed as a strong partisan of Indonesian independence, but the general picture of Evatt as a radical on the Indonesian question is much overstated. His Indonesia policy was consistent with his UN push for native welfare and trusteeship, his advocacy of international law and the rights of small powers, and his quest for Australian predominance within the region. His main concern in Indonesia was that Australia, as a regional power, should have its voice heard. That voice, however, should be a moderate one. The first thought on Indonesia was that it should be placed under trusteeship, which was Evatt’s policy for all colonies in 1945. “Our idea is that Dutch sovereignty should not be terminated,” he told Parliament, “but that the people of Indonesia should obtain a substantial measure of self-government.”

Australian concerns on Indonesia were above all with security, following a war in which Australia had been bombed by Japanese forces entrenched on islands to the immediate northwest. More and more Australian policymakers came to believe that an independent Indonesia might be a more reliable defence barrier than the Netherlands East Indies had proven to be in 1942. An alliance with moderate Asian nationalism promised regional stability and trade with a large country and ultimately with the Asian continent.

Australia, nevertheless, became the centre of Indonesian support overseas in September 1945. Indonesian seamen went on strike for higher wages and in support for the Republic. The Waterside Workers Federation soon joined them in boycotting Dutch ships. Ten thousand Indonesians had spent the war years in Australia as sailors, soldiers and clerks with the Dutch Indies government-in-exile. This included many former political prisoners from the Boven Digul prison camp in New Guinea. With the declaration of Indonesian independence, these ex-prisoners became the nucleus of the Komite Indonesia Merdeka (Free Indonesia Committee) which gained widespread Australian support. The government’s main initial concern was to enforce its White

had found the Australians no less irritating.” Memorandum of conversation, Lovett with Sir Oliver Franks, 24 Dec. 1948, FRUS 1948, 6: 602-3.


Australia policy by repatriating the Indonesians, but Canberra declined to hand them over to the Dutch. Public pressure from unions, civil liberties groups and churches, even from businesses linked to the Australia-Indonesia Association, would not allow that. Instead, they were repatriated to Republican territory.  

When the Dutch launched their 1947 “police action,” Canberra feared the effect on its own security. Indonesian leaders had been sounding out Australian officials about referring the dispute to the Security Council for over a year, and now made the appeal formal. Now that there was warfare in Indonesia, pressure from the public to appeal to the UN was all the more likely to be listened to. The Australian government held its fire for nine days on British urging, but then decided to proceed with its complaint — in part to avoid the appearance of Asians pitted against Europeans in the event India made an appeal first. The UN reference would cause Britain trouble with the Dutch, Prime Minister J.B. Chifley conceded, “but this is a matter of relatively small importance as compared with [the] very great importance of accepting [the] challenge put forward by Asiatic peoples. Australia’s geographic position must always be kept in mind.” Australia’s intervention was designed to achieve a voice in regional affairs. Concerned in part that an American offer to mediate was designed to assign Indonesia to the US economic sphere of influence, the Australians pressed hard but without success for joint American-Australian mediation, possibly with Britain as a third party. A comprehensive foreign policy review in early 1948 summed up government objectives: “The fundamental considerations underlying Australian policy towards the Indonesian dispute are that there should be order and stability throughout Indonesia and that oil and other Indonesian products should as soon as possible become available to relieve current world shortages.” Since nationalism had passed the point of no return, the best hope was an early agreement between the Dutch and the Republic, which

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116 A.D. Brookes, Acting Political Representative in Batavia, to DEA, 8 June 1946, DAFP 9: 503.  
“offered the best prospects of a stable regime throughout Indonesia.” While Australian policy often appeared erratic to Canadian, British and American policymakers, it proceeded from this stark calculation of Australian security and economic interests. “The outbreak of hostilities in Indonesia,” Chifley wrote to Evatt, “will have most serious effects throughout S.E. Asia and will call in the direct or indirect intervention of parties which we, the United Kingdom and the U.S. have been endeavouring to exclude from S.E. Asia.” Australia’s anti-communist goals were the same as those of the North Atlantic powers, but its perceptions of geography led to very different tactical moves.

Indian Prime Minister Nehru joined with the Australian government in requesting UN action against the Dutch attack. In 1945-47, India was in the process of gaining its own independence, but nationalist leaders were able to find time to back the Indonesian cause. Nehru’s All-India Congress deplored the use of Indian troops in Java. Nehru also asked the Maharaja of Nepal to forbid the use of Gurkha troops. India had ambitions for regional leadership, shown in its hosting of the Asian Relations Conference in March 1947 to which Indonesia provided the second-largest delegation. After the 1947 police action, Nehru welcomed Syahrir to New Delhi and, in what some observers called an Indian version of the Monroe doctrine, declared that “no European country, whatever it might be, has any business to use its army in Asia. Foreign armies functioning on Asian soil are themselves an outrage to Asian sentiment. The fact that they are bombing defenceless people is a scandalous thing. If other members of the United Nations tolerate this or remain inactive, then the United Nations Organisation ceases to be.” Nehru was claiming for India a role as defender of “the weak and oppressed in various countries” in Asia.

With the backing of Pakistan and Sri Lanka, here were the possible foundations for a new pole within the Commonwealth challenging British regional policy and claiming a policymaking role for Australia and India. There were some postwar hopes that the Commonwealth could be a

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120 Chifley to Evatt, 3 Nov. 1948, DAFP 13: 348.
122 Raliby, Documenta, p. 68.
third force in the world. The third-force idea was deplored in Canada, and especially in the Liberal party. Mackenzie King had long opposed any united Commonwealth foreign policy, and reacted with anger when the idea began to circulate again after 1945. On the other hand, the third-force idea had some support in Australia, where it tapped into Australian pretensions to regional leadership. The Australian Labour Party proved as amenable to that notion as its more conservative successors, adding an ideological affinity with the Attlee Labour government to its existing sentimental ties. Mackenzie King still felt loyal to Britain, but resisted any idea that Canadian policy in Europe would be decided in London, even if that meant Canada had first say for the Commonwealth in North America. King preferred a Commonwealth that allowed each country to set its own policies and decide its own commitments. His successors at the head of the Liberal party and the central government shared these instincts, while their sentimental ties to the Commonwealth dwindled. They continued his shift from reliance on Britain to closer ties to the United States, and increasingly to the imperatives of the cold war.

**Indonesia as a cold war issue**

One of the earliest episodes of the cold war came when police, tipped off by a defecting Russian diplomat, uncovered a Soviet spy ring in Ottawa. Canadian officials took an active role in the cold war, but left the leadership to the United States. As Western-Soviet relations grew ever-chillier amidst talk of iron curtains and “two camps,” the Indonesian conflict was caught up in the cold war and in American global strategies. Canada’s view of decolonization in Asia was much like that of the United States, which looked to the economic needs of Western Europe and saw Asian decolonization partly through its own experience of granting independence to the Philippines, while retaining special economic and military rights. The United States looked at the Indonesian dispute through cold war lenses. Anti-colonial rhetoric took a back seat to the desire to support Western European democracies, and thus a reluctance to push them too hard to decolonize in Asia. The Truman administration exerted little pressure on the Dutch, preferring

126 For the views of Evatt and Mackenzie King, see “Extract from minutes of a meeting of Prime Ministers,” 22 May 1946, *DCER* 1946: 1266-72.


first to stay out of the dispute and then to offer its own mediation rather than allow the issue to go to the UN. The issue was implicated in the cold war from the start: at the first-ever Security Council sitting in London in 1946, a Ukrainian complaint called for Britain to withdraw its troops from Indonesia. This was partly a retaliation against the demand that Soviet troops leave Iran, but it also responded to Indonesian appeals to the USSR.129 When the 1947 Dutch “police action” made a UN referral inevitable, the US was able to take the pivotal third position on the Good Offices Committee, heading off a full Security Council intervention. Although American representatives on the GOC showed some sympathy for the Republic, their efforts were undercut in Washington. “It is emphasized over and over again,” Netherlands Ambassador E.N. van Kleffens reported, “that the American government wishes in no way whatsoever to put undue pressure on the Netherlands government; the State Department disapproves of such a policy and it is personally abhorrent to Secretary [of State George] Marshall, especially when it concerns a country like the Netherlands, which is considered a good and faithful ally.”130 American opinion was sympathetic to the Netherlands. *Time*, for instance, portrayed Dutch leaders as “cool-headed,” “determined” or “urbane” while Indonesian nationalists were alternately “hot-headed” and “shed[ding] their shoes — the faster to run and the better to disguise themselves as peasants.”131

The State Department had little information of its own until the GOC was dispatched in 1947, relying on Dutch reporting; the new Southeast Asia desk composed of “temporary personnel seconded from American universities” was no match for the clout of the European desks.132 The Netherlands ranked among the top five areas in the world for US security.133 By 1947, Indonesian leaders had concluded the US was backing their Dutch enemies.134 The Dutch portrayed the Republic of Indonesia, with its aspirations for immediate and unconditional independence, as Communist-controlled. “These Dutch propaganda techniques are really pretty transparent,”

133 McMahon, *Colonialism and Cold War*, p. 177.
Canadian acting Under-Secretary of State for External Affairs David Johnson commented. "It is obvious that they are playing with one eye on the Indonesian situation and one eye on international opinion, particularly that of the United States." But it was true that the USSR considered the Indonesian Republic to be in the vanguard of the Asian revolution.

In the middle of 1948, the cold war complexion of the Indonesian issue changed radically. Republican politics were polarizing between Hatta’s government and the fast-growing Indonesian Communist Party. The PKI gained support as the Dutch continued to organize federal states with no apparent protest from the United States. In May 1948, Suripno, the Republic’s representative in Prague, signed a consular agreement with the USSR. The Republic immediately denied any knowledge of the deal inked by its envoy, but avoided denouncing the deal and told Suripno “we do not wish to hurt the feelings of the USSR.” Its dilemma was clear: an expansion in its network of foreign relations would anger the Dutch and arguably violate the Renville agreement, but if it rejected the Soviet overture it would not only be giving up a powerful connection, but also stirring up a hornet’s nest among the leftist opposition at home. Syahrir as president of the provisional parliament reported that foreign relations had been “a weapon against the Dutch,” but might now have to be given up. The missions would be transferred to an interim government in which the Republic and the Dutch would be working in cooperation. Syahrir submitted, and the cabinet agreed, that the missions were most useful in their present form: until the Republic achieved its goals, each “weapon should be retained.” All of this was unacceptable to a sovereignty-obsessed Dutch government. Soon afterwards, PKI leader Musso, exiled to Moscow since an abortive PKI uprising in 1926-7, returned to Indonesia and began to unite leftist forces. An uprising by soldiers resisting demobilization in the town of Madiun raised the banner of the PKI, whose leaders rushed to back it. Musso had been boasting openly of his “Gottwald plan” to gain power from within by following the model of the Communist party in Czechoslovakia.

137 Republican cabinet message to Suripno in Prague, 8 June 1948. From captured documents published in Activities of the Republican Indonesians in the Netherlands Indies and abroad contrary to the Truce Agreement and the Eighteen Renville Principles (Batavia, 1948).
139 Kahin, Nationalism and Revolution, p. 275.
Coming during the Berlin airlift and news of Communist advances in China, the uprising was an ominous sign to Western observers.

The United States was already concerned that Dutch intransigence was pushing Indonesian nationalism into the arms of the Soviet Union. Many American diplomats saw Sukarno and Hatta as the best hope for an anti-communist Indonesia — Asian equivalents to the nationalist but anti-communist government of Italy. Charles Wolf, an American diplomat in Indonesia, had already portrayed Syahrir as “responsible for holding back extremists” and as “one of the most reasonable, unassuming and moderate revolutionaries who ever lived.”\(^{140}\) Wolf’s 1948 book on Indonesia and his translation of Syahrir’s prison letters into English helped build support in the United States. The Western impression of an anti-communist leadership of the Republic solidified when Sukarno responded to the Madiun rebellion. In a radio broadcast, he called for Indonesians to “make a choice between following Musso and his Communist Party who will obstruct the attainment of an Independent Indonesia or following Sukarno-Hatta, who, with the Almighty’s help, will lead our Republic of Indonesia to become an Independent Indonesia which is not subjected to any other country whatsoever.”\(^{141}\) Once Madiun fell to loyal forces and the PKI took to the countryside, Sukarno insisted that

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\text{the disease of Musso’s Communist[s] should be uprooted immediately from the body of our nation.... They betrayed the unity of the country, they besmirched the good name of the Republic in the eyes of the International World and they brought tremendous material destruction and undermined moral[e] without paying any regard to the principles of humanity.... Therefore the quicker we annihilate the disease the better, the quicker we heal the body of our nation from the painful abscess the better.}\(^{142}\)
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The anti-communist tone of Sukarno and Hatta’s words may have been calculated to appeal to Western ears, but it also showed a genuine sense of betrayal. The Republic’s army rapidly and violently put down the rebellion, executing the top Communist leaders. This did nothing to alter Dutch attitudes, which shifted from calling the Republic a creature of international communism to calling it a destabilizing factor of lawlessness. But the Truman administration was more impressed.

From this point onwards, there were few remaining doubts in Washington. Under-Secretary of State Robert Lovett believed “the Communist threat could be met within the Republic

\(^{140}\) Wolf, *The Indonesian Story*, p. 30, 93. See also Wolf’s introduction to Syahrir, *Out of Exile*.


only by Hatta.” The State Department was also impressed with the fact that its three successive GOC representatives had always been pro-Dutch at the start and ended up pro-Indonesian as a result of their experience. A Central Intelligence Agency operative was dispatched to look for ways the United States could support its favoured brand of Indonesian nationalism.

In December 1948 a sharp American aide-memoire to the Netherlands demanded acceptance of a draft paper by GOC representative Merle Cochran. The note was so harshly worded that it was withdrawn and rewritten before the Dutch would agree to receive it, but even the revised text spoke of Hatta’s “skill and fortitude against a Communist revolt” and asked for Dutch concessions to support Hatta’s “moderate and conciliatory policy.” The note appears to have backfired and stiffened the Dutch cabinet’s resolve to use force, and the Dutch reply rejected it entirely. The United States was unwilling to take any stronger action, despite the urging of Indonesian diplomats.

Republican diplomats played the anti-communist card effectively to earn sympathy. “The revolution in South Asia cannot be stopped,” one representative in the United States argued. “The question is what course it will take, and in order to secure a democratic direction of this revolution, it is absolutely essential that the present leadership be retained....” Meanwhile, further plays were made for US sympathy by comparing the Republic’s struggle to America’s own anti-colonial revolution, recalling the first month of the Republic when slogans from the American Declaration of Independence had been scrawled on the walls on Jakarta. One

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143 Memorandum of conversation, Lovett with Stikker and others, 17 Sept. 1948. FRUS 1948, 6: 345.
144 See for instance Secretary of State George Marshall’s remarks to Bevin, memorandum of conversation, 4 Oct. 1948, FRUS 1948, 6: 383.
146 Hague letter 4, 6 Jan. 1949, LAC, RG 25, vol. 4715, file 50054-40 [7]; US Chargé d’Affaires in the Hague to Secretary of State, 7 Dec. 1948, FRUS 1948, 6: 530-1; Revised aide-memoire from Department of State to Netherlands Embassy, 7 Dec. 1948, FRUS 1948, 6: 531-5; Chargé in the Hague to Secretary of State, 8 Dec. 1948, FRUS 1948, 6: 539-41; Chargé in the Hague to Secretary of State, 10 Dec. 1948, FRUS 1948, 6: 542-3; Netherlands Embassy to the Department of State, 10 Dec. 1948, FRUS 1948, 6: 544-8; Acting US representative at the UN to Acting Secretary of State, 17 Jan. 1949, FRUS 1949, 7: 161-3; D.U. Stikker, Men of Responsibility (New York: Harper & Row, 1966), p. 139. To charges that the Republic could not maintain order, Hatta responded with a simple indication of its defeat of the PKI uprising. “We believe that the Republican suppression of the September Communist revolt is ample evidence that Indonesian soldiers can put down internal disorders. The Dutch could not have put that down because they would not have had the assistance of the population,” he said. Hatta press statement, enclosed with Canberra letter 2393, 14 Dec. 1948. LAC, RG 25, vol. 4715, file 50054-40 [6].
Republican newsletter in the US said Indonesians “stand today where the Americans stood one hundred and seventy-two years ago. The British called the Americans rebels then; they said that the Americans were unfit for independence. The Dutch call the Indonesians rebels now; they say that the Indonesians too are unfit for independence.” The most effective pamphlet on these lines was entitled *It’s 1776 in Indonesia*. Other countries were less susceptible to this sort of appeal, but the new anti-communist colours of the Republic were enough to increase sympathy for the Indonesian cause, especially when Indonesian developments were contrasted to the rapid Communist advance in China. Bevin argued that with the Communist victory in China, the West needed to win the support of Asian nationalists and a Dutch attack would harm that “imperative.” Nehru expressed similar views, arguing that a “dynamic policy designed to set the genuinely Nationalist Governments of South East Asia on their feet politically and economically is the best and, in fact, the only antidote to Communism.” By putting down the Madiun uprising, the Republic had not only preserved its own authority, but also gained credibility with the dominant international powers.

Anti-communism joined with economic motivations in shifting US policy. While Dutch publications extolled the “open door” policy of the Netherlands East Indies, the reality was that war and a blockade of Republican areas were denying much-needed production to the world economy. As Australia’s first representative on the GOC reported after meetings in Washington, the US government was concerned mainly “to bring [the] economic resources of Indies into [the] non-Soviet world economy with [the] least possible delay.” One American shipping company accused the Netherlands of “piracy” for seizing a ship loading produce from Republican areas, “a menace to the principle of freedom of the seas and access to every port, a basic American doctrine for which wars have been fought since 1812, and for which heavy sacrifices in loss of life and materials were made in World Wars I and II.” The seizure of the

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149 United Action for a Free Indonesia 1 #7 (20 Sept. 1947). LOC, Mintz papers, Box 45, UN delegation, chronological, 1947 [2].
150 *It’s 1776 in Indonesia*, pamphlet dated Jan 1949; Gouda, p. 46.
152 The “open door” reference is made in *What’s it About in Indonesia?* (Batavia: Netherlands Indies Government Information Service, 1947).
154 Isbrantsen Co. memorandum “Facts and Background Information on the Hijacking of the American Liberty Ship SS ‘Martin Behrmann’ on the High Seas March 1, 1947 by the Dutch navy—An Act of Piracy.” LOC, Mintz, Box 45,
American ship cost the Republic US$3-million in lost cargo, but “we couldn’t have paid for the publicity,” Syahrir said. The Republic’s Minister of Economics, A.K. Gani, asserted a “right to export” and said Indonesia wished “to discharge her duty as a member of the international world who fully realizes her obligations by exporting her riches of raw materials, which are badly needed for the reconstruction of the world.” Here again, Republican leaders employed language designed to appeal to Western sympathies.

**Dutch attack and world response, December 1948-January 1949**

Even with the United States taking a more active role, negotiations in Indonesia between Prime Minister Hatta and the new Dutch Foreign Minister, Dirk Stikker, were unsuccessful. Stikker, the former head of Heineken Breweries and an outsider in foreign affairs, proved more flexible, but talks again broke down over Dutch insistence on control of all armed forces in the interim period before an independent United States of Indonesia could be formed. Hatta agreed to accept Dutch control, but asked for a “gentleman’s agreement” that it would not be exercised without the Republic’s consent — a promise that Dutch negotiators refused to give. As late as 11 December 1948, Stikker was promising there would be no renewed “police action.” A week later (18 December in Europe, 19 December in Indonesia), he called in the ambassadors of the US, Britain, France, Canada and Belgium to inform them that Dutch military forces were going into action. The Indonesian issue came to a head just as Canadian policymakers were preoccupied with planning the North Atlantic alliance and holding together the Commonwealth. Events in Indonesia threatened these central pre-occupations of Canadian foreign policy. At the same time, the need to preserve North Atlantic and Commonwealth unity determined Canadian reactions to the Indonesian crisis.

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156 Gani’s speech, “The Indonesian Republic has a Right to Export,” *Fakta dan Dokumen*, 2, 88.


The United States joined with Australia to lead the chorus of criticism in the Security Council and, as previously threatened, suspended Marshall Plan aid earmarked for the Netherlands East Indies. The American stance was almost inevitable, given the State Department view that Hatta was "the last bridge between the West and the Indonesian nationalists" and headed "the only government in the whole Far East which had met and disposed of an all-out Communist offensive under a Moscow agent, not only without help from the Western powers but under serious handicaps imposed by one of those powers." The architect of the great new American mental map of "containment" offered up another mental map of Southeast Asia. "Curiously enough," George Kennan wrote in a memorandum a day before the Dutch attack, "the most crucial issue at the moment in our struggle with the Kremlin is probably the problem of Indonesia." The issue boiled down to "Republican sovereignty or chaos" which would be "an open door to communism." Trapped between "the nutcracker of a communist China and Indochina and a communist Indonesia," Malaya and Thailand might fall next; there might even be a "bisection" of the world from Siberia to Sumatra. On the other hand, a friendly Indonesia could anchor an offshore island chain loyal to American interests and ensure the support of the "Malayan beach head and the Siamese salient." In Kennan's view, the Dutch could not deliver a stable and friendly Indonesia: only the Republic could do this.

Dutch forces quickly over-ran Republican-held territory, capturing Jogjakarta and with it Sukarno, Hatta and other leaders. The Republic turned to guerrilla warfare inside Indonesia, combined with a highly effective diplomatic campaign outside the country. The Netherlands achieved its immediate goals, but suffered a political and military failure as its forces were met by a wave of non-cooperation and the spread of guerrilla warfare to all of Java and Sumatra.
military situation was crucial, as the Netherlands could only afford to wage war for six months. Dutch plans rested on the support of the federal states they had been establishing, but this support was quickly withdrawn. The cabinet of East Indonesia, for instance, had already begun making connections with the Republic. With the news of the second “police action,” it resigned in protest. Arrested and confined to a small house on the island of Bangka with other Republican leaders, President Sukarno did not hesitate to play the anti-communist card. “I ask of the world to give me a weapon to defend us against communism,” he told visiting American reporters. “That weapon is nationalism. With that we shall be strong.”

The date of the Dutch attack seemed to be designed to avoid international censure until military objectives could be met. “Holland, home of Kris Kringle and good cheer, timed its murder for Christmas,” thundered the Republic’s pamphlet *It’s 1776 in Indonesia*. “World leaders were conveniently dispersed. The U.N. General Assembly had adjourned. So had the U.S. Congress.” Evatt believed the offensive was timed to coincide with the Security Council’s Christmas recess and that the Belgian President of the Council had connived with Dutch timing. He also suggested it was “only because of the important position of the Netherlands in [the] European economy that in the last resort the Dutch feel there will be no objection if, in the end, they get very tough with the Indonesians.”

World public opinion ran heavily against the Dutch offensive, especially in Asia and the United States, but also increasingly in Canada. Assistant secretary of state for UN Affairs Dean Rusk said “the problem of Indonesia was ‘crucifying’ them,” with daily protest delegations from American churches and trade unions. The problem of Indonesia could drive liberals and

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167 *It’s 1776 in Indonesia*, pamphlet, 1949.
170 SEA telegram 6 to Hague, 8 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7]. Norman Robertson and Charles Ritchie had reportedly told van Roijen the day of the attack: “The State Department is going to let itself be carried along by public opinion and the American Government will do nothing or next to nothing to try to influence it.” Van Roijen to Stikker, 19 Dec. 1948, *NIB* 16: 240-1.
isolationists into common opposition to Truman’s foreign policy. Thus the US would take a
strong line.\textsuperscript{171} Ten Senators sponsored a motion to end all US Marshall Plan aid to the
Netherlands, not just funds going to the East Indies, an action also urged by diplomats from
Indonesia, India and Australia.\textsuperscript{172} Indonesians and their international supporters noted that
American aid to the Netherlands was making the war effort possible by financing the bulk of the
Dutch balance of payments deficit.\textsuperscript{173} The limited US suspension of aid to the Netherlands East
Indies, couched in deliberately non-political terms, was not a serious financial blow in itself: 13% of the Marshall Plan’s allocation for the Netherlands was earmarked for Indonesia, and US$60-
million of the US$84-million allotment had already been spent. But it posed a potential threat to
the money going to the Netherlands itself, which would have dire consequences for both the
Dutch economy and Dutch ability finance the war in Indonesia. For the first time, aid was being
used as a weapon.\textsuperscript{174} The United States made it clear it had no intention of risking its North
Atlantic connection with the Netherlands by cutting off the metropolitan portion of Marshall aid,
but also informed Dutch officials that American public opinion might force a move in that
direction.\textsuperscript{175} On the other hand, US officials thought Britain and Canada would block any Security
Council sanctions.\textsuperscript{176}

\textit{The North Atlantic Treaty and the Indonesian issue}

Canadian reactions, conditioned more on relations with the country’s major allies than the
merits of the Indonesian situation, seemed to back up that belief. In a letter from Paris accepting
the post of Secretary of State for External Affairs under St. Laurent, who succeeded King as Prime
Minister late in 1948, Pearson reported that he was trying to avoid getting between the British and

\textsuperscript{171} Washington telegram 27, for Pearson from Wrong, 6 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7].
\textsuperscript{172} “The Indonesian Situation,” Congressional Record, 81st Congress, first session, 7 Feb. 1949, 826048-28811; “The
United States and the Situation in Indonesia,” Kahin memorandum to Sen. Owen Brewster, June 1949, NA, RG 59,
Lot file 62 D 68/62 D 409, Indonesia subject file 1947-58, file Kahin, George McT.; memorandum of conversation,
Lovett with Makin, 20 Dec. 1948, \textit{FRUS} 1948, 6: 589-90; memorandum of conversation, Lovett with Sumitro, 20
\textsuperscript{173} RI Office memorandum on ECA, 3 Nov. 1948; Kahin, \textit{Nationalism and Revolution}; McMahon, \textit{Colonialism and
Cold War}, p. 226-9, 291. More generally, see Michael Hogan, \textit{The Marshall Plan: America, Britain and the
\textsuperscript{174} Charles Wolf Jr., \textit{Foreign Aid: Theory and Practice in Southern Asia} (Princeton: Princeton University Press,
1960), p. 37-8; \textit{Business Week}, 8 Jan. 1949, citation from reprint in \textit{American Voices that count say that Holland Was
to van Kellefens (Dutch Ambassador to US), 22 Dec. 1948, \textit{NIB} 16: 299-300; van Kellefens to Hoffman, 24 Dec. 1948,
\textsuperscript{175} Rusk to Jessup, 23 Dec. 1948, \textit{FRUS} 1948, 6: 597-600; Australian Embassy in Washington to DEA, 24 Dec. 1948,
\textsuperscript{176} Australian Embassy in Washington to DEA, 9 Feb. 1949, \textit{DAFP} 15: 205.
Americans in the UN General Assembly debates over Palestine. Canada also avoided an exposed position in the thorny Indonesian dispute, which also pitted ally against ally. St. Laurent refused to allow Canada’s UN delegation to join the condemnations of the Netherlands. Canadian diplomats were particularly unimpressed with the strong words of Australian representatives, whose rhetoric seemed to put the emerging structures of the North Atlantic Treaty and the West European Union at risk. The North Atlantic alliance lay at the heart of Canadian planning in late 1948 and early 1949, when Canada played a decisive role in founding the new pact, one that has been called “the coming of age of Canadian foreign policy.” More than a defensive military pact, this was to be a cornerstone of Canada’s place in the world, a “dynamic counter-attraction to communism” and “the outward and visible sign of a new inward and spiritual unity of purpose in the free world,” in St. Laurent’s words. It even advanced security in the Pacific by grouping democratic powers together in a single bloc, Pearson argued. Even King, suspicious of external commitments to the end, had no hesitation in endorsing the new collective security pact given Soviet pressures on Berlin, Greece, Western Europe and China.

Canadian hopes for the North Atlantic Treaty to forge an enduring community rested on Article 2, which called for closer economic and social ties among the signatories. Pearson and St. Laurent believed a non-military article was crucial to gaining public support in Canada for the Treaty and threatened to withhold Canada’s signature if the United States did not agree to a strong Article 2. Pearson and Reid lobbied the European states heavily in the early months of 1949 for support. In effect, they trade the promise of help on Indonesia for Dutch backing on the Article 2 struggle. Dutch Ambassador van Roijen gained “the impression that Dutch support for this Canadian point of view would make it easier for Pearson to inconspicuously support our struggle in the Security Council in some respects.” Stikker responded that the Netherlands would be glad

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to cooperate on Article 2, doing so a day before the Canadian Ambassador formally approached his government for support. In the end, Canada was able to disrupt a British-led bloc against its conception of Article 2, Reid recalled. The Netherlands provided especially “enthusiastic” support. On the other hand, Canadian officials feared that the Netherlands might not sign the North Atlantic Treaty due to US pressure over Indonesia. “There is a strong feeling amongst the people in Holland that at the moment there does not exist that real confidence between our nations which must be present if the Atlantic pact is to be a success,” the Dutch ambassador wrote to Secretary of State George Marshall.

If the Dutch, one of the six original participants in the talks leading to NATO, stayed aloof, then so might the other colonial powers in the Western European Union. Hopes for a North Atlantic Treaty could be dashed. “Without the Netherlands there could be no Atlantic Union,” Pearson told Australian high commissioner F.M. Forde, a Labour politician who had served briefly as Prime Minister. The North Atlantic talks reduced all other foreign policy issues to insignificance in Ottawa, Forde reported. “I cannot too strongly emphasize,” he wrote, “that in the present stage of negotiations directed toward the North Atlantic Security Pact, it is probable that the Canadian Government will regard almost any other international question as secondary to it. It appears that the Dutch timing of the ‘police action’ was largely determined by that preoccupation of the United States, the United Kingdom and Canada herself.” Forde felt that Canada was winking at aggression, as it had in the League of Nations debates after Italy attacked Ethiopia. A perceptive analysis by the Australian High Commission located the reasons in the Canadian foreign policy tradition. Mackenzie King’s feeling that the UN should be used only for limited purposes was shared by his cautious successor St. Laurent and by Pearson. Canada’s single-minded pre-occupation with the North Atlantic pact meant it strove for British-American unity of purpose and (unlike Australia) followed their Great Power line, while the justice of the Indonesian case was secondary to the need to avoid sanctions against the Netherlands, a prospective member with which Canada shared sentimental ties. National unity remained “the touchstone of Canadian

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external policy" and precluded making common cause with Communist powers even on single
issues, for fear of the ramifications in Quebec.\textsuperscript{188}

Where the United States had tried to find a position somewhere between the Netherlands
and Indonesian nationalists, Canada was much less concerned with the need for Indonesian
friendship. Instead, it settled on a "middle course" between the Dutch and American positions.\textsuperscript{189}
When the US tabled an emergency Security Council motion in Paris, calling for an immediate
cease-fire and the withdrawal of Dutch troops to their previous positions, Canada refused to
support it on the grounds that the Netherlands would never obey. Not even the news that Britain
was backing the US resolution budged the Canadian cabinet, which ordered an abstention on the
clause calling for withdrawal.\textsuperscript{190} As a result, that clause failed while the cease-fire order passed.
Canada’s vote had saved the Dutch from having to reject an order to pull back their troops. By
calling for a cease-fire based on the existing Dutch advances, however, the resolution hurt the
Indonesian cause, which was based on guerrilla warfare.\textsuperscript{191} The Emergency Government
established in Sumatra after the fall of the Republican capital instructed its UN delegation that it
could accept a cease-fire only if Republican leaders were immediately released, Dutch troops
withdrawn to the previous cease fire lines, the Republic unconditionally recognized as a \textit{de jure}
government in Java and Sumatra and the Indonesian people allowed to set up a new country with
no further Dutch interference.\textsuperscript{192}

\textit{Commonwealth unity and the New Delhi conference on Indonesia}

The Dutch and Americans were reasonably content with Canada’s stand, but a gulf was
beginning to open with Australia. Canadian diplomats shared the disdain of their American and
British counterparts for Australian diplomacy and especially for Australia’s Foreign Minister;
Evatt reciprocated, calling Canada an American “stooge.” Australian officials were aggrieved that
Canada was providing blanket support (in their view) to the Netherlands instead of listening to the
regional Commonwealth power.\textsuperscript{193} Things came to a head when High Commissioner Forde
handed an aide-memoire to Pearson which showed clear annoyance with Canada’s “middle

\begin{itemize}
\item [\textsuperscript{188}] Forde to DEA, 31 Dec. 1948, NAA, A3100, G48/124.
\item [\textsuperscript{190}] Cabinet conclusions, 23 Dec. 1948. LAC, RG2, A-5-a, vol. 2642.
\item [\textsuperscript{192}] Text of instructions to RI delegation to the UN, transmitted by Claude Massey, Australian commissioner in Malaya, to DEA, 29 Dec. 1948, \textit{DAFP} 13: 539-40.
\item [\textsuperscript{193}] Australian High Commission minute, Jamieson to Forde, 30 Dec. 1948. \textit{DAFP} 13: 541-4.
\end{itemize}
course.” The Australian government believed that its policy, based on intimate knowledge of the Indonesian situation, was “best calculated to serve British Commonwealth and democratic interests in the area concerned. This attitude is shared by New Zealand, India and Pakistan, and the Australian Government cannot but regret that the Canadian Government has so far felt unable to take up a position closer to that of the Commonwealth countries situated in the Asian and Pacific areas.”

Pearson and acting Under-Secretary Escott Reid agreed that the effect of Dutch action in Asia had been unfortunate, but felt it would be “unfair to take precipitate action against the Dutch which implied sanctions when we had permitted other situations, such as that in the Balkans, to go for a considerable period without sanctions having been undertaken.... Dutch on the whole had been good and cooperative members of the United Nations....” Pearson added a word of disapproval of “the tactics [and] language used by the Australian observer at the Security Council in the consideration of the matter.” The Australian Department of External Affairs called Ottawa’s attitude “academic, misinformed and lacking any real understanding of British Commonwealth and democratic interests in this area. Canada has to choose between siding with a now discredited member of the Western Union and on the other hand Australia, New Zealand, India and Pakistan.”

In other words, the mental maps of Canadian policy makers saw the Netherlands and Europe as crucial, the particulars of the Indonesian situation as relatively unimportant. Australian officials felt just the reverse. In looking at Asia more broadly, however, Australia and Canada, as well as the US and Britain, shared the same goal: preventing a breach between Western and Asian non-communist powers. Australian policymakers felt they were keeping that bridge open and maintaining Indonesian sympathy for the Commonwealth as a whole. Dutch military action, a British circular document worried, was “placing in danger the cooperation between east and west which we have been striving so laboriously to establish.”

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194 Forde aide-memoire to Pearson, 26 Dec. 1948. LAC, RG 25, vol. 4715, file 50054-40 [6]. Accounts of this meeting and one with UN division chief Riddell are given in Forde to DEA, 28 Dec. 1948; Jamieson to Forde, minute on meeting with Riddell, 30 Dec. 1948, DAFP 13: 536, 541-4; and SSEA telegram 170 to Canberra, 29 Dec. 1948, LAC, RG 25, vol. 4715, file 50054-40 [6].


196 SSEA telegram 165 to Canberra, 26 Dec. 1948, and drafts. LAC, RG 25, vol. 4715, file 50054-40 [6].


198 DEA to Forde, 22 Dec. 1948, DAFP 13: 475. As Prime Minister, Amir Syarifuddin had expressed a personal belief that “the Republic of Indonesia, when recognised as a sovereign state, will and must rapidly move towards the closest political, economic and cultural association and collaboration with the British Commonwealth of nations.” Letter from Syarifuddin to Lord Killearn, reported in Massey (Singapore) to DEA, 9 Sept. 1947, DAFP 11: 306.

The State Department defined US goals as a solution of the Indonesian problem and placing itself in the best possible light with regard to Asian and Islamic opinion.\(^{200}\)

When by late December the UN had done nothing effective to stop the Dutch attack, the Republic’s officials in New Delhi, now in charge of foreign relations, concluded that a third party would have to act outside the UN to force the Security Council into action. Sudarsono proposed that Australia, India, Pakistan, Ceylon and Burma take the lead in establishing a regional bloc that would sever diplomatic ties with the Netherlands, impose economic sanctions and consider material help to the Republic.\(^{201}\) The government of Burma was the first to propose an Asian conference to plan steps in support of the Indonesian cause, and Nehru agreed to host it.\(^{202}\) The New Delhi Conference on Indonesia in January 1949 did not realize the greatest fears of Western governments that an Asian bloc was in the making, but it laid the foundations for the uncommitted bloc that emerged in 1955 in Bandung.

The Indian government was concerned at the growing communist threat in Asia, and worried that the North Atlantic pact would both turn communist pressures eastwards and unite Western powers behind a pro-colonial policy.\(^{203}\) India’s representative at the UN struck at the centre of Canadian planning when he pointed out that “the aggressor is a member of the Western European Union or the North Atlantic Pact, as it is sometimes called. This development in Asia raises the question: what are the implications of this Pact? We are naturally inclined to wonder whether under cover of the security afforded by the Pact one of the parties to it is to be allowed to create insecurity elsewhere and to become a menace to world peace.”\(^{204}\) Another concern was the threat to the Commonwealth at a time when India was still debating whether it would remain a member. The Indian government had decided to move from Dominion status to being a republic, which raised constitutional questions about whether Commonwealth membership was even possible. Foreign Secretary Bevin told Pearson that “it was most important to find a solution

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\(^{200}\) Acting Secretary of State to Embassy in the Philippines, 11 Jan. 1949, *FRUS* 1949, 7: 141.

\(^{201}\) Sudarsono, Republic representative in New Delhi, to Usman Sastroamijoyo, representative in Australia, 30 Dec. 1948, *DAFP* 13: 547-8.

\(^{202}\) In a letter to Nehru on 22 Dec. 1948, U Nu suggested that “all countries which are opposed to Dutch aggression particularly Asiatic countries should on India’s initiative immediately confer to consider what steps should be taken to assist the Republic in her valiant and righteous struggle against aggressive imperialism.” *Fakta dan Dokumen* 2, II, 8: 116.


\(^{204}\) Statement by Rama Rau, *SCOR*, 397th meeting, 7 Jan. 1949.
which would permit the continued association of India with the Commonwealth." At the same
time British and Canadian diplomats were helping to build NATO, they were trying to save the
vision of a global Commonwealth which would be jeopardized by India’s departure. \(^{206}\)

The other new Commonwealth states were not far behind in their advocacy for Indonesia.
Pakistani Foreign Minister Zafrullah Khan wrote that “Dutch action in Indonesia has shocked and
distressed all the people of South East Asia, and the failure of the Security Council to enforce
effective remedial measures has occasioned deep disappointment bordering almost on despair that
the United Nations would ever be able to handle any threat to international peace effectively
particularly if it involved aggression by a Western nation against an Eastern nation." \(^{207}\) Ceylon
joined India and Pakistan in barring Dutch flights; its New Delhi conference delegate Solomon
Bandaranaike presided over a “Quit Indonesia” meeting in Colombo before departing. \(^{208}\) Given
airplane ranges, the end of Dutch flights via the India sub-continent was a potentially serious
blow, one softened by British permission for non-military flights via Khartoum and Mauritius. \(^{209}\)

Australian public opinion opposed attendance at an Asian conference, and Evatt also had
his doubts. But with the Foreign Minister at sea on his way home from Paris, Prime Minister
Chifley and External Affairs Under-Secretary J.W. Burton decided Australia had to be there. As a
compromise, Australia was represented merely on the official level, but Burton went himself (over
Evatt’s objections) to convince India of the government’s interest. New Zealand followed the
example of Thailand and China in sending only an observer to the 19-nation conference. \(^{210}\) The
spectre of four Commonwealth members (India, Pakistan, Ceylon and Australia) joining other
Asian states to condemn colonialism and perhaps even denounce Britain for its alliance with the
Netherlands was not relished in Ottawa. A raucous meeting of Commonwealth High
Commissioners in London saw the representatives of India, Australia and Ceylon level harsh

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\(^{206}\) Agreement on a means of keeping India in the Commonwealth was reached in April. Lester Pearson, *Mike*, vol. 2
LAC, MG26 N1, Pearson papers, vol. 34, file “India-Canada Relations 1949-1957.” Australia’s High Commission in
New Delhi felt the Australian stand on Indonesia had done much to convince India to remain a Commonwealth
member. High Commission in New Delhi to DEA, 19 Jan. 1949, *DAFP* 15: 106; Burton to Evatt, memorandum, 26
\(^{207}\) Minister of Foreign Affairs of Pakistan Zafrulla Khan to President of Security Council, 3 Jan. 1949, S/1179.
\(^{208}\) *Lukisan Revolusi*, no page numbers.
\(^{210}\) Burton to Evatt, 3 Jan. 1949, *DAFP* 15: 2; New Zealand Prime Minister Peter Fraser to Australian government, 3
criticism at Britain. When Canadian High Commissioner Norman Robertson tried to pour oil on the waters, India’s Krishna Menon snapped back that his words “applied with even more force to Canada.” A split between the West and Asia loomed; the very survival of the Commonwealth was at risk. To avoid that, Ottawa even made a vain attempt to convince the Indian government to cancel the New Delhi conference. Indian leadership in Asia was welcome, a circular to Canadian posts abroad said. “It would be a regrettable development, however, if the creation of an anti-Western Asiatic bloc would be furthered by the Netherlands action, especially at this time when cooperation between South-East Asia and Western Europe is of the utmost importance.”

As the New Delhi conference approached, Nehru agreed to keep it focused on Indonesia alone, avoiding any other issues such as Palestine, and to concentrate on the terms of the next Security Council resolution. He made a deal with US ambassador Loy Henderson to resist any anti-Western bloc and focus on the UN in exchange for a statement of American “sympathetic interest” in the conference. Nehru’s speech argued that “when the will of the Security Council was itself flaunted, then it became clear to us that we must confer together to strengthen the United Nations and to prevent further deterioration of a dangerous situation.” Dutch efforts in Indonesia would inevitably fail, he said, but “if open and unabashed aggression is not checked and is condoned by other Powers, then hope will vanish and people will resort to other ways and means even though these might involve the utmost catastrophe.” There were warning signs that Asian loyalty to the West could not be taken for granted. “Those of us who believe in the democratic way of life and who wish therefore to establish close and friendly relations with other democratic countries, particularly of the West, — I should like to say and quite frankly, — have suffered a grievous disappointment,” said Ceylon’s Solomon Bandaranaike, speaking for one of the most pro-Western states present. The Republican delegation to the conference had certain hopes, but it was Nehru himself who set the agenda and the outcome. Although backing the Indonesian cause, Nehru saw its leaders as protégés, younger and more inexperienced and thus in need of Indian leadership. The Republican delegation’s wish list called for the usual points

212 Memorandum to the Prime Minister, 11 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7].
213 New Delhi telegram 6, 8 Jan. 1949; New Delhi telegram 5, 7 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7].
made at the UN, such as the release of Republican leaders and a pullback to previous Dutch positions.\(^{218}\) The conference’s final resolution fell far short of this.

The drafting committee, composed of the four Commonwealth delegations, produced a resolution in terms designed to affect the Security Council’s next step. The final resolution called for the immediate restoration of Jogjakarta to Republican rule, followed by phased withdrawal from other territories occupied in December, and laid out a time line similar to American thinking on the next steps to self-government (ending in independence by the end of the year). Further resolutions on regional organization were reduced to a simple suggestion that the New Delhi countries continue to consult at the UN on further steps.\(^{219}\) Western observers were impressed with the moderate tone of the entire event, particularly given earlier threats from India and Burma to break all diplomatic relations with the Netherlands.\(^{220}\) The effect of the conference, Canada’s High Commissioner felt, “was indirectly at least to align an Asian group with the Western sphere and I do not think the U.S.S.R. can take much comfort from its deliberations.”\(^{221}\) In a letter to McNaughton forwarding the New Delhi resolution, Nehru underlined the group’s determination to work within UN channels.\(^{222}\)

**Canadian action at the Security Council**

McNaughton, once again, held the presidency of the Security Council in the crucial month of January 1949. He used the position to advance Canada’s goal of a peaceful settlement that would avoid a breach between Asian nationalism and the West, maintain the credibility and prestige of the UN, and save Canada’s Dutch ally from the consequences of its own actions so that it might remain a bulwark of the emerging Atlantic alliance. Ottawa stood by the cautious policy formulated in December. It seemed unlikely that the Dutch would go any further towards meeting Security Council resolutions, and so there was nothing practical the Council could do.\(^{223}\)


\(^{223}\) SSEA telegram 1 to CPDUN, 5 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7].
States representatives spoke about further action to reverse the setback delivered to Western interests in Asia, but Washington was unwilling to act without a guaranteed Council majority. With Britain now unwilling to support a call for Dutch troops to withdraw to their previous positions, the United States had lost its enthusiasm for this point.\textsuperscript{224}

There was another American draft resolution in preparation, with other Council members carefully consulted to ensure the necessary seven votes to pass it. The US lined up six votes (its own plus those of Britain, China, Cuba, Egypt and Norway, which had replaced Belgium on the Security Council); Canada was the seventh and decisive vote. The initial American draft, worked out in close consultation with McNaughton and Britain's Security Council delegate, established target dates for steps towards independence and transformed the GOC into a more powerful United Nations Commission for Indonesia (UNCI), empowered to make its own proposals and operate by majority vote. This draft was rejected outright by the Netherlands.\textsuperscript{225} The Dutch cabinet was adamant. If that resolution passed, the Netherlands would be weakened as a "vital chain in western organization" and chaos would result in Indonesia, making it a "new link in growing chain of Asiatic States who are easy prey for Communist domination. The Netherlands would reject the US draft as an infringement of its sovereignty and prepare its own draft instead."\textsuperscript{226}

Canadian diplomats went into action to try to bridge the Dutch-American division. As President of the Security Council, McNaughton controlled the timing of the vote. Canada sought and obtained three changes to make the draft more acceptable to what it saw as Dutch interests, delaying Council voting three times in the hopes of getting Dutch consent to any motion that might be passed.\textsuperscript{227} Instead of a definite date for transfer of sovereignty which might encourage Republican negotiators simply to stall for time, the UNCI should report back if no agreement was reached by 1 March 1950. Voting could still be by majority, but to soften the sometimes impetuous Australian and US delegations, a provision for minority reports should be added. Finally, the UNCI should be able to recommend rather than determine the extent and timing of

\textsuperscript{224} The substance of British instructions was sent to all Commonwealth governments. C.R. Price, British Deputy High Commissioner, to Australian government, 11 Jan. 1949, \textit{DAPP} 15: 54-5; SSEA telegram 44 to CPDUN, 11 Jan. 1949 and letter from G.B. Shannon, office of the British High Commission in Ottawa, to Reid, 11 Jan. 1949, LAC, RG 25, vol. 4715, file 50054-40 [7].


returning areas to the Republic’s administration. The Americans accepted two of Canada’s three amendments outright and were ready to accept the third, although they preferred a British wording of the same point. In effect, Canada obtained the maximum possible changes in the Dutch direction. Pearson saw the amended resolution as being helpful to the Dutch position, even if they themselves did not see it that way. Implicit in all the Canadian ideas was not only a commitment to try to find a way that the resolution could be made acceptable to the Netherlands, but also a preference for the sort of independence process spelled out in official Dutch plans: advanced in stages, in an orderly fashion, under colonial tutelage, and with continued association after independence with the colonial power. In exchange for the amendments and after repeated pleas for flexibility from McNaughton to Ottawa, Canada finally agreed to support the US resolution while reserving the right to support any amendments the Dutch might offer. In Paris, Canada had been represented by an alternate closely bound to his instructions. With the Council now back in New York, McNaughton was in charge again. His stature gave him an unusual ability to influence policy. Sentimental ties dictated sympathy for the Netherlands, but on fundamental issues Ottawa would almost invariably side with Washington. McNaughton was able to convince the Department of External Affairs that the issue was becoming a fundamental one. Philip Jessup, who quarterbacked the US strategy on Indonesia, praised McNaughton’s delegation for “extricat[ing] themselves from hampering Ottawa instructions to maintain support pledged to our joint resolution.”

Canada had done all it could to help the Dutch, but finally came down in support of the American line after softening it as much as possible. “I do not see that there is much more that we can do for the Netherlands at this point,” Pearson wrote to St. Laurent, “although we shall continue to consider their position most sympathetically, and shall do what we can to make the resolution more acceptable to them.” However, the Dutch rejected the modified resolution on

228 SSEA telegram 69 to CPDUN, 17 Jan. 1949. LAC, RG 25, vol. 4715, file 50054-40 [7].
the grounds that it would infringe on their sovereignty so much that it would “put the Netherlands under the guardianship of the United Nations.” Pierre Dupuy, Canada’s ambassador in the Hague, tried to engineer a last-minute counter-proposal. Instead of the UN solution, he proposed a conference of Indonesians meeting in a neutral country to establish an all-Indonesia government, prepare elections and form the new United States of Indonesia. No foreigners, Dutch, UN representatives, or otherwise, would be invited. In the interim, the status quo would be maintained and the UN resolutions dropped. Although Dutch Prime Minister Willem Drees seized on the plan like a drowning man grabbing a rope, the effort fell short. Reid was unwilling to have Canada make the suggestion, but after consulting Pearson and McNaughton urged the Dutch to make it themselves. Even after the United States rejected Dupuy’s plan, Reid continued to lobby for it, saying “we must consider fully any possible proposal which might provide us with a resolution the Dutch could accept or at least acquiesce on. If a resolution is passed which the Dutch will not carry out, the consequences to the United Nations, the Western Union and the North Atlantic Union might be most far-reaching and very dangerous.” But the plan bogged down in the Dutch bureaucracy, where it was delayed into its grave by J.M. Beel, the former Prime Minister now acting as High Representative of the Crown in Batavia. Given his fragile coalition government, Drees did not feel free to commit the government without the agreement of the Catholic party leader half a world away. With Dupuy’s gambit unsuccessful, Canada followed through on its pledges to the US on 28 January, voting with the majority for a cease-fire, the release of the Republic’s leaders from detention, and their restoration to power in the Jogjakarta area.

**The Canadian resolution, March 1949**

Unwilling to comply with the Security Council’s resolution, the Netherlands countered with a proposal for a round table conference in the Hague between themselves and Indonesians from both the Republic and the federal states, dubbed the Beel plan. The State of East Indonesia,

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however, led a federalist rejection of the scheme unless the Republic also gave its consent.\textsuperscript{236} Sukarno and Hatta would not do so unless released and restored to power in their capital. Hatta called the Beel plan "an obvious trick designed to deceive the people of Indonesia and the U.N."\textsuperscript{237} Given the diverging courses of the Security Council and the Netherlands, British Prime Minister Clement Attlee worried that the Dutch might feel forced to flout the Council's will, leading to sanctions and a Dutch withdrawal from the UN. What was needed, Attlee wrote to Commonwealth Prime Ministers, was a settlement in Indonesia that would satisfy the nationalist urge while preventing the emergence of another chaotic new country, while also upholding the ability of the UN to resolve conflicts. St. Laurent replied in agreement, adding the very great danger to the North Atlantic pact about to be born.\textsuperscript{238} The Prime Ministers of Australia, India and Ceylon, however, rejected Attlee's plea that they press the Republic to trust Dutch intentions.\textsuperscript{239} Canada sought a way to bridge the positions of the Security Council and the Netherlands.\textsuperscript{240} Since the Beel plan ignored the target dates for various steps towards independence laid out in the Security Council resolution, it was seen by most as a rejection of UN authority.\textsuperscript{241} Indonesian leaders certainly treated it that way, and were backed by supporters like Nehru. On the other hand, Australia saw hope for a compromise. "We do not want mere forms to stand in the way of a settlement if that settlement is in general accord with Security Council principles," Evatt wrote. He "would be prepared to let the Dutch save face a little if they would comply with the substance of the decision remembering always that sanctions as I have always pointed out would be impractical in operation." His main consideration was that any round table conference be held under Security Council auspices, to protect the position of the UN.\textsuperscript{242} The

\textsuperscript{236} Tahija, \textit{Horizon Beyond}, p. 80-3; \textit{Lukisan Revolusi}, no page numbers. "It was the refusal of the state governments of Pasundan and East Indonesia which thwarted the Dutch policy to exclude the Republic from the interim government," according to East Indonesian premier Anak Agung. \textit{Twenty Years Indonesian Foreign Policy}, p. 54, 63.

\textsuperscript{237} Statement by Hatta to Harold Isaacs of \textit{Newsweek}, \textit{DAFP} 15: 219-20. See also Sukarno letter to UNCI, S/1270/Add.1.


\textsuperscript{242} Evatt to Burton, 1 March 1949, \textit{DAFP} 15: 268-9; DEA to Beasley, Forde, Hood and Critchley, 4 March 1949, \textit{DAFP} 15: 276-7; DEA to Embassy in Washington, 5 March 1949, \textit{DAFP} 15: 281. "Above all, we must stand for principle of solid acceptance of United Nations decisions not only by its members but its own organisations," Evatt
Australian government urged Ottawa not to undercut the Council's January resolution, but Canadian officials felt the Beel plan was vague enough to be accepted and then modified as a basis for negotiations. They promised support, if Dutch authorities were willing to describe the Beel plan as an attempt to meet the UN's orders and allow the Republic to return to Jogjakarta. They would not, however, condone any appearance of flouting UN authority, such as a Dutch attempt to leave the Republic out of the round table conference. UN credibility, a mainstay of Canadian policy, would be harmed by the use of force to eliminate one of the parties to a dispute on the UN's agenda. Within those limits, however, Canada would do all it could to bridge the gap. In discussions between Dutch diplomats and their Canadian, American, and British counterparts, a compromise began to emerge: acceptance of the Beel plan, in exchange for a return of the Republic's leaders to government in Jogjakarta. This was the point most furiously resisted by the Dutch, but one they finally moved towards conceding. Pressure mounted, and fears for NATO along with it, when the United States, in spite of united European objections, suggested that its new Military Assistance Program linked to NATO might exclude the Netherlands, or be canceled entirely, unless there was a settlement in Indonesia.

In the Security Council, McNaughton offered a compromise. While affirming the terms of the last resolution, he suggested "preliminary talks" between the Dutch and Republican negotiators, saying it was "the earnest hope of the Canadian delegation that the door should not be

cabled from London. "Moreover weakness and vacillation at this crucial stage may be dangerous to United Nations authority and prestige." Evatt to Burton, 5 March 1949, DAFP 15: 285.

243 Record of meeting between Australian High Commissioner Forde and Holmes, Menzies and Robinson of DEA, 4 March 1949, NAA, A3100, G49/124.


245 Stikker to Dupuy, 2 March 1949; memorandum to SSEA, 3 March 1949; Bevin to Stikker, reported in Secretary of State for Commonwealth Relations telegram Y.82 to High Commissioner in Ottawa, 6 March 1949, LAC, RG 25, vol. 4716, file 50054-40 [9]; Stikker to Bevin, 8 March 1949, NIB 18: 91-3; Bevin to Stikker, 9 March 1949, NIB 18: 101-3; Acheson to Stikker, 12 March 1949, FRUS 1949, 7: 318-9. To avoid the return to Jogjakarta, Beel had even offered to let the Republic govern another part of Indonesia, perhaps Aceh, the northern Sumatra province which Dutch troops made no effort to control. CPDUN telegram 265, 8 March 1949, LAC, RG 25, vol. 4716, file 50054-40 [9].

246 Memorandum of conversation by the Chief of the Division of Southeast Asian Affairs (Reed), 7 March 1949, FRUS 1949, 7: 303-5; US special representative in Europe Averell Harriman to Secretary of State, 5 March 1949, FRUS 1949, 4: 165; US ambassador in UK to Secretary of State, 7 March 1949, FRUS 1949, 4: 165-6; memorandum of conversation, Acheson with Stikker, 31 March 1949, FRUS 1949, 4: 258-61; Hague telegram 62, 12 March 1949; Hague telegram 82, 29 March 1949, LAC, RG 25, vol. 4716, file 50054-40 [10]; record of telephone conversation between Stikker and van Kleffens, 17 March 1949, NIB 18: 176-7; Stikker to Foreign Ministers of Belgium, Luxembourg, France and Britain, 1 April 1949, and attached record of conversation with Acheson, NIB 18: 317-9. The western European states demanded "equality of treatment" in US military assistance, meaning no special restrictions singling out the Netherlands, but the US government refused to make any concessions in this area and the Europeans agreed to American terms. Andrew Roadnight, United States Policy towards Indonesia in the Truman and Eisenhower Years (London: Palgrave, 2002), p. 69.
slammed by either side on the invitation of the Netherlands Government." McNaughton’s initial suggestion was for talks to work out the terms of the proposed round table conference, but on American urging a formula was devised for preliminary talks on two issues: the terms of the round table conference, and the logistics of restoring Jogjakarta to Republican rule. The first time McNaughton’s compromise was discussed among Commonwealth High Commissioners in London, Australia’s representative shocked his Canadian counterparts with a tirade against “this general” who, he said, had no right to “produce half-baked ideas like this out of a hat” on a matter so vital to Australian interests. He labeled Canada “the mouthpiece of Holland.” The Dutch government did as Stikker had promised, accepting the suggestion in exactly the terms used by McNaughton, but criticized American diplomats for adding language to McNaughton’s suggestion that affirmed the standing of the previous UN resolution no less than three times in a single page. Stikker thought that the American language and insistence on Security Council authority, as against the pragmatic tone of McNaughton’s suggestion, might lead to the collapse of the Dutch coalition government. The resulting political instability and anti-American public opinion might then prevent the Netherlands from signing the North Atlantic Treaty at the ceremony set for a few days later. With the aid of US pressure on wavering pro-Republic delegates from Cuba and Egypt, McNaughton was able to cobble together a Security Council majority in March 1949. His resolution was attacked by some as backtracking on the Security Council’s 28 January resolution, and the intent of policy makers in Ottawa certainly seems to have been to assist the Dutch without risking the prestige of the UN. Yet American diplomats had nonetheless altered McNaughton’s original suggestion to include a more ringing assertion of UN authority.

The Canadian resolution passed on 23 March, just in time to head off a Dutch suggestion that the Indonesian issue be discussed at the signing of the North Atlantic Treaty, an idea that horrified Canadian diplomats concerned to avoid any appearance that NATO would represent a

247 SCOR, 417th meeting, 11 March 1949.
A combination of North Atlantic powers shoring up European colonialism. With the resolution passed and, just barely, acceptable to both sides, the dangerous month had passed and the North Atlantic Treaty could be signed as planned on 4 April. The same month saw Commonwealth leaders hammer out the compromise that kept India in the Commonwealth, with Pearson playing a central role. The North Atlantic and Commonwealth bases of Canadian postwar foreign policy, both of which had been threatened by the Indonesia crisis, were now in place. Ottawa’s UN gambit had averted McNaughton’s fear that the Indonesian crisis might create “a very serious rift between those states participating in the North Atlantic Pact and those nations of South-east Asia and the Pacific which are trying, in most difficult circumstances, to stem the tide of communism and to maintain democratic forms of government.”

Many partisans of Indonesian independence saw the Canadian compromise as a defeat. Instead of effective action, the Hindustan Times editorialized, the Security Council was “shirking its responsibility.... Both Canada and the United States as signatories of the Atlantic Pact would hardly do anything to antagonize Holland, a co-signatory of the Pact.” In New Delhi, the Emergency Government’s Foreign Minister Maramis called the Canadian resolution “a weakening of [the Security Council’s] resolution of January 28th” which would only be acceptable if it led to an agreement on restoring the Republic to Jogjakarta. The “preliminary talks” were the last chance for a diplomatic settlement.

To safeguard the Indonesian position and maintain pressure on the Hague, the Australian and Indian governments placed the Indonesian question on the General Assembly agenda. Australia’s UNCI representative reported that “the threat of discussion in the Assembly is the only factor at present having helpful influence” on Indonesian-Dutch talks. Nehru called in the ambassadors of all countries that had attended the New Delhi conference and forced through a resolution that if preliminary Dutch-Indonesian talks failed, the group would condemn the Dutch in the General Assembly and impose sanctions. Canada, however, hoped to keep the pressure

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256 Editorial from Hindustan Times, 27 March 1949.
258 DEA to Evatt, 20 April 1949, DAFP 15: 382-3.
259 Australian High Commission in New Delhi to DEA, 13 April 1949, DAFP 15: 367-70. The resolution’s text is in DAFP 15: 374.
off. Pearson proposed the item be deferred but failed to gain US support. A motion to postpone failed 10-4 (with Canada, Britain, France and Belgium in the minority). The Indonesian delegation to the UN believed it had the votes to condemn the Netherlands in the Assembly, thereby stiffening Security Council resolve. Talks in Jakarta finally agreed that Sukarno and Hatta, still confined to Bangka, would urge their followers to cease fire and agree to the round table conference, in exchange for a restoration to Jogjakarta. The Emergency Government saw the deal as an unacceptable surrender in a war that was turning in their favour and denounced it publicly, but Sukarno and Hatta accepted the terms. The Republic's UN delegation was faced with choosing either to trust the Netherlands and the United States, which had backed the Jakarta agreement, or a renewed battle in partnership with the more radical forces in Indonesia. In the end, it decided to place its faith in American promises. Merle Cochran, the American UNCI representative, indeed played a central role at the round table conference in The Hague, formulating compromises and pressuring both sides to accept them when issues deadlocked. By the fall of 1949, Dutch and Indonesian negotiators reached a deal to form a United States of Indonesia in a loose Netherlands-Indonesia Union, with only the status of West New Guinea left open (with the proviso that the issue of which country would gain control settled within a year by further negotiations). Indonesians on both the Federalist and Republican delegations worked towards common goals, defeating any lingering Dutch hopes for a divide-and-rule strategy. Ottawa welcomed the agreement enthusiastically. Even after implementation troubles had set in, Pearson insisted "I cannot personally see how a better agreement could have been worked out under the circumstances."

**End game, December 1949**

The new United States of Indonesia appeared in many ways to be the realization of Western hopes. A stable, anti-communist Indonesia appeared possible at last. The USSR called

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261 Mintz typescript, LOC, Mintz papers, Box 6, Harvard University papers - misc.; statements by Rum and van Roijen, 7 May 1949, NIB 18: 596-8. See also remarks of Indonesian diplomats in the US, Acting Secretary of State to US representative to GOC, 8 June 1949, FRUS 1949, 7: 418-9.
262 *Round Table Conference, Results as Accepted in the Second Plenary meeting held on 2 November 1949 in the 'Ridderzaal' at The Hague* (The Hague: Secretariat-General of the RTC, 1949).
the new state a puppet of American imperialism and assailed the "Hatta clique," along with Nehru’s India and the colonial powers, as part of a Pacific bloc for the suppression of national liberation struggles. Indonesian leaders had used the cold war to leverage support from the dominant powers in the global system, and earned Soviet enmity by doing so. The last act in the Indonesian drama saw a head-on clash of cold war adversaries at the Security Council in which McNaughton took the lead to score a propaganda victory.

The round table conference assigned various oversight tasks to the UN Commission on Indonesia. On Dutch urging, the Security Council considered the round table agreement in December 1949, the last month of Canada’s Security Council membership, with McNaughton once again in the chair. McNaughton prepared a draft that congratulated the parties and authorized the UNCI to continue its supervision. Soviet opposition to the agreement and to Hatta’s government meant that the USSR might veto any congratulations to the UNCI. Thus the Netherlands, the US, and the UN secretariat all asked McNaughton to soften his resolution, but he refused to do so. In fact he wanted the USSR to cast its veto against the negotiated solution. "The result of the vote," he said, "would merely be to show up the USSR in the most unfavourable possible colours." The Soviets duly cast their veto, but for the first time in UN history the veto was made irrelevant when McNaughton as Council President ruled that the UNCI could still carry out its tasks under the authority of previous resolutions. He went on to rub salt in Russian wounds, declaring himself

saddened at this latest demonstration that the Government of the USSR does not welcome the peaceful settlement in Indonesia.... It is nevertheless as source of profound reassurance and satisfaction that Soviet chagrin will not, in this instance, be able to prevent the peoples of Indonesia and the peoples of the Netherlands from proceeding on the course upon which they have embarked through this agreement; and that Soviet chagrin and the Soviet veto will not be able to prevent the further contribution which we confidently expect the United Nations Commission for Indonesia to make.

In reporting the whole affair to Pearson, McNaughton said that Canada’s goals had been fully realized. The Dutch and Indonesians were both happy; the dispute had been settled peacefully; and the West and Asia were united on one side, with the USSR isolated. "I have seldom enjoyed a

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Council debate more,” he gloated. Here he was at one with the US government, which ordered its representative in Indonesia to “emphasize that Sov[iet Union] and its satellites were alone in rejecting a settlement which provides complete independence to USI [United States of Indonesia] only because leaders of USI have demonstrated that they will not submit to foreign domination, Commie or otherwise.”

It was to become an article of faith in the Department of External Affairs for more than a decade afterwards that the Canadian resolution had proved “one of the vital turning points in the settlement of the Indonesian problem,” in Ignatieff’s words. Pearson told the House of Commons that he was particularly proud of Canadian intervention in the Indonesian question: “To a very considerable extent it was as the result of a Canadian resolution, which was attacked from both sides,” that peace had come. The Canadian government saw itself as the midwife of Indonesian independence, as having gained a special role in Asia by easing the birth pains of the first Asian state to win independence from a colonial power other than Britain. Canadian diplomats would for more than a decade cling to the example of their role in the agreements on Indonesian independence as a high point, one that at the same time served as an example of how the Security Council could play a practical role in peaceful settlement of disputes, and conferred a special role for Canada in Indonesia and throughout Asia. Canada’s Security Council role, a briefing note prepared for the visit of President Sukarno in 1956 asserted, “continues to be a source of considerable goodwill for Canada among Indonesian leaders.” This was an item of faith, even though Canada’s role did not look so helpful from the Indonesian standpoint. Not a single Indonesian he had spoken to when he made the first official Canadian visit to Indonesia in early 1950 had heard about Canada’s role, trade commissioner George Heasman reported.

Canadian diplomats had tried to take a pragmatic approach and make the UN work despite the handicap of great power rivalry, to do what they could to save the association of the West and Asia and the interests of the Netherlands from what they saw as the folly of Dutch policies. In so doing, they worked out the basis for what would henceforth be portrayed as a special Canadian

270 Ignatieff, “McNaughton.”
vocation in international affairs. Yet the Canadian involvement was far from impartial. Canadian policymakers plotted their efforts on mental maps centred on the North Atlantic. The Indonesia dispute had the potential to wreck the multilateral organizations that lay at the heart of Canada’s new postwar foreign policy: the United Nations, the Commonwealth, and above all the North Atlantic Treaty. Although policymakers tended to sympathize with the idea of a gradual Indonesian transition to independence, they had no strong interest in whether Indonesia emerged as a Republic right away or remained a Dutch dependency for some years. They did, however, have a very strong interest in seeing the obstacle to Canada’s larger plans removed. Thus conciliation served a double purpose: resolving a dispute, and easing Ottawa’s international strategies. Nevertheless, the idea of Canada as a conciliator was beginning to be built, and becoming more and more central to Canada’s diplomatic self-image.

The legacy of more than four years of revolution in Indonesia was a mixed one. Although Canadian policymakers were far from alone in congratulating themselves and the United Nations for overseeing Indonesia’s transition from colony to independent UN member state, Indonesia’s political elite had lost much of its initial trust in Western powers’ commitment to self-determination. Internationally, the revolution had seen several Asian states start along the path to assertive Third World nationalism that led from the New Delhi Conference on Indonesia to the Bandung Asian-African Conference of 1955. Although the imperatives of their diplomatic strategy had led the Republic’s leaders to lean towards the United States as the power best able to put pressure on the Netherlands, the experience had also disillusioned Indonesians, displaying the yawning gap between the self-determination rhetoric of the Atlantic Charter and the reality of Eurocentric strategies. Internally, the fact that Indonesia had been forced to fight for its independence created an influential army imbued with the belief that it had won the independence of the country through its own struggles. Military politics became ever more important over the following decades. Tarred as Dutch creations, the federal states were swept away: on 17 August 1950, five years after the Republic’s declaration of independence, the patchwork United States of Indonesia became the unitary Republic of Indonesia once again. Lingering resentments against the Netherlands, fueled by the Dutch retention of West New Guinea and the continuing Dutch control of important sectors of the Indonesian economy, smashed the hopes for a cooperative relationship with the former colonial power within a Commonwealth-style Netherlands-Indonesian Union. Instead, Indonesia looked to other countries and institutions for support. An ongoing political struggle with the Netherlands was the dominant factor in Indonesian foreign policy until 1963,
lending substance to the notion of an “unfinished revolution.” When there were troubles in the years ahead, Indonesians looked back to the nation’s formative days, when they were united in the noble cause of independence against a common foe. In the next years of Indonesian history, hope conflicted with disillusion as Indonesians strove to turn their successful revolutionary movement into a successful state. From its distant perch, Canada would look occasionally at Indonesia, sharing conflicting feelings of hope and disillusion.
Chapter 2
The Golden Bridge: Canada and Indonesia in the Colombo Plan world

"Indonesian national independence is not the end of our struggle. It is the golden bridge leading towards a life of happiness and prosperity for the Indonesian people. We must keep the bridge strong and eternal so it can stand for generations to come."

— Sukarno

The Colombo plan offers hope to the free Asians — and hope to us — that their economies and therefore their free institutions will be strengthened.... [H]ere is one situation where the countries of the Commonwealth can play an important part in bridging the gap between the poverty and therefore the neutrality and indifference of free Asia and the wealth and therefore, at times, the 'interventionist' and impatient tactics of the United States.

— Lester Pearson

Canada had viewed revolutionary Indonesia through the lenses of its North Atlantic, Commonwealth and United Nations visions. It would look at independent Indonesia equally indirectly. All these lenses' remained important, but the one that came to the fore in the early 1950s was the Commonwealth and its Colombo Plan for economic aid to Asia. Economic aid was the basis of such bilateral relations as existed. Amidst "uniformly friendly" relations between Canada and Indonesia, an External Affairs briefing book for President Sukarno's 1956 visit to Canada noted, "the most active aspect of Canadian-Indonesian relations is co-operation under the Colombo Plan." Both countries drew upon images of the bridge to explain what they hoped to achieve through aid schemes such as the Colombo Plan and United Nations technical assistance programmes. Yet where Canadian policymakers saw the function of this aid as being to build strong societies in the image of the Western development model, their Indonesian counterparts had an ambiguous attitude towards aid, both needing it and fearing its effects on their hopes for a self-reliant economy based on indigenous ideas of social justice. Clashing attitudes towards modernization in the Western image became one of the central divisions in Indonesia from 1950 to the end of the system of parliamentary democracy in 1957; indeed, these divisions helped to precipitate the crisis that ended the parliamentary system.

Southeast Asia was peripheral to Canadian interests in 1945. It was not until 1953 that Canada opened an embassy in Jakarta, the first Canadian mission in Southeast Asia. Within the

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region, Ottawa saw Indonesia as the largest and most important country, a natural legacy of the Canadian role in Indonesia’s national revolution. “Because this is such a populous, strategically located and potentially wealthy new state,” Under-Secretary of State for External Affairs Arnold Heeney wrote, “there is a political interest in seeing that it maintains its contacts with the western world and does not fall under the Communist influence, whether Russian or Chinese.”  

As the cold war took hold ever more tightly, Southeast Asia as a whole was becoming “strategically vital in the West’s struggle against Communism,” in the words of the inaugural letter of instructions to Canada’s ambassador to Indonesia. “Events there are moving swiftly and Canada can no longer dissociate itself from developments taking place.” But since Canadian resources were limited, “it is preferable for the time being to maintain an attitude of watchful waiting in Southeast Asia, to limit military commitments there owing to priorities elsewhere, and to try to stem Sino-Soviet influence among the self-governing nations of Southeast Asia by raising their living standards through technical assistance and increased trade in order to make them prosperous and as friendly as possible to the cause of Canada and the West.”  

Here was a cold war policy, one designed to deny the area to the USSR, but one that relied upon economic rather than military weapons. 

Looking for a way to relate to Asia, Canadian policymakers naturally turned to the frameworks they knew — in this case, the Commonwealth. The Commonwealth was “the most intimate political tie there is between the East and the West,” the best framework to battle “the communist infection,” *Saturday Night* enthused. In Escott Reid’s formulation, the transformation of the Commonwealth into an association including three Asian Dominions meant that it “ceased to be just another extension of Western Europe. It became a representative group of those nations of the world which have parliamentary institutions.” It represented, in fact, the democratic world as a whole. Gradually, “we in Canada also became conscious of the great value of the new Commonwealth as a bridge between the older democracies of the West and the newer democracies of Asia.”  

The 1951 Commonwealth Prime Ministers meeting agreed that the organization, sprawling over continents, “is singularly well constituted to enable it to study and in
some measure to comprehend the vexed questions which beset the world." Although Canadian policymakers had in the past devoted themselves to loosening Commonwealth ties, they found new importance in the association after the Second World War. On their new mental maps, the Commonwealth had become useful as a bridge between the West and Asia, a metaphor they began to use repeatedly. The new Commonwealth "provides a bridge — at a time when there are all too few of them, and when they are desperately needed — a bridge between Asia and the West," Pearson declared. The Commonwealth set up the first connections, but policymakers saw the link as one that could broaden to include non-Commonwealth countries: thus they were included from the beginning in the Colombo Plan vision. This picture of the Colombo Plan as a vital connecting link to Asia implied that there might not be a bridge, had it been left to the United States. Canada still had its historic "linchpin" role, only now it was situated not between the United States and Britain, but between the United States and Asia. Touring India, Prime Minister Louis St. Laurent would seek to interpret America to his audiences. Similarly, Pearson and others pressed the United States for an understanding view of Indian policies.

By 1954, when US President Dwight D. Eisenhower and Secretary of State John Foster Dulles began to plan the South East Asia Treaty Organization (SEATO) as a regional variant of NATO, Canadian policymakers imagined economic aid and military involvement as competing approaches. Manufactured images of Canada as an aid-giver, America as a military player, became more and more influential in the rhetoric and diplomatic self-perception of Canadians. Journalist John Harbron, for example, could write that Canada had become "a byword in the Middle East for fair dealings in international commissions and sound business practices in trade relations" from Turkey to Indonesia. Canada’s aid programme may have been a smaller version of the American effort, Harbron wrote. "However, unlike the U.S. — involved as she must be ideologically, in this vital area — Canada’s interests have no undertones of political or military link-ups.” Thus Canadian aid was seen as altruistic. While Canada unquestionably remained a US ally in Asia, its Colombo Plan vocation became an important element in Canada’s diplomatic self-portrait and an important means of differentiating Canada from the United States.

10 “Mr. St. Laurent’s Address to the Parliament of India,” 23 Feb. 1954. Statements & Speeches (S&S) 54/14.
11 John D. Harbron, “Canada’s New Middle East Role,” Middle East Report, 15 Nov. 1955.
The reality of Canadian aid was far less than the image. Canada accepted the idea of foreign aid grudgingly and guardedly. By 1960, a decade after the Colombo Plan’s launch and at the height of Canadian self-congratulation for aid boosts, 90% of global aid was still provided by three countries, the United States, Britain and France, with Canada eighth among the fourteen Western donors at 1.57% of the total. As a percentage of GNP, Canada ranked tenth at 0.16%. Here was no bridge-building trailblazer, but a cautious donor following the strategic goals of its allies. What had taken place was a process of mythmaking.

The Colombo conference

As a tangible expression of the “new Commonwealth,” and a visible symbol of its use as a “bridge” between the West and Asia, Commonwealth foreign ministers met at Colombo in January 1950. For Canadian policymakers, the Colombo conference served as a literal discovery of Asia. For the first time, and through Commonwealth lenses, Asia came into focus on Canadian mental maps. For all but one of the six-person party led by Secretary of State for External Affairs Pearson, it was their first trip outside the North Atlantic triangle. If the mental maps of diplomats influence their decision making, their travels inscribe lines upon the earth that influence the practical conduct of diplomacy. It is a truism, but travelling to a place makes it feel real: not just a name in a despatch, but also a living place. The peregrinations of Canada’s diplomats had been concentrated within the North Atlantic triangle. With the month-long Colombo trip, which also touched down in Egypt, Pakistan, India, Burma, Singapore, Hong Kong and Japan, Pearson and his travelling companions were creating new paths for Canadian diplomacy, which for the first time girdled the globe. Pearson’s trip diary has a tone of discovery throughout. The journey, aboard a Royal Canadian Air Force North Star cargo plane, was the first time Canada had staged a round-the-world flight, and this was the aspect that initially attracted the bulk of press attention. One widely-distributed press photo depicted Pearson and Reid plotting their journey on a world globe: explorers, blazing a trail, writing Canada’s name in unknown places and discovering new reaches of the world. Although Pearson declined to make any new commitments to Asian affairs

while touring the region, he conceded a new awareness that "the centre of gravity of some of the world’s problems" lay in Asia.  

The conference was the first meeting of Commonwealth Foreign Ministers, the first Commonwealth meeting to be held in Asia, the first hosted by one of the newly-independent Dominions. Of the 22 men seated at the table, ten were non-white. Canada’s reasons for attending were mostly negative, to avoid offending Asian Commonwealth members or appearing to care only about North Atlantic affairs. Pearson spent most of his time listening. He spoke at length only on the British plans for closer ties to Western Europe, backing them up as the British had hoped he would do. Canadian officials noted with satisfaction that an intervention from New Zealand Prime Minister Doidge recalling Kipling’s prescription for the role of a Dominion — “daughter am I in my mother’s house; But mistress in my own” — fell flat. A circular report on the Colombo conference noted that Doidge sounded like “a voice from the past.” In a sense, the whole conference was a bid to prove Kipling wrong: East remained East and West remained West, but the gathering was designed to prove that the twain could indeed meet and plan together.

Canadians began in Colombo their habit began of approaching all South and Southeast Asia through the prism of India, its leading Commonwealth member. India was referred to hopefully as “a durable bridge between the West and Asia” in an August 1949 letter of instructions to Canada’s High Commissioner in New Delhi. Escott Reid, who as High Commissioner to India became the leading exponent of the “special relationship,” analyzed President Jawaharlal Nehru’s mental map in a memorandum two months later on Indian foreign policy. India did not seek leadership, but it was inevitably “a pivot of Asia” and believed that no Asian country should be ruled by a foreign power, “a principle resembling the Monroe Doctrine.” Thus India would not automatically be a Commonwealth camp follower, but an uncommitted

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15 Escort Reid’s Colombo conference notes. LAC, Escort Reid papers, MG31 E46, vol. 7, file 15.

16 Memorandum for the Minister, 16 Nov. 1949. DCER 1949: 1379-81.


19 Extract from letter of instruction to the Canadian High Commissioner Designate to India, 31 Aug. 1949. LAC, Pearson papers, vol. 22, file 1950 pt. 1. Indian policymakers often had a similar view of their own role. Visiting Ottawa, Indian Prime Minister Jawaharlal Nehru suggested “Canada has performed a very important service in being
power. Of the three potential great powers in Asia — India, China and Japan — it was India that needed support, Reid and others argued, lest Communist China fill the power vacuum in Southeast Asia. \(^{20}\) At Colombo, Nehru mesmerized many. Pearson praised his "studied moderation." \(^{21}\) Douglas LePan, economic adviser to the Canadian delegation, summed up Nehru’s spell:

He sat at the conference table in Colombo impassive, smoking cigarettes in a long black holder and blowing the smoke through his nostrils. An air of elegance informed the way he wore his close-fitting, mulberry-coloured ashkan and the way he spoke. His contributions to the discussion were always even-tempered and philosophical. He combined, in his own person, at least as wide a knowledge of the whole range of western civilization as any of his Western colleagues along with a passionate concern for the nationalist aspirations of Asian peoples and for their economic advancement. \(^{22}\)

Nehru stressed the “removal of foreign domination from all the countries of this region” and the urgent need for economic development. Pearson was quick to agree that a “starving man has not freedom except to starve.” \(^{23}\) Canadian rhetoric lined up well with that of the leading Commonwealth Asian power.

The charge for an economic aid programme, however, was led by Australian Foreign Minister Percy Spender and Ceylon’s J.R. Jayawardene. Spender remembered the initiative as his own, taken without even consulting the rest of cabinet, and this view is confirmed by at least one aide who recalled working out the plan on a plane from Jakarta to Colombo. Spender pointed to the need for better relations with Asian neighbours. “World security,” he wrote, “could not be achieved unless the views and aspirations of Asian countries were taken into account. Nor could it be achieved while the standards of living of their peoples were so grossly less than those enjoyed in some ways a link between the growing countries of Asia and Europe and the Americas.... We have also in our own way tried to bring understanding and to be some kind of bridge or link.” Ext. Affairs vol. 9 #1 (Jan. 1957), p. 18-20.


\(^{22}\) “Round the world in 1,500 words.” Undated memorandum on Asian trip by Douglas LePan. LAC, Douglas V. LePan papers, MG31 E6, vol. 7, file 72.  

\(^{23}\) “Commonwealth meeting on foreign affairs, minutes of the sixth meeting held on 11 Jan. 1950,” and Reid’s conference notes for 9 Jan. 1950. LAC, Reid papers, vol. 7, file 15.
in the Western world.” For Spender, the need for immediate aid to neighbouring Indonesia loomed especially large. Like the Australian Labour Party government which had just been swept out of office, Spender wanted an early loan to Indonesia, but thought it was more likely to be approved by Australian public opinion if couched in Commonwealth terms. He saw Sukarno and Indonesia’s cabinet as “able men with moderate views and a sober realisation of the immensity of the tasks in front of them.” They were determined to resist Communist subversion, but needed “encouragement and active help from outside” to maintain order and deal with urgent economic problems.

Spender also saw a narrower Australian financial interest: “Indonesia may well become a net dollar earner within a few years and special efforts to develop our trade links now might give us a source of dollar earnings eventually.” Indonesia was important for India and Pakistan too. “The present Government of the United States of Indonesia should be given every possible assistance and encouragement to establish a strong and stable régime in the country,” Nehru argued in Colombo, while Ghulam Mohammed of Pakistan called for help to Indonesia “to restore her economy and establish a stable administration.”

Despite Spender’s claims, however, the Colombo plan was largely British in origin and served British interests. Press reports before the conference speculated that Foreign Secretary Ernest Bevin would propose “a dynamic Western-backed program for Asiatic development.” The British sent a high-powered economic delegation to Colombo, according to a Canadian draft report, so they could “turn to advantage any suggestions for economic cooperation in South and South-East Asia as a first step towards providing a framework for U.S. financial assistance in this area.” Bevin told US Secretary of State Dean Acheson that the plan was his idea and he had

25 Canberra telegram 73, 14 May 1950, from Canadian delegation to Sydney conference, *DCER* 1950: 1215-6. H.V. Evatt’s plans for technical aid to Indonesia are outlined in a draft cabinet submission dated 4 Nov. 1949 that was not used due to the impending federal election, *Documents on Australian Foreign Policy* 15: 596-8.
27 Cablegram from Spender at Australian consulate in Batavia to Prime Minister R.G. Menzies, 7 Jan. 1950. NLA, Percy Spender papers, MS4875, Box 1, file Colombo 1950.
28 “Commonwealth meeting on foreign affairs, minutes of the sixth meeting held on 11 Jan. 1950.” LAC, Reid papers, vol. 7, file 15.
asked Spender to advance it. LePan recalled that Bevin was “able to pick up and turn to account” the suggestions for an aid scheme as a means to inject more US dollars into the world economy. “This would have the result not only of strengthening the economies of the recipient countries and so of helping them to combat the spread of Communism, but also of supplying the sterling areas as a whole with a flow of dollars which might be expected to continue after the end of the European Recovery programme.”

The Colombo conference accepted an Australian resolution to recommend a plan for aid to the region. Asian countries would develop comprehensive development plans, and Western members agreed to make contributions to help finance the plans. This series of national plans, backed by bilateral aid, was fleshed out over the rest of 1950 into what became known as the Colombo Plan. Whether economic aid schemes were the main accomplishment at Colombo from the Canadian perspective, however was in question. Going into the conference, Reid had summed up Canada’s main goal as learning from the Asians what their views were on matters such as NATO and the advance of communism in Asia, and thus providing a corrective to Canadian Eurocentric views. Pearson’s post-conference assessment still stressed listening. “In general,” he wrote, “it accomplished what I considered to be its main objective — providing the non-Asian members of the Commonwealth with an opportunity to gain a better understanding of the points of view of the Asian members on some of the main questions of foreign policy, especially those relating to South-East Asia.” As to the Colombo Plan, he was concerned that it could raise Asian hopes too high: “it would certainly be dangerous and misleading at this point to speak of a ‘Marshall plan’ for Asia. However, the action of the Colombo meeting may have an immediately good psychological effect by demonstrating that the non-Asian members of the Commonwealth recognize the importance of strengthening the economies of Asian members and of South East Asia.” The Canadians had not been in the vanguard of aid planning at Colombo; nor had that ever been their intention.

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31 Memo of conversation by Lucius Battle, special assist to Secretary of State, 26 Sept. 1950, Foreign Relations of the United States (FRUS) 1950, vol. 6, p. 146. A similar explanation was given to cabinet by John J. Deutsch, Director of International Economic Relations Division, Dept. of Finance. SSEA telegram to Canadian delegation to UN General Assembly, 6 Nov. 1950, for Pearson. LAC, RG25, vol. 6574, file 11038-40 [4.1].


34 “What are the things which Canada is chiefly interested in at the Colombo Conference?” Memorandum by Reid, 30 Dec. 1949. LAC, Reid papers, vol. 7, file 15.

The two motives for economic aid

Canadian participation in the Colombo Plan is often described as stemming from humanitarian motives. Nathan Keyfitz, a leading Canadian analyst and participant, described it a decade later as “a stroke of genius, one of the few successful political inventions of this century.” Yet the record shows that humanitarian motives were virtually absent in early planning, and were invoked primarily to build public support. Two major motivations were at the heart of Canada’s participation. One was the immediate need to boost the recovery of the world economy, and particularly to save the economies of Britain and other sterling bloc countries from the collapse that loomed if India and other Commonwealth countries continued to draw heavily on Britain’s dwindling gold and dollar reserves. The other was long-term anti-communism, the hope that Asian countries could be kept in the Western camp by a demonstration of concern and aid that might raise their standard of living. Pearson was keenly aware of these goals from the beginning, writing from Colombo that the proposed aid scheme might do a great deal “not only to solve the problem of the sterling balances but also to shore up our defences in this area against the tide of Soviet expansionism.”

The immediate economic issue facing the Colombo conference and the main topic of the parallel meeting of economic officials was the problem of sterling balances. Britain had a unique role, acting as the central banker of the entire sterling area (all the Commonwealth countries except Canada, plus Ireland, Iceland, Burma and Iraq). Other sterling countries held their foreign exchange reserves in the form of sterling deposits in the UK, which in turn traditionally maintained enough reserves of gold and dollars to back all their economies. Britain had incurred large wartime debts to its India colony based on the cost of using the Indian army overseas, and these “sterling balances” were being drawn upon by India and Pakistan (as well as other creditors like Australia) to make the dollar purchases needed to raise their standards of living. To India and Pakistan they represented war debts that belonged to their people; to Britain, drawings on the sterling balances represented a dire threat to its own global position. Britain’s position as banker was becoming increasingly precarious. The rest of the sterling area maintained large sterling balances in the UK and deficits with the dollar area, but inflationary pressures meant most of these countries were running balance of payment deficits and financing them by drawing down on their sterling balances, which had the effect of depleting Britain’s hard currency reserves. British

external liabilities had been a sustainable £556-million in 1939, but the war drove that up to £3,663-million, most of it owing to sterling countries. In mid-1949, external liabilities still stood at £3,233-million total, of which £2,224-million was sterling balances. The situation was only saved from becoming much worse by US and Canadian aid to Britain. Bank of Canada figures showed that the sterling area’s trade deficit of $1,435-million was financed by $1,218-million in Marshall Plan aid to Britain, $60-million from a Canadian loan to Britain, and drawings on British dollar reserves. With the end of the Marshall Plan looming, the danger was obvious. And yet Britain could not easily halt sterling drawings by India and Pakistan for fear of the effect it would have on their economies and the political consequences, and was also reluctant to dispense with the full employment that Indo-Pakistani spending helped to maintain.  

The sterling balances problem had the potential to wreck the triangular trade on which Canada’s economy was built. “The present structure of our economy in Canada is largely dependent on a flourishing international trade,” Finance Minister Douglas Abbott said at tripartite monetary talks held in Washington in 1949. “Canada is so organized that we are at the same time the principal supplier of the United Kingdom and the principal customer of the United States. We are therefore inevitably found in the middle of any squeeze which the United Kingdom feels in her dollar position, and we are one of the instruments through which the shock of such a squeeze is transmitted to the United States.” The problems of the sterling balances might also shatter US and Canadian hopes for a restoration of the free multilateral trading system — and without this, it was believed, the world might easily slide back into depression. “The world learned a sharp lesson in those years,” C.D. Howe declared. “It learned that prosperity, like peace, is indivisible.” The fear of a new depression was very real. Benjamin Higgins, a leading Canadian economist who would later play a crucial role in Indonesian development planning, recalled that in the war, “everyone confidently predicted” a “gigantic postwar depression” unless steps were taken to prevent it. But to restore trade, the sterling area had to be saved from collapse.

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On the one hand, therefore, the Canadian government was sympathetic towards Britain's troubles. On the other, as the final commentary on the Colombo economic talks stated, Canadian officials had to oppose any move by Britain and the rest of the sterling area to reduce imports from dollar countries. This was especially important to sectors of Canada that specialized in production for export to Britain, such as the Western grain economy. The officials pressed instead for increased sterling-area exports to the dollar countries. By 1948 Marshall Plan releases and the Canadian loan had looked like they were stabilizing what had seemed a crisis for sterling. But in 1949, the sterling area's dollar deficit had soared again. Projections for 1950 showed a sterling area gold and dollar deficit of $996-million. Britain, one of Canada's two main trade partners, had been reduced in C.D. Howe's words to “the sick man of Europe.” There could be no solution while the sterling balances problem remained unresolved. In 1949, Britain took the desperate step of unilaterally limiting drawings on the sterling balances, provoking predictable fury. Pakistani Finance Minister Ghulam Mohammed said that “the people of this sub-continent saved Britain” during the war and should not be abandoned now. India did not speak as loudly, but it was actually the major problem: at £603-million, its sterling balances were by far the largest. LePan summed up the problem, noting that the West needed links with the Near and Far East, and the sterling area at least had the benefit of being one very tangible link holding India and Pakistan to the Commonwealth. “There can be no doubt, of course, that the strain imposed on the United Kingdom's economy by the sterling balances is intolerable and must be lightened,” he wrote. “But this should be done without destroying the economic links which now bind India to the west.”

The Colombo plan offered a way out. If couched properly, it might attract US dollars into the sterling area to replace Marshall Plan aid. No more American money for Britain could be expected, but perhaps a grand development scheme for Asia would inject US dollars into India, Pakistan and other sterling countries in the region, helping to stabilize their sterling drawings and to restore the pre-war pattern of trade. “The countries of the region play an important part in the

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world economy,” the first Colombo Plan report noted. The area’s raw materials had “for
generations flowed into the great trade routes of the world,” in return for much-needed dollars
from North America and industrial products from Europe. Asia traditionally maintained a trade
surplus with North America that helped to offset the trade deficits of Britain and Western Europe
with North America. Malayan rubber and tin earnings had covered much of the British trade
deficit with North America. In the immediate postwar era, Malaya, India and the other Asian
sterling countries moved from the surplus column in their North American trade into a large trade
deficit. Thus Asian dollar earnings were crucial to offsetting Europe’s dollar deficits. The
Colombo Plan might help restore this triangular trade. At the same time, it would regularize
sterling balance withdrawals and eliminate the balances entirely by the end of six years.47 All the
Commonwealth finance ministers had agreed at a 1949 emergency meeting in London that “the
aim must be the achievement of a pattern of world trade in which the dollar and non-dollar
countries can operate together within one single multilateral trading system.” Development in
Asia was one means to that goal.48 In short, aid was designed to contribute to the restoration of
trade.

In addition to these economic imperatives, the Colombo Plan was quite explicitly linked to
the cold war, whose terms shifted in 1949 with the creation of the People’s Republic of China.
“One lesson to be drawn from the history of China of the past few years,” Spender told the
Australian parliament, “is that instability in a regime is in direct proportion to low standards of
living, maldistribution of wealth, and inefficiency of government leadership. We are sure that it is
in our interest to provide, to the maximum extent of our capability, those resources which will
help consolidate the governments of South-East Asia on such a sound democratic basis that no
extremism can flourish.”49 The United States drew similar “lessons” from the “loss of China,”

LAC, LePan papers, vol. 7 file 71.
47 The Colombo Plan for Co-operative Economic Development in South and South-East Asia, Report by the
Commonwealth Consultative Committee, London, September-October 1950 (London: His Majesty’s Stationery
Office, 1950), p. 1-2, 61 [hereafter noted as Colombo Plan report]; Economic Commission on Asia and the Far East,
Committee on Industry and Trade, “Nature and Extent of Dollar Shortage and Possible Remedial Measures,” (1950),
1020-1.
concluding that military aid alone was not enough to shore up a pro-American regime, but that economic aid was also vital.\(^{50}\)

Canadian attitudes ran along the same lines. The outlines of Canadian policy were foreshadowed even before Colombo in a December 1949 global strategic survey. The “peoples of the North Atlantic area” had taken counter-measures to Soviet expansion. Canada’s share was a large one, but had to be concentrated in North America and the North Atlantic to be most effective. Events in Asia, however, also threatened European security: “The spread of Communism from China into the Indian sub-continent would compromise the whole position of these North Atlantic and Commonwealth Powers in South East Asia.” The USSR now had an opportunity to “distract the Western powers from their efforts towards the political and economic restoration of Western Europe and to attempt to divide them from one another by exploiting any differences in their countermeasures in the Far East.” North Atlantic and Commonwealth powers could be severed from strategic materials such as tin and rubber, while the need to bolster Asia would place additional strain on the United States and its allies. Counter-measures would have to be different from those in Europe, primarily economic and diplomatic rather than military. Strategic objectives in the Far East and Southeast Asia, then, should be to maintain the existing military positions of “the North Atlantic and Commonwealth Powers” in the region, “so far as possible with the acquiescence and cooperation of indigenous populations” and “legitimate nationalism”; to build up the military and economic capacities of “democratically inclined native governments” through military assistance and aid for reconstruction and increased living standards; to counter Chinese Communist efforts; and to keep the raw materials of the area available to the West. Thus moderate governments like those of Japan, the Philippines, Burma, and Thailand deserved support. So too did the fledgling government of Indonesia, “provided that it retains its moderate character.”\(^{51}\)

This was the message that Pearson delivered after Colombo. “It seemed to us at the conference that if the tide of totalitarian expansionism should flow over this general area, not only will the new nations lose the national independence which they have secured so recently, but the forces of the Free World will have been driven off all but a relatively small bit of the great Eurasian land mass,” he told Parliament. He argued that Soviet advances had been turned back in


Europe, but there was still a real threat in Asia from communists in alliance with "the forces of national liberation and social reform." The answer was for Asian states to demonstrate they could deliver higher standards of living. In a letter to the Canadian Congress of Labour, St. Laurent called the Colombo Plan "a practical way of helping to deal with the threat of Communism in that area." Nor was this line of argument unique to the government. Conservative MP John Diefenbaker declared that "50 million dollars a year ... would be cheap insurance for Canada, for the opinion of Asiatic representatives [at Colombo] was that this plan, if launched in time, would do much to halt communism in Asia."

Policymakers in Britain, Canada and Australia all shared the new mental map of an expansionist USSR that had to be "contained" by the West. The Sydney Morning Herald, citing Australian officials, bluntly commented: "The principal professed aim of the conference was to devise a scheme of Commonwealth co-operation against the expansion of Communism in South East Asia." Anti-communism was an early selling point, through the same sort of anti-communist rhetoric used by American officials to sell the Truman doctrine and the Marshall Plan. The sales job, however, quickly began to take on a humanitarian flavour. For public consumption, it highlighted the goal of development. "United Kingdom authorities would like 'Spender Plan' to be regarded internationally as based on the merits of conditions in South-East Asia rather than as part of an anti-Communist strategy — that the idea would have been conceived even if there were no cold war," Canada House reported. "This conception would, among other things, make full Indian participation easier." As the Colombo plan was being prepared for

52 Pearson speech to parliament on Colombo conference, 22 Feb. 1950. Canada House of Commons Debates (CHCD) 1950, 1: 129-137. "The forces of communist aggression in Asia have in the past successfully allied themselves with the forces of national liberation and social reform," Pearson told a federal-provincial conference. "The task of the Western democratic powers is to assist the democratic governments in those areas to break that unnatural alliance. For this purpose, it is essential that the Western countries help the Asian democratic countries in their plans for economic development in order to relieve the distress and poverty there, on which international communism feeds. Within the measure of its resources Canada should, I think, do its part to help in this great effort to promote human welfare and hence to ensure peace." "Review of present international situation," speech by Pearson at federal-provincial conference in Ottawa, 4 Dec. 1950, Ext. Affairs 2 #12 (Dec. 1950), p. 434-7.


56 See for instance H. Leslie Brown, Canada and the Colombo Plan (Vancouver: University of British Columbia lecture series #16, 1951).

publication in the fall of 1950, American advice was that it stress the need for economic development in the area as its main reason, downplaying cold war motives.\textsuperscript{58} When Spender drafted his memoir on the Colombo Plan's creation, Australian officials felt it gave "rather too much emphasis to the anti-Communist theme, and may imply that the Colombo Plan is primarily an instrument for fighting Communism. This, of course, is very much a factor in our own minds, but there are dangers in stating it too explicitly in a book."\textsuperscript{59}

The dual motivation behind Canadian acceptance of the Colombo Plan emerged clearly in a 1952 speech by Prime Minister St. Laurent to the Women's Canadian Club in Victoria, hailed as the first comprehensive statement of Canada's Pacific policy.\textsuperscript{60} Canadian relations with Asia, he said, were based on "the twin principle of preservation of peace and stimulation of international trade.... Peace and trade, these are the foundations of our Far Eastern policy as they are of our entire foreign policy." The Colombo Plan might in the end turn out to be "one of the greatest factors in keeping the peoples of South and Southeast Asia in the free world." India, Pakistan, Ceylon, Burma and Indonesia were faced not only with the problems of running their now independent countries, but with the need to raise standards of living.

I like to think of the Colombo Plan as 'priming the pump,' to use an expression of the late President Franklin D. Roosevelt when he referred to another emergency. It is hoped that the Plan will not only help to raise the living standards of the people benefiting from it but that it will also build up enough confidence in their countries to prime such a flow of foreign and domestic investments that prosperity will come to the entire southern part of Asia. Communism is a malignancy that thrives on diseased tissues and the Colombo Plan by working to eliminate the diseased tissues of poverty and starvation is endeavouring to keep one-quarter of the world's population in the free world.

Thus the Colombo plan emerged as a grand crusade, through which "not only are we trying to provide wider commercial relations, but we are also fighting another Asiatic war against Communism in the interests of peace, this time with economic rather than military weapons. We Canadians know that in the struggle against communism there are two useful weapons, the economic and the military."\textsuperscript{61} St. Laurent's reference to pump-priming also acknowledged that the funds available in the Colombo Plan were not enough to do the job. Private investment was also a

\textsuperscript{60} "Canada and Asia," \textit{Winnipeg Free Press}, 10 Sept. 1952.
\textsuperscript{61} "Canada's Relations with Asia," St. Laurent speech to Women's Canadian Club, Victoria, 5 Sept. 1952, \textit{S&S} 52/33.
requirement to enable Asian countries to follow development path that Canada and others had already taken, driven by and dependent upon foreign capital investment.\textsuperscript{62}

This distinction between economic and military aid, and the reiteration of the theme that Canada's role in South and Southeast Asia lay in furnishing economic weapons against communism rather than military ones, was to become a central tenet of Canadian policy towards Asia, shaping its approach to all the countries of the region, including those like Indonesia which ranked lower on Ottawa's priority list. It also served as one of the examples of the unique Canadian vocation for peacemaking and bridge-building which had already begun to take shape in the minds of policymakers and would become an article of faith by the end of the Liberal government in 1957. Aid to Asia, along with other steps like Pearson's Korean War peacemaking conducted in tandem with top aid partner India, also served to differentiate Canada from the United States.

Creating the Colombo Plan, 1950

The Colombo Plan did not spring into existence fully formed. The final communique of the Colombo conference called for the creation of a consultative committee, which met in Sydney and London before the Plan was finally released at the end of 1950. Canadian officials in 1950 approached the Colombo Plan less as participants than as sympathetic observers, unsure as to whether they would even take part. This was the year of re-armament in Europe, a trend solidified in July with the outbreak of the Korean war, and Canadian priorities lay there. “Although we, like other Commonwealth Governments, would receive an invitation, it would cause no surprise to any of the Governments more directly concerned if we were to decline on the grounds that we have heavy commitments in other areas,” as Pearson put it in one of his telegrams from Colombo.\textsuperscript{63} Even once Canada had made a whole-hearted commitment to the Colombo Plan, NATO remained far and away the priority. By 1955, total Canadian mutual aid through NATO exceeded $1-billion, while total Colombo plan spending was just over $100-million.\textsuperscript{64} Ministerial commitment was particularly low at the 1950 planning meetings. Canada was represented in both Sydney and London by Robert Mayhew, a British Columbia MP who served as Minister of Fisheries and had been in Colombo as “virtually a supernumerary.” Actual leadership was left to Douglas LePan,

\textsuperscript{62} Melissa Clark-Jones, \textit{A Staple State: Canadian Industrial Resources in Cold War} (Toronto: University of Toronto Press, 1987).
\textsuperscript{63} Person to Heeney, transmitted as London telegram 131, 21 Jan. 1950., \textit{DCER} 1950: 1191-3.
who advised the minister "with more decisiveness and less deference than would normally be
becoming for a civil servant."  

The British and Australian governments both pressed Canada to take part, in part due to its
perceived influence on the United States, from which the real money was expected.  

Spender’s pleas were especially urgent. “I well realize the magnitude of Canada’s commitments in other
areas and this may weigh with you in deciding whether you would wish to participate,” he
telegrammed Pearson in February. The question of Canadian cash could be considered later, but
"the rest of the Commonwealth would benefit immeasurably from the advice which Canada can
give ... in deciding the best way of building an association between the Commonwealth and the
United States in this project."  

Spender made a big push for immediate development aid, while
the British preferred careful study to establish “highly practical and realistic” plans before
proceeding. Ottawa replied with a stiff rebuke to the Australian efforts, insisting that
Commonwealth meetings could not make decisions and that it was imperative to involve non-
Commonwealth countries before setting decisions and structures in stone.  

Behind Australian urgency also lay the mental map on which Asia appeared as an area of immediate danger. “No
nation can escape its geography,” in Spender’s words.  

65 “Cumulative aid figures 1945-1955.” LAC, Pearson papers, Pre-1958 series, correspondence, vol. 18, file Aid to
Underdeveloped Areas 1945-57.

66 LePan, Bright Glass, p. 188.

67 Memorandum by Pearson on meeting with Secretary of State for Commonwealth Relations, 31 May 1950. LAC,

68 Australian High Commissioner to SSEA, 18 Feb. 1950, transmitting cable from Spender to Pearson. LAC, RG25,
vol. 4295, file 11038-40[1].

69 Australian Minister of External Affairs circular to Commonwealth governments, 3 May 1950. DCER 1950: 1207-9;
Canberra telegram 71, 11 May 1950, from Canadian delegation to Sydney conference, DCER 1950:1212-4;
"Economic Development in South and South East Asia: Memorandum by His Majesty’s Government in the United
Kingdom,” 1 May 1950, LAC, RG25, vol. 4295, file 11038-40 [1]. Little information was available on conference
plans, Canada’s commercial secretary wrote days before it opened, “and the whole Conference seems to rest on the
nebulous thesis that the Communist threat to South and South East Asia was imminent and some ‘action’ was
necessary immediately if the area was not to fall under its domination.” The counselor spoke with an enthusiastic
Spender. “I asked him if he had any definite plans in mind and he replied that he favoured ‘immediate action’ as
opposed to the United Kingdom approach of long term economic development of the area.” Letter from Bruce I.
Rankin, commercial secretary for Canada in Australia, to George Hasman, director of trade commissioner service, 3
May 1950. LAC, RG25, vol. 4295, file 11038-40 [1]. British officials in Canberra, meanwhile, “implied that the
Australians were floundering badly and didn’t really seem to know what they were doing and that only prompt United
Kingdom intervention had brought Australian thinking around to a more practical approach.” Canberra letter 278, 4

70 Spender’s statement on foreign policy, 9 March 1950, in Spender, Politics and a Man, p. 307-29. The interplay of a
sense of danger from the north and a sense of Australia as the leading regional power is ably described in Stewart
Doran, Western Friends and Eastern Neighbours: West New Guinea and Australian Self-Perception in Relation to the
‘Atlantic Pact’ of Asia.” Australians, especially in the imperialist-minded Liberal Party led by Robert Menzies, had long looked to the Commonwealth for their security and seen themselves as a European outpost far from the chaos of Asia. The Second World War had shown that Australia was vulnerable to the north and could not stand aloof from Asian affairs. The Chifley Labour government had found its answer to this new dilemma in support for moderate nationalists in the Republic of Indonesia, all the time under fire from Liberal critics. Now that the Liberals were in power, they sought a united Commonwealth approach, but one that would not relegate the affairs of Southeast Asia to a low priority. This, Spender wrote in a personal appeal to Bevin, was the reason Australia was pressing so hard for aid to Asia.  

Canada was marginal to the ongoing debates between the British and Australian governments, but lined up behind the British when major issues loomed. On 10 March, cabinet agreed to be part of the consultative committee, although the question of a contribution remained open. Instructions to the Canadian delegation to Sydney noted the importance of raising Asian living standards “if the spread of Communism is to be prevented” but ordered the delegation to steer clear of any financial commitments. At the heart of the British-Australian disagreement was a difference of opinion over how to bring the United States on board: Spender thought that the Commonwealth could begin on its own to show it was serious and the US would follow, while British and Canadian officials believed that the US had to be consulted at each stage. Asian members seemed content to swing behind whichever approach proved best able to win Washington’s approval. Canadian inquiries in Washington appeared to back the go-slow approach. So the Canadian delegation was free to follow its inclinations and instructions and oppose Australia’s “immediate action” push. Mayhew reportedly lost his temper with Spender’s “sledgehammer tactics,” an outburst which put an end to Australian hopes for immediate action.

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72 Spender to Australian High Commissioner in London, 4 May 1950. National Archives of Australia (NAA), A6537, SEATS 1.
73 Memo from Cabinet Secretary, cabinet document 130-50, 2 May 1950. DCER 1950: 1204-5.
74 “Instructions for the Canadian Delegation to the Meeting of the Commonwealth Consultative Committee on South and South-East Asia to be held at Sydney, Australia, the 15th of May, 1950,” 2 May 1950. DCER 1950: 1205-7. Italics in original.
75 Spender to Pearson, 8 May 1950, DCER 1950: 1211-2; Canberra telegram 71, 11 May 1950, from Canadian delegation to Sydney, DCER 1950:1212-4.
In the end, Spender had to drop his ideas for immediate credit to the area and a Commonwealth fund, leaving only an $8-million scheme for immediate technical assistance. Of that amount, Australia and Britain contributed the largest shares. Canada’s contribution was less than that of Ceylon.

Attention now turned to recruiting non-Commonwealth countries. For the Australians in particular, that meant Indonesia first and foremost. Yet the Indonesian government was reticent. Burma and Thailand also failed to jump at the opportunity. Only Bao Dai’s Vietnam accepted at once. Canada’s High Commission in Canberra reported that most non-Commonwealth governments were viewing the Plan with “caution, with here and there a tinge of suspicion....

Any of these non-Commonwealth Governments, having only recently obtained their political independence, were extremely wary of throwing in their lot with plans for economic development which might involve them deeply in some sort of economic dependence on the Western powers.”

British officials put the reluctance of the non-Commonwealth governments down to their administrative disorganization and inexperience, an allergy to ties with the West which had only been aggravated by UN reverses in Korea, and the desire of many to deal with the US on a direct basis rather than through a Commonwealth mechanism. Meanwhile India was proving hesitant about pushing the Plan, in part for fear that Southeast Asian countries would submit grandiose schemes dwarfing their own modest submission and cause them political embarrassment.

From Jakarta, British ambassador D.W. Kermode wrote to London warning that Indonesian leaders would respond very poorly indeed to anti-communist motives. They had no desire to cut links to the West, but were determined to pursue an independent policy. “Indeed, unless we wish to send Indonesia scuttling off in the opposite direction, we should not even whisper phrases like ‘common defence against communism.’ ... There could be no better wicket for the Communists to bat on.”

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78 UK delegation to Sydney, telegram to UK High Commission in Ottawa, 18 May 1950, to pass to Canadian DEA, from Canadian delegation to Sydney, DCER 1950: 1218-20; Commonwealth Consultative Committee final declaration, Sydney, 19 May 1950, in DSBCA 1931-52, 2:1053.
79 The Colombo Plan Story: 10 Years of Progress 1951-1961 (Colombo: Colombo Plan Bureau, 1961), p. 4. Australia and Britain eventually agreed to each pay one third of the total technical assistance programme. Annual pledges in British currency equivalent for the remaining third were: India £750,000, Ceylon £400,000, New Zealand £400,000, Pakistan £161,290, Canada £147,280. The Colombo Plan (London: British Information Services, 1964), p. 32.
For Canadian leaders, the only non-Commonwealth participation that really mattered was the United States (which in turn welcomed Canadian views as more objective than those of London). Canadian officials were alarmed to discover that the British had apparently not consulted Washington on a plan that would depend largely on attracting US funds, and particularly by the British failure to highlight "the real intention of the Colombo plan," anti-communist containment.\(^83\) When, in advance of the London meeting, the New Zealand government expressed concern that the meeting would turn into a "fiasco" due to the failure to get non-Commonwealth Asian countries on board, Ottawa replied that "[w]e have also been worried about possible fiasco but more because of danger that U.S.A. would not cooperate with programme than because of danger that non-Commonwealth countries in the area would not cooperate."\(^84\) Only on British advice did Ottawa revise its opinion to one that saw non-Commonwealth Asian participation as very important.\(^85\) In the end, fortunately for the Colombo-planners, Thailand agreed to join the Indochinese associated states in sending a delegation to the consultative committee's fall meeting in London, while the Burmese and Indonesian ambassadors attended as very cautious observers.

The final planning meeting of 1950, held in London, succeeded in producing a plan covering six years of development of Commonwealth Asia, based on chapters submitted by the governments of India, Pakistan and Ceylon, plus British territories in Malaya and Borneo territories. This approach echoed that of Britain's Colonial Development and Welfare Acts of 1929, 1940 and 1945 which called for modest, well-designed ten-year plans.\(^86\) The Asian Commonwealth governments prepared plans which the Canadian delegation considered "sensible, moderate and realistic... solid and sober," but the plans were limited because Asian governments knew the funds would be limited, far short of the hopes of Colombo. Since the Colombo and Sydney conferences, the cold war had come even more to the fore with the outbreak of the Korean War in June and the October Chinese intervention which sent American and allied forces reeling back. Delegates in London agreed the main lesson of Korea was that the West had failed to win

\(^{84}\) Wellington telegram 87, 9 Sept. 1950; SSEA telegram 76 to Wellington, 9 Sept. 1950. LAC, RG25, vol. 6574, file 11038-40 [3.1].
the support of Asian opinion. This had to be reversed, but a shift in opinion was only possible “if the peoples of Asia were given some real hope of an improved standard of living, which would involve financial assistance from outside the area.” Just as Canada’s attitudes to the Indonesian revolution had been affected by the formation of NATO in 1949, policies on aid to Southeast Asia were once again driven by cold war happenings elsewhere.

The Colombo plan report written in London closed with a clear appeal to the United States to pony up the money. It stated “the task of providing this financial support for the development of South and South-East Asia is manifestly not one which can be tackled by the Commonwealth alone. The need to raise the standard of living in South and South-East Asia is a problem of concern to every country in the world, not only as an end in itself, but also because the political stability of the area and its economic progress are of vital concern to the world.” External finance requirements were pegged at £1,084-million, with £246-million of that coming from release of sterling balances, and the rest to be covered by other countries. This was not an enormous sum: in Canadian dollars, it came to $5,000-million, less than the total amount invested in Canada in a single year. But it was beyond the amount Commonwealth governments felt willing or able to spend by themselves. “Participation of US [government] in arrangements for continuing consultation on development problems in South and SEA [would] be [a] natural consequence of US interest and work in this area,” the State Department telegrammed in response to questions from the British. But no American cash was available yet.

**Winning cabinet approval**

The British thought that the plan might be financed through a fifty-fifty split: half from the Commonwealth, half from the US and the World Bank. The amounts laid out implied a Canadian annual contribution of $50-million. That was far too much, John Deutsch of the Finance Department told British planners, but he thought Canada would probably have to kick in $20-million a year if the US signed on. Cabinet proved highly resistant, however. There had been some reluctance even to send Pearson to Colombo in the first place, and cabinet’s isolationist

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88 Colombo plan report, p. 62.
89 Colombo plan report, p. 3, 44, 63.
90 J.H. Warren, “The Economics of the Plan,” *Queen’s Quarterly* 61 #3 (Fall 1954), p. 329.
nationalists proved even more reluctant to make a financial contribution.\textsuperscript{93} It took a series of tense cabinet meetings in late 1950 and early 1951 before the government agreed to kick in $25-million for the first year, an amount tied to the initial estimate that the United States would contribute $200-million annually. Even then the grant was announced as conditional on other countries (a veiled reference to the United States) making appropriate contributions. There were three avenues of resistance in cabinet. The first lay in the traditional Canadian resistance to formal Commonwealth structures, with the suggestion that the UN was really the best place for this sort of scheme. The second was in a reluctance to go it alone without US participation, and the third in the plan’s expense and alleged lack of reality.

The attitude that Canada had developed without foreign aid, and therefore so should others, was also implicit in cabinet consideration of the Colombo Plan in 1950 and 1951. St. Laurent, no Commonwealth enthusiast, was concerned that the Colombo plan not duplicate UN efforts. Colombo and UN technical assistance should be coordinated or preferably merged, he argued when the matter was first raised.\textsuperscript{94} Once the capital assistance plan was written, the Prime Minister repeated the same concern, and Pearson was ordered to consult with UN officials led by former Canadian civil servant Hugh Keenleyside, Director-General of the UN Technical Assistance Administration.\textsuperscript{95} Cabinet finally approved an initial pledge of $850,000 towards the $20-million meant to cover the first eighteen months of UN technical aid, adding an additional $400,000 for the Colombo Plan’s technical aid component.\textsuperscript{96} The preference for UN programming was clear. But Pearson was unwilling to rule out non-UN channels entirely.\textsuperscript{97} John Holmes provided the counter-argument against merging the UN and Commonwealth schemes, noting that the Colombo technical assistance programme allowed Asia to be given a higher priority than the UN could give it, faster action, and support to “the primary political objective” of the Commonwealth programme, to demonstrate interest in Asia welfare.\textsuperscript{98}


\textsuperscript{97} Pearson to McDougall, 30 March 1950. LAC, RG25, vol. 4295, file 11038-40 [1].

\textsuperscript{98} John Holmes to acting USSEA Reid, 28 Sept. 1950. LAC, RG25, vol. 6574, file 11038-40 [3.1].
The second avenue of cabinet feeling against the Colombo plan lay in a reluctance to act without the United States. American reactions to the plan's publication were positive, but cabinet continued to resist a cash commitment until the US had also made a pledge. "For aid on any significant scale," G.F. Towers of the Bank of Canada wrote, "one must look to the country or countries whose productive capacity makes it physically possible for them to undertake the task. The outstanding country in this class is, of course, the United States." American disappointment in Nehru's international political role at this stage of the Korean conflict contributed to an unwillingness in Congress to aid his government — the opposite of the Canadian view, in which India was the key partner in the search for peace. "To Canada, this means that the economic foundations of the Colombo Plan become more shaky just at a time when the political desirability of Canada showing its support for India becomes more urgent," a despatch from Ottawa to New Delhi noted. External Affairs officials betrayed increasing aggravation over cabinet's delays in making a pledge. Part of their aggravation was over the threat being posed by cabinet stonewalling to the reputation they believed they were winning for Canada as a "responsible" foreign policy actor, a mature middle power that was helpful to others and a voice that others respected. "An active foreign policy costs money," an External Affairs memorandum to the Finance Department noted. A year later, Heeney reported that the department was not pressing for any reply on this, given "the lack of enthusiasm exhibited in cabinet for the Colombo Plan."

Finally, there were objections in cabinet to the Colombo plan's expense and alleged lack of reality. Canada lacked the US history of giving aid to Latin America, and only the extraordinary postwar circumstances had convinced Ottawa to provide aid to Europe. Asia did not have the presence on the mental maps of people like St. Laurent and Finance Minister Douglas Abbott to make the Colombo Plan an easy sale. At a cabinet meeting with the major Colombo Plan supporters (Pearson, Mayhew and Defence Minister Brooke Claxton) all absent, Abbott stressed the fact that India and Pakistan were squandering money on their military confrontation with each other and argued against a large Canadian contribution. "The attitude was icy" at the meeting,

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Plumptre reported. "The red herrings hatched in the Department of Finance reared their heads. Further, and most disappointing, the Prime Minister himself gave no support — rather the reverse."\(^{105}\) The day after this unpromising beginning, Mayhew weighed in with a personal appeal to St. Laurent. "I think it should also be emphasized that this may be our last chance of preventing conflict and aggression in Asia," he wrote. "For that reason it is vitally important for Canada to assume its full responsibility and its share in the cost of the program."\(^{106}\) Compared to spending in Europe, the Colombo plan was not expensive. Mayhew thought aid to Europe and Asia "balance[d] each other and that we should view the problems and the dangers in Asia with the same foresight and generosity as we do those of Europe. If we make sure of our friends in south and south-east Asia we will lessen the risk everywhere and strengthen the North Atlantic Pact."\(^{107}\) In Escott Reid’s recollection, Mayhew’s intervention mattered. The Fisheries Minister “had the confidence of cabinet because he had met a payroll, and of course Pearson had never met a payroll.”\(^{107}\) Still, Pearson weighed in. From the UN, he wired that he was concerned that cabinet’s failure to sign the Colombo plan could alienate India and Pakistan:

> This whole initiative, of which the Colombo report forms an important part, has always appealed strongly to me as one of the comparatively few effective steps we could take to strengthen the ties between Asia and the West. We have had occasion in the past few months to see more clearly than ever before how important these ties are to us; any action now which would seem to imply any decrease in interest on our part would be highly unfortunate.\(^{108}\)

In an attempt to win support from the influential C.D. Howe, the technical aid administration unit (which would be responsible for capital aid if the Colombo Plan was approved by cabinet) was placed within Howe’s purview as Minister of Trade and Commerce in December 1950.\(^{109}\) The battle over funds was fought most fiercely between Pearson and Abbott in January 1951. “Although we are still in the dark about much of Soviet strategy,” Pearson argued in a letter to his colleague, “its main outlines are now clear enough, I think, for us to see that we must retain some allies in Asia if we are to prevent the whole of the Eurasian land-mass from falling under Communist domination.” Aid could render recipient countries “at least partially immune from the attractions of Communist propaganda.”\(^{110}\) To St. Laurent, Pearson spoke of the “remarkably

\(^{105}\) Plumptre to Reid, 7 Nov. 1950. LAC, RG25, vol. 6574, file 11038-40 [4.1].

\(^{106}\) Mayhew to St. Laurent, 2 Nov. 1950. DCER 1950: 1268-70.

\(^{107}\) Reid oral history, in Stursberg, Pearson, p. 115.

\(^{108}\) Canadian UN delegation telegram 291, Nov. 2, from Pearson to Reid. DCER 1950: 1270-1.

\(^{109}\) Spicer, Samaritan State, p. 95.

enthusiastic response” of Canadian public opinion as shown in editorials in the French and English language press.\textsuperscript{111}

As a result of cabinet reluctance, the consultative committee meeting in Colombo in February 1951 opened with no word on a Canadian contribution. Instructions to the Canadian delegation opposed any central organization and avoided any financial commitments. They backed the American view that defence spending now took priority and recipients should therefore consider scaling back their requests, yet still worried that the US would press this view too bluntly. Cabinet instructed the Canadian delegation to work as a bridge between the British, with their understanding of Asian sensitivities, and the Americans.\textsuperscript{112} “We have realized that whatever we could do by ourselves and with others in the Commonwealth and in the United Nations, to assist in the strengthening of the democratic governments of India and Pakistan would be of great value to mankind,” Pearson argued in a memorandum to cabinet. “If successful, our efforts would lay a foundation for the peace of Asia in the long run and possibly, if we were fortunate, even in the short run. This was an objective which we could not measure in time or calculate with dollars.”\textsuperscript{113} On 6 February, cabinet finally agreed to a financial commitment. St. Laurent insisted that the grant be only for a single year, and publicly announced as conditional on a US contribution — or as it was worded, “only if other contributing countries were providing enough to give reasonable hope that the broad objectives of the Plan would be achieved.” The amount was agreed as $25-million, but much of this went in the form of a wheat gift to famine-hit India, relieving the capital pressure on Canada.\textsuperscript{114}

Underlying all these avenues was Canada’s own recent experience in economic development, perceived as one which had relied not on aid, but on foreign investment and Canadian ingenuity. Canadians did not go forth to proclaim the virtues of their country as a model for others to follow, but the pattern of the Canadian past and present experience of development nevertheless conditioned the attitude of policymakers. Canada’s journey “from colony to nation” was a story not only of political progress, but also of rapid economic growth. “Not so very long ago, in the early years of this century, our country would have been classed as under-developed;


\textsuperscript{112} “Instructions to Canadian delegation to meeting in Colombo, February 12, 1951, of the Commonwealth Consultative Committee on South and Southeast Asia,” 1 Feb. 1951, DCER 1951: 1051-4; Extract from Karachi despatch 111, 24 Feb. 1951, DCER 1951: 1066-72.

\textsuperscript{113} Memorandum for the cabinet, 1 Feb. 1951. LAC, LePan papers, vol. 7, file 73.

\textsuperscript{114} Extract from cabinet conclusions, 6 Feb. 1951, DCER 1951: 1055-6; Economic Division to USSEA, 29 Jan. 1951, LAC, RG 25, vol. 6575, file 11038-40 [5.2].
indeed there are large parts of it that should still be described that way," Minister of Public Works Alphonse Fournier told the UN Economic and Social Council. In Canada, he insisted, there had been no government grants, but rather an attractive investment climate. “People in my country will naturally ask why, if their own development is not subsidized, they should be asked to subsidize development in countries where, perhaps, the ‘climate for investment’ has not been so favourable.”

The first Canadian Colombo Plan administrator, R.G. Nik Cavell, was no isolationist, but this advocate of development aid also thought Canada had much to teach Asia about development based on a host of similarities.

We are new; we have recently emerged from colonial status; we have vastly improved our living standards; and we have done all this within a framework of democracy, capitalism and complete freedom. Could we not, without being too obvious about it, put our example before the South East Asian nations as one they might find it advantageous to follow? As a very prosperous young nation might it not be considered almost our duty to outline what we have achieved and how we have accomplished it?

Views of Canada as a model for Asian development were pervasive and came even at Colombo Plan meetings. “On the basis of our experience in the economic development of Canada I would say that the provision of private capital in various forms may be found to be an increasingly important vehicle for mobilising resources necessary to development.” Minister of Health and Welfare Paul Martin told the 1956 Colombo plan conference in Wellington. While taking pains to deny any intent of telling others how to develop their countries, he pointed out that “as the result of the interplay of private initiatives, our development has taken on in many respects a phenomenal aspect” and thus it was a good thing that the Colombo Plan’s annual report stressed the need for foreign investment.

The United States and the Colombo Plan

While the Colombo Planners sought American involvement, the United States was moving ahead with its own aid programmes to Asia. Point Four was embodied in the Foreign Assistance

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Act passed in June 1950. The US attitude to aid recalled the American past in the same way Canadian policymakers looked to their own country’s experience for development models. “Our own desire to help in making Asian prospects brighter has its origin in some of the deepest roots of the American heritage,” assistant Secretary of State for the Far East Walter Robinson told one Colombo Plan conference. “We see mirrored in the aspirations of many Asian peoples our own hopes and our own history. We see in their problems many of the same problems we ourselves faced and overcame in the days of our Founding Fathers and of a struggling new Republic.”

In the early years, aid to Southeast Asia was managed from a Congressional appropriation of $75-million for use in “the general area of China,” which included funds for such activities as training the Indonesian police. It was the shock of “the loss of China,” with its apparent indication military backing was not enough to shore up friendly regimes, that first spurred substantial US aid to Asia. American heads of mission gathered in Bangkok in February 1950 agreed that the United States “must support friendly Asian governments and cannot afford [to] withhold such moral, economic, military aid in our power to give and which will likely stiffen non-Communist governments, despite knowledge that some aid will be wasted. We are not alone but have friends and must insist on UK, Commonwealth, France, Holland bearing fair share burden.”

An emerging US mental map was in play here, one which based American military power on a “great crescent” of offshore islands that would serve as America’s Pacific “defensive perimeter.” Indonesia, “the perfect springboard from which Communism in Asia may be combatted,” was part of the defensive crescent, even if its government remained neutral for a few years. This assumption was also shared in Moscow, still excoriating the Indonesian Republic as a US puppet.

The first major initiative was a mission headed by Republican newspaper publisher Allen Griffin, which reported midway through 1950 with a call for $66-million in aid to Southeast Asia.
Within a year almost $50-million had been “obligated” (authorization for procurement approved) and more than $10-million had already arrived — blinding speed for a bureaucracy, in the recollection of Samuel Hayes, the mission’s number two man. Politically, Hayes wrote, the mission aimed to contain communism and forge alliances with Asian nationalists; economically, it aimed at keeping trade (and access to raw materials) open between Southeast Asia, the United States and Japan; militarily, it aimed to deny the area’s resources to China and ensure US control of the air and sea routes. Special Technical and Economic Missions (STEM) were set up in each country, headed by officials ranked second only to the US ambassador and authorized to negotiate directly with host governments. Indonesia was accorded a prominent place as a vital piece of restoring the triangular trade, potentially “one of the bastions of the free world, in an area where such potential bastions are notably lacking.” US officials made the Griffin recommendations available to their Canadian counterparts as the Colombo plan began to be thrashed out in Sydney, and pondered how the Commonwealth could be used to supplement American efforts.

The Korean War shifted US attention towards a focus on military aid. In 1950, spending under the Military Assistance Development Program (MADP) was one-third of the total spending on economic aid; in 1951 it was double the global economic aid total. Ten days after North Korean forces crossed the border, a military aid mission under John Melby was dispatched to Southeast Asia. The mission’s report decried the lack of coordination in US programming and called for an alliance with moderate nationalists. It called nationalism “a wind which can be slowed-down or speeded-up, changed somewhat in course, but now never reversed or brought to a halt.” Not enough had been done to make common cause with Asian nationalism against communism, which so far had been able to pose as a nationalist movement. “America without Asia will have been reduced to the Western hemisphere and a precarious foothold on the western fringe of the Eurasian continent,” the report concluded. “Success will vindicate and give added

126 SEA telegram 75 to Canadian delegation in Sydney, 13 May 1950, LAC, RG25, vol. 4295, file 11038-40; Policy paper by Assistant Secretary of State for Near Eastern, South Asian & African Affairs (George McGhee, drafted by Elbert Matthews, director office of South Asian affairs), 30 Aug. 1950, *FRUS* 1950, 6: 137-9. “Economic aid, which only we were in a position to provide on the scale required, was necessary to assure increased political stability and a more Western orientation” in South Asia, McGhee wrote later. George McGhee, *Envoy to the Middle World: Adventures in Diplomacy* (New York: Harper & Row, 1983), p. 213.
meaning to America and the American way of life.”

In September 1951, all US foreign operations were consolidated under the Mutual Security Act. Asia was to get US$535-million in military aid and US$237-million in economic aid. Acheson pitched for aid to “the vital crescent” from Afghan to Japan: “poverty, disease, illiteracy and resentments against former colonial exploitations are our enemies.... They represent turbulent forces which the Communist exploits at every opportunity.”

Acheson’s case for economic aid dovetailed well with what the Colombo planners hoped to achieve, and in South Asia at least, the US was inclined to accept the Commonwealth lead, while reserving Indonesia and the Philippines as its own sphere of interest. American policymakers resisted any sort of formal organization with a central budget, which accounted for the Colombo Plan’s eventual structure: an annual consultative committee meeting to discuss general developments and individual country plans, backed by bilateral contributions from the donor states. The United States agreed to join the Plan in 1951 but its bilateral aid to Asian countries was seldom described as part of the Colombo Plan.

As Canada announced its contribution in Colombo in February 1951, the US continued to resist pledges. But American dollars would soon start to flow into the development programmes of the region. In 1952, US aid to India rose from 7% to 35% of total American aid to South and Southeast Asia. Economic and technical aid, according to National Security Council directive NSC 124, could help in the US objective to “prevent the countries of Southeast Asia from passing into the communist orbit, and to assist them in developing the will and ability to resist communism from within and without and to contribute to the strengthening of the free world.” Events in China and Korea had drawn the US government irrevocably into Asian affairs, and thus into the world of the Colombo Plan.

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130 Mutual Security Act of 1951, Senate hearings, p. 5.
132 “Colombo Plan - Telegram Outlining United States position,” NA, Merrill C. Gay files, Commonwealth Conference, 1950; US position paper on 1951 meeting in Colombo, 12 Feb. 1951, NA, Merrill C. Gay files, Colombo Consultative Committee 1951. The office of Philippine and Southeast Asia affairs wished “to avoid the position whereby the blessing given by the Commonwealth Conferences to large, long-range and in part unscreened economic spending programs would leave us the role of the unimaginative, good-natured uncle with a fat billfold who is useful only because he can pay for the daring, forward-looking conceptions credited to the British.” PSA memo to Merchant (FE), 17 Oct. 1950. NA, Merrill C. Gay files, Commonwealth Conference, 1950.
133 Wolf, Foreign Aid, p. 127, 139, 403; NSC 124/2, FRUS 1952-4, 12: 125-34.
Shifting attitudes in Canada, 1951-53

The Colombo plan remained the subject of debate within Canada, but the acrimony of the cabinet fight of 1950-51 was gone. Although Pearson was unable to win an ongoing commitment, cabinet approved another $25-million each year.\textsuperscript{134} The commitment to international aid became part and parcel of Liberal Ottawa’s embrace of domestic economic planning by civil service “mandarins.” Welfare measures at home were accompanied by welfare measures abroad. St. Laurent made the link explicit: “We cannot neglect the less fortunate within our own midst, nor can we ignore the plight of nations less fortunate than our own.”\textsuperscript{135} When it came time to consider extending the Colombo Plan past its initial six-year period, there were no objections. Virtually everyone agreed that Canada was a paying member of a plan that was, on the whole, successful in its aims. Although early press reaction saw Canada’s initial $25-million ante as ungenerous,\textsuperscript{136} policymakers’ hesitation of 1950 had been replaced by enthusiasm due to public opinion and a growing desire to differentiate Canada from the United States. Almost imperceptibly, the Colombo Plan became a central item in the rhetoric of Canadian foreign policy. It was mentioned more and more in the press, in ministers’ speeches, and in international meetings as part of what Canada was trying to do — and be — in the global arena. In this new reading, Canada did not lean on military aid to Asia as the United States did: it sent selfless economic aid. Canada tried to help Asians to help themselves. Canada was taking part in a new form of international organization, a new bridge that started with the Commonwealth but was now far more, a bridge that linked the West with Asia. “Our Asian policy must comprise much more than mere opposition to Communism,” Pearson said. “We must have a positive policy and convince the peoples of Asia, by deed and word, that free democracy is a vital liberating force and can do more for the individual, and society, than Communism can ever hope to do.”\textsuperscript{137} The press reaction, even in


\textsuperscript{137} CBC New Year’s broadcast, 1 Jan. 1954, \textit{Ext. Affairs} vol. 6 #1 (Jan 1954), p. 35. Under-Secretary Jules Léger asserted: “L’entousiasme avec lequel le Plan a été acueilli, tant en Asie qu’on Occident, et particulièremment dans notre
non-Liberal circles, was similar. "No such coming together of East and West could happen anywhere but in the British Commonwealth," according to a Globe and Mail editorial. The only hope for success was "American acceptance of the Commonwealth's lead" in a non-military strategy.138

In the rhetoric of politicians like Pearson and in the media, a sharp dichotomy was emerging, one that pitted economic versus military aid as opposing strategies. Privately, Pearson conceded that the dichotomy was false. Compared to Canada's $100-million, the US had spent more than $4-billion on non-military foreign aid. Canada was "to say the least, not doing its share in this field."139 Walt Rostow had not yet crystallized the thinking of modernization theorists in his Stages of Economic Growth: A non-communist manifesto. Yet this type of thinking, the belief that communism was a scavenger on the modernization process that preyed upon less developed societies as they faced the challenge of modernity, was already implicit in foreign aid schemes resting on anti-communist foundations, including the original Colombo Plan report. Leaders of recipient countries like Nehru agreed that the best weapon against communism in Asia was not military alliances, but help in raising standards of living. Indonesian diplomat L.N. Palar was expressing a widespread sentiment when he said that economic deprivation "constitutes a wonderful breeding ground for Communism."140 The Colombo Plan was an exercise in nation-building different mainly in tone from what the United States was doing in Vietnam: softer, but of the same substance. Nor was Canada's aid programming free of the military taint. Operationally, aid went through two crown corporations, the Canadian Commercial Corp. and Defence Construction (1951) Ltd. "We have stated many times and in many places that our Canadian Colombo Plan aid is not given to bolster our defence position anywhere; that we are only concerned with assisting South East Asian governments in the task of raising living standards of their people, etc., etc," Colombo Plan administrator Nik Cavell wrote. "Officials from these pays, a fortement contribué à affermir les liens qui unissent l'Ouest a l'Asie." Text of Radio-Canada interview with Jules Léger, 14 Oct. 1955. LAC, vol. 6590, file 11038-5-40 [2].

countries visiting here have commented in private conversations how untrue our protestations ring when they have seen how we actually operate."\textsuperscript{141}

When Canadians stressed the dichotomy between economic and military aid, what they were actually doing was comparing “altruistic” Canada to “militaristic” America. Even as Canadian policymakers worked to bring the United States out of isolationism and into a position of world leadership, they were disillusioned with how the Truman and Eisenhower administrations handled America’s new, predominant position. US cold war policy meant Ottawa had to let go of its dream of a North Atlantic community bound not only by military defence, but also by ever-closer economic, social and cultural ties. Disagreements over the Eisenhower-Dulles Asian strategy heightened the process of mutual disappointment. The Eisenhower administration’s decision to fold Point Four programmes into the new Foreign Operations Administration in 1953 changed the original Point Four visions, “enkindled by both missionary zeal and a measure of enlightened self-interest,” into nothing more than “an instrument of America’s cold war policy,” according to a disapproving analysis by one External Affairs officer.\textsuperscript{142} With the Liberal government becoming aware of the dangers which closer ties to the United States posed to Canadian nationalism, one apparent means to counter the trends of continental integration was to highlight the independent aspects of Canadian foreign policy, without going so far as to depart from loyalty to the leader of the North Atlantic alliance. The days of easy relations with Washington were over, Pearson famously said.\textsuperscript{143} The image of the altruistic Colombo Plan, a bridge to Asia and Asian neutrals despised by Foster Dulles’ State Department, was a significant part of the process of Canadian distancing from US policy, even while continental economic links grew.

Public enthusiasm for the Colombo Plan both led and was shaped by a shift in the rhetoric of Canadian aid towards purely humanitarian motives. The monthly \textit{External Affairs} could by 1953 print an article expressing “the urgent need for something to be done to help the peoples in that region towards a better life” that made no reference to the cold war.\textsuperscript{144} By 1956, Pearson was arguing that cold war motives could not guide foreign aid. Canada should give aid, he said, for three reasons: pure humanitarianism, “the recognition that it is in our own interest to live in a

\textsuperscript{141} Nik Cavell, “Memorandum on Colombo Plan administration as at present and some suggestions for future organization,” 27 Sept. 1956. LAC, RG25, vol. 7337, file 11038-40 [20.3].

\textsuperscript{142} Memorandum by Guy Choquette, Economic Division, 9 Oct. 1953. LAC, RG25, vol. 8389, file 11038-40 [14].


world where prosperity is more universal," and "the hope that economic aid can serve the cause of peace; because the stronger any free nation is, the less chance there is of aggression and war." Hard-headed foreign minister Mitchell Sharp later reduced that to one, claiming in 1961 that "the inspiration for what we do must be essentially humanitarian and unselfish." Canadian public support far exceeded that in Australia, the Colombo Plan's official sponsor. Foreign Minister R.G. Casey was a big supporter of the Colombo Plan, but continually had to convince skeptical cabinet colleagues. He lacked the "perfect relationship" with his Prime Minister that Pearson had with St. Laurent, and the resultant freedom of action.

Both technical assistance and later capital aid were tied to spending in Canada. The trade imperative had been there from the beginning. A 1950 External Affairs paper worried that "much of our post-war external policy, political as well as economic, has been aimed at restoring the economies of the United Kingdom and Europe and tying together, with closer bonds, all the countries surrounding the North Atlantic Ocean. We shall be hindered, not helped, in these aims if our trade overseas shrinks too far." At the time Trade and Commerce Minister C.D. Howe had seemed uninterested. By 1952, however, Howe was waxing eloquent about the Colombo Plan's trade benefits. The concrete rewards to Canada helped build public support for the Colombo Plan, as did the desire (re-channeled from the vast Asia missionary enterprise) of Canadians to help poverty-stricken Asia. It seemed tailor-made to meet the public mood of altruism. Sixteen newspapers had commented on the Colombo plan when it was first published in December 1951, with all but one (Le Matin of Montreal) in favour. "Every Canadian who is devoted to peace will applaud the participation of Canada in such an enterprise," commented Le Devoir. "This method of battling against Communism is more effective than a rearmament race." The Winnipeg Free Press endorsed the plan, saying: "As for Canada, the Government should have no hesitation in making the largest possible contribution to the total effort. No Government has been more

146 Spicer, Samaritan State, p. 6.
148 Casey diary, 25 April 1954; English, Worldly Years, p. 49.
150 Howe speech to Vancouver Board of Trade, 29 Jan. 1952; Memorandum for the Minister, 4 Feb. 1952. LAC, RG25, vol. 6576, file 11038-40 [9.1].
151 The evolution from conversion efforts to technical and other forms of assistance is evident, for instance, in the files of the United Church of Canada's Board of Overseas Missions (now the Division of World Outreach), Fonds 502 of the United Church Archives.
emphatic and insistent in its view that the free world cannot be defended by military means alone, that Communism is spawned by poverty and withers where people have the chance of a tolerable life." And the *Victoria Colonist* called the Colombo Plan "the West's best answer to the Communists." Ministers' mailboxes began to fill up with letters praising the government for the Colombo Plan, but calling for more money to be spent on aid — from organizations as diverse as the Ministerial Association in Almonte, Ontario and the Canadian Congress of Labour (which wanted aid quadrupled from $25-million to $100-million a year). The chief Colombo Plan administrator in Canada reported that he was "deluged" with requests for information. Pearson acknowledged the public support after a parliamentary foreign affairs debate in February 1951, saying the government was "conscious that Canadians, as individuals — and this has been clearly reflected in the press from one end of the country to the other — wish to contribute to the success of this plan."

Canada's Colombo Plan activities were handled through a special unit in the Department of Trade and Commerce, the International Economic and Technical Cooperation Division, reporting to an interdepartmental committee headed by External Affairs. The unit's head was Nik Cavell, a British-born former officer in the Indian Army. One of the first naturalized Canadian citizens, Cavell left his posts as head of Automatic Electric Canada and chair of the executive committee of the Canadian Institute of International Affairs to run Canada's Colombo Plan effort. He was a pioneer in pressing for Canada to give foreign aid, a cause he had been pursuing for several years. His job was the administration of the programme: finding the best supplier for railway ties, recruiting engineers, and the like. But he was also a prolific speech-giver, a public figure with access to the business world and a passionate believer in his work whose information activities were vital to building the Plan's support in Canada. He believed that "we

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have a bigger job here in Canada in convincing people of the absolute necessity and rightness of
the Colombo Plan, than we have in South-East Asia.” In that job, he was notably successful. A
typical Cavell speech noted that the world was in chaos, totalitarianism and conflict endured
despite two world wars, and foreign aid was the best antidote to communism. The Marshall Plan,
for instance, had “dealt a blow to communism in Europe from which it has never fully recovered.
In other words, when we, the Democratic Powers, gave aid and leadership, Europe followed us....
But whilst the Democratic Nations have been reconstructing Europe the Totalitarians have been
busy making confusion worse in poverty stricken Asia.” Thus the great need today was for the
Colombo plan, which was even more crucial for humanitarian reasons. The Colombo plan could
“build that bridge between East and West which is so vitally necessary.” Business people could
then “march across that bridge” and “bring these long neglected people into the orbit of our
prosperity.”

Despite the shift in emphasis surrounding the imperatives of foreign aid, the need to meet
the Soviet aid challenge also helped sustain Colombo Plan spending. Lest anyone take the
humanitarian rhetoric too literally, there was a periodic reiteration of the true goals of the Plan
within official Ottawa. An interdepartmental group of planners conducting the first Colombo Plan
assessment in 1957 concluded: “The primary objective of the Canadian government in
contributing to the Colombo Plan is political. Basically it is to offer some hope, and to provide a
sense of international co-operation, to the ruling and politically effective groups in Asia
countries.... In doing this we hope to reduce the attractiveness of Communism to these groups as
an alternative and desperate solution to their problems.” Indonesia became one of the main
battlegrounds of this superpower aid competition.

Indonesia joins the Colombo Plan

Indonesia as it emerged from four years of revolution looked set to become a pro-Western
country, neutral in form yet practicing a “benevolent neutrality” that leaned towards the West. Its
English-language name, the Republic of the United States of Indonesia, suggested the direction it
would lean. Indonesians soon moved to “complete” their independence by casting off the

158 Cavell to acting head of Economic Division, 26 Nov. 1951. LAC, RG25, vol. 6575, file 11038-40 [8.2].
159 Cavell speech to joint meeting of the Canadians Importers’ & Traders Association and the Canadian Exporters’
160 “Colombo Plan Operations,” memorandum by Assistant Secretary to Cabinet based on interdepartmental group
patchwork sewn together by the old colonial master, transforming the Frankenstein’s monster that was RUSI back into a unitary Republic of Indonesia. Even so, Indonesia remained West-leaning, with the United States seen as a useful counterbalance to remove Dutch influences. The model was non-aligned India, tempered by an awareness that Indonesia’s geography placed it more in the American sphere of influence. Nehru visited Indonesia soon after independence, the two countries signed a treaty of friendship, and India provided any number of influences, from military training to diplomatic example.\footnote{India-Indonesia Friendship Treaty, 3 March 1951, in Foreign Policy of India: Selected Documents 1947-59 (New Delhi: Lok Sabha Secretariat, 1959), p. 55-6; B.D. Arora, Indian-Indonesian Relations (1961-1980) (New Delhi: Asian Educational Services, 1981), p. 18-33.}

When a Canadian diplomat brought up Nehru’s warning against new forms of colonialism with Ali Sastroamijoyo, the Indonesian ambassador to the US quickly agreed. “He remarked that his fellow countrymen could not be expected to love the Dutch, but agreed with me when I said that one did not expect that but wanted them to be alive to the dangers of being subjected to much worse masters than the Dutch had ever been.”\footnote{Minute on meeting with Indonesian Ambassador, n.d. LAC, RG 25, Series B-3, vol. 2163, file Correspondence on Indonesia, 1950.}

Indonesia carefully balanced its UN voting between the superpowers. From 1951-53, when the US and USSR voted on opposite sides, Indonesia voted with the Americans 23 times and the Soviets 22 times. The bulk of votes on the Soviet side, however, came on colonial issues: on cold war matters, Indonesia tended to favour the US side.\footnote{Summary voting records of Indonesian UN delegation, Library of Congress (LOC), Jeanne Mintz papers, Box 51, UN delegation voting records 1951-3; Dua Puluh Lima Tahun Departemen Luar Negeri 1945-1970 [Twenty Five Years of the Department of Foreign Affairs] (Jakarta: Dept. of Foreign Affairs, 1971).}

Mohammad Rum, Foreign Minister in 1950, defended Indonesia’s neutral policy as a temporary expedient. “True, it is a negative policy,” he said, “but we cannot tell our people yet that they are ranged on one side or other for war purposes; first we must give them food and clothes and build up our economy so that we can make our contribution to the world’s needs and draw from the world our needs. Culturally and economically our course is developing in the direction of the West.”\footnote{Michael Davidson, “Indonesians Look Westward,” The Observer, 14 April 1950. On Indonesian foreign policy in this period, see Ide Anak Agung Gde Agung, Twenty Years Indonesian Foreign Policy 1945-1965 (The Hague: Mouton, 1973), p. 79-267; Mohammad Hatta, “Indonesia’s Foreign Policy,” Foreign Affairs 31 #3 (April 1953): 441-52; Michael Leifer, Indonesia’s Foreign Policy (London: George Allen & Unwin, 1983), p. 27-45.}

The understanding was the same in Washington. Acheson accepted the necessity for a new and uncertain Indonesian government remaining neutral “for a reasonable length of time” but said Indonesia had to understand “that in struggle between USSR and free world Indonesian choice is not only inevitable but has been made.”\footnote{Secretary of State to Embassy in Jakarta, 15 Aug. 1950. FRUS 1950, 6: 1039-40.} His successor Foster Dulles made the same comparison to the
early, neutral days of American independence. Despite its protestations of non-alignment, Indonesia ultimately followed US policy. After calling for a Japanese peace treaty which would include the USSR and China, it broke ranks with India and Burma to sign the treaty worked out by American and Japanese negotiators, in exchange for US help in obtaining a better reparations deal and in hopes of diversifying technical assistance sources to include Japan. Indonesia agreed to an embargo on rubber imposed after a US-backed resolution at the UN declaring China an “aggressor” in the Korean war. Even when Ceylon made a sale to China, Indonesia maintained the embargo. Although Vietnam was waging an independence struggle similar to Indonesia’s own, Jakarta declined to recognize Ho Chi Minh’s government.

Parliamentary cabinets exercised real power in the early 1950s. Although the Prime Ministers changed with alarming frequency, the cabinets of Hatta (1949-50), Natsir (1950-51), Sukiman (1951-52), and Wilopo (1952-53) were all headed by pro-Western, European-educated, pragmatic politicians concerned above all with the task of economic development. The largest component of each coalition was the moderate Islamist Masyumi party, Indonesia’s equivalent of Europe’s Christian Democrats. In Herbert Feith’s schema, these cabinets were dominated by “administrators” with the legal, technical and practical skills needed to run a modern state, as opposed to the “solidarity makers” like Sukarno whose talents lay in charismatic mass organization, symbol-making and the other less tangible methods of nation-building. The administrators represented nation-building as understood in the West, careful progress towards the goal of economic development within the capitalist world system, while the solidarity makers made Indonesia live in the minds of its people, and alone had the means to build public support for any government development programme. Sukarno offered an alternative vision of the division within the Indonesian elite. The first group, he said, were the Westernizers, who asked: “If the ideas of the West were adopted in all their glory, would not Indonesia undergo a similar social and economic metamorphosis? Could we not learn from the West, could we not beat them

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166 Memorandum of conversation between Dulles and Sukarno, Jakarta, 12 March 1956. NA, RG59, Bureau of Far Eastern affairs, subject files 1956, Lot 58 D 3, Secretary’s Visit to Indonesia March 1956.
168 Palar to Trygve Lie, Secretary-General of the UN, 5 July 1951, in “Additional measures to be Employed to Meet the Aggression in Korea: Reports from Governments,” UN document A/1841, p. 22-3.
at their own game?” On the other hand, there were “the modern Zealots, [who] hated all
demonstrations of colonialism” and with it “all manifestations of the West from which that
colonialism had come. They were archconservatives, seeking a return to the golden days of
Indonesian culture, to the pre-colonial days.” Sukarno called for a synthesis. “We don’t aim to tear
off the skin of our cultural and social face, and put on a European or American mask. What we of
Indonesia are aiming at, is to rejuvenate our own precious cultural and social heritage by opening
our doors for influx from the West.”

The question of foreign aid was integrally caught up within this division of Indonesian
leadership. Nation-states, Benedict Anderson has suggested, locate themselves somewhere in the
space between the competing interests of the state as an institution and the nation as a
participatory society. The shifting balance between them is well illustrated by the Indonesian case.
The colonial East Indies state was the focus of opposition for early nationalist leaders like
Sukarno. The independent Republican state was a weak one, drawing what legitimacy it possessed
from the stature of the nationalist leaders themselves. Independent Indonesia emerged with a state
apparatus that was weak in military, economic and administrative terms, in which there was
extensive “penetration of the state by society.” The state began to strengthen as power shifted to
the army after martial law was imposed in 1957. The army and other state-oriented actors then
took power after 1965, establishing a regime that “is best understood as the resurrection of the
state and its triumph vis-a-vis society and nation.” Poised between state and societal interests,
Indonesians maintained a continual ambivalence about foreign aid. The early cabinets wanted
foreign aid and were willing to do what it took to get it as they sought to build the state-nation.
Sukarno and others, by contrast, were more concerned with building the society-nation, the one
that lived in the minds of Indonesian citizens. This in its own way was a constructive work, too.
The Indonesian nation was tenuous, united briefly for the common cause of anti-colonial
revolution, and the constructive task of the solidarity makers was to build the nation in the minds
of Indonesians. At a 1956 speech to the National Press Club in Washington, Sukarno offered an

24-6, 114-22, 303.
171 “Herodians and Zealots in Indonesia, Speech by President Sukarno at ceremony of receiving doctorate honoris
insight into one of the main problems of contemporary Asian nationalism, and the main cause of “administrator-solidarity maker” divisions:

For generations the political leaders of colonies work and aim for the destruction of the colonial governments.... Then by one means or another, there comes independence. Immediately that already weakened nation - weakened by colonialism and the struggle against colonialism - immediately that nation must begin to seek a re-orientation. Not destruction, but construction; not opposition, but support; not conflict, but co-operation. Is it surprising that sometimes independence proves to be a heady wine?  

Although he was fond of saying Indonesia was self-evident from a glance at the map, Sukarno must have known this was far from true. His most quoted definition of a nation was Ernest Renan’s formulation, “le désir d’être ensemble.” The nation was a mental construct, made real in the minds of its people, and mental nation-building was the vital task.

With independence achieved, Indonesia’s new leaders saw development as the main task. Belying the idea of a clear-cut administrator-solidarity maker paradigm, so did prototypical solidarity makers. As early as 1947, Sukarno had differentiated Indonesian nationalism from that of Gandhi by saying it was modern rather than traditionalist. Development and sovereignty went hand in hand: “Upbuilding is the most important for the achievement of our ideal, e.g. a society within which everyone can eat and live happily. Upbuilding is necessary for the uplifting of our soul.... Indonesia must be a strong country packed with factories. This is our utopia.” Indonesians had to have “a daring soul, the soul of builders.” Sukarno’s synthesis, in its early form, sought development, but above all his nation-building was focused on the conjuring of national unity throughout the diversity of the archipelago, healing the wounds of revolution and making the nation whole. Indonesia was “one body which felt the pain if any part of that body was hurt,” he said in a speech celebrating the inauguration of the unitary state on 17 August 1950.

Development required foreign assistance, but Indonesians were unwilling to rely too much on the recent colonialist enemy despite their agreement to take part in a loose Netherlands-Indonesian Union modelled on the Commonwealth. Resentments lingered from the revolution, and any chance of friendly relations based on the independence settlement were dashed by its terms. Indonesia entered statehood saddled with onerous debts to the Netherlands and other countries including Canada, some incurred as part of the cost of the Dutch colonial war. This

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175 Sukarno speech to Youth League for the Development of Indonesia, 12 Jan. 1947. LOC, Mintz papers, UN delegation, chronological, 1947 [1]).
176 Sukarno speech, 17 Aug. 1950. From Sabang to Merauke (Jakarta: Pertjetakan Negara, [1950]).
sharply limited development spending as the new government prioritized paying its debts. In addition, the Dutch had retained West New Guinea as a colony, supported by both the United States and Australia.\textsuperscript{177} When the issue caused deadlock, American and Australian mediators stepped in to suggest that it be postponed: sovereignty over Indonesia would be transferred immediately, with control of West New Guinea to be settled by talks over the next year, and convinced both sides to accept these terms.\textsuperscript{178} The goal in delaying the issue was to give the Indonesians and Dutch a year to begin working in partnership, rather than as adversaries, and to allow Indonesia to solidify under the leadership of pro-Western moderates. In Indonesia, however, the lingering presence of empire was a continuing irritant. Along with the popular movement to sweep away the patchwork federal system in favour of a unitary Republic of Indonesia, this doomed the hopes for a good working relationship within the Netherlands-Indonesian Union. During 1950, when negotiations were meant to resolve the status of West New Guinea, the Australian government in particular exerted itself to prevent the territory from going to Indonesia. Canberra even demanded that if the Dutch were considering handing West New Guinea over to another power, that power should be Australia.\textsuperscript{179} Indonesian-Dutch talks failed to find a solution and the position of both sides hardened. As Sukarno and others whipped up public fervour, Western analysts revived the old dichotomy of “extremist” versus “moderate” nationalists, with Sukarno now classed as an extremist.\textsuperscript{180}

Some Indonesians agreed with the vision of Dutch-Indonesian cooperation. “The Colonial link has been transformed into a friendly and voluntary co-partnership, based on equality and beneficial for both partners,” in the optimistic formulation of Subandrio, Ambassador to Great
Britain. Canadian officials shared these hopes. “If the Commonwealth provides in some measure an association bridging east and west,” High Commissioner Dana Wilgress mused from London, “may it not be that the Netherlands-Indonesian Union, in its own way, could perform a similar function?” The West New Guinea dispute made that impossible. “Co-operation as it now exists will therefore become lifeless and inactive,” Prime Minister Natsir said as talks on West New Guinea failed. Dutch Overseas Territories Minister van Maarseveen was unmoved, declaring “the time has come for the Dutch Government to say ‘no’ to their Indonesian friends, who are behaving like spoilt children crying for a toy.” Each successive cabinet in Jakarta made the restoration of the territory part of its programme. President Sukarno made the issue his own, parlaying it into an active political role for himself, rather than retreating into a ceremonial figurehead position. The issue also provided a return to respectability for the Indonesian Communist Party, disgraced by its 1948 rebellion but now able to transform the West New Guinea struggle into a mobilizing platform. In March 1951, the Dutch cabinet decided to put the issue in an “icebox” and henceforth refused any further negotiations. The Netherlands sought to cement its chief allies to its side by comparing its troubles with Indonesia to British troubles with Egypt and American troubles with Iran. The position of most Western powers became one of “cold storage.” The dispute seemed irresolvable: to take a side or even call for restraint would be to risk “a punch on the nose from one or other of the parties,” in the words of one British official.

Indonesian-Dutch tensions over economic relations and West New Guinea combined with dislike of the attitude of Dutch advisers. “They are outspoken in their conviction that the Indonesians cannot administer the country, and Indonesians are apprehensive of taking their advice,” the US Griffin Mission reported. It was clearly important to replace them with some other country or institution. Ambitious schemes calling for the technical training of 2,500 Indonesians abroad and 15,000 at home had to be abandoned when the limited extent of US aid

became clear, but US technical help was accepted almost immediately. The United Nations offered another technical aid source, one freer of the risk of foreign domination, and Indonesia embraced it with enthusiasm.

Indonesia policymakers were skeptical at first about the Colombo Plan, fearing it as a possible avenue for Western domination, but there was also interest in obtaining aid from a new source. In many ways Indonesia was the key to the success of the Plan extending beyond the Asian Commonwealth. Along with India and Pakistan, Pearson thought, it had the greatest future in Asia. But Indonesia and Burma proved reluctant to risk their neutralist principles, while Thailand and the Philippines were already well able to access American funds and saw little advantage to a Commonwealth scheme. This meant sensitive handling was needed. Dana Wilgress, who thought South and Southeast Asia were “almost a decisive element in the balance between East and West,” compared the Colombo Plan to “courting a potentially powerful, if suspicious, widow, (lately bereaved of her imperial husband). Our suit is not helped by the superficial resemblance to the ‘dear departed.’ The romance, therefore, calls for the utmost tact and discretion....” The need to entice Indonesia into the Colombo Plan meant insistent Dutch overtures for membership had to be rejected. Although Pearson ordered Canadian support for the Dutch application, the thought of having the Netherlands (as well as France) on the consultative committee was squelched by India, which felt it would reduce the chance of Indonesian and Burmese membership. The British, at least, seemed willing to wait on Indonesian participation, content to have Indonesian observers in London in 1950, Colombo in 1951, and Karachi in 1952. In the meantime, they encouraged Indonesia to “look upon the Commonwealth as friendly and...
helpful" by offering technical aid and encouraging India and Pakistan to provide military training.  

The pattern of the Indonesian economy offered no concrete enticements to join the Colombo Plan. Where India and Pakistan had the chance of continuing to draw on their sterling balances, Indonesia's economic ties to Europe lay largely in the Dutch control of the export sectors of the economy and in the large national debt to the Netherlands. It had access to Dutch and to a lesser extent American technical assistance. The Colombo plan offered the prospect for Australian help, but this was insignificant in comparison. Even without joining, Indonesia was able to send 49 students to study in Australia, 11 to Britain and two to India under the Colombo Plan. When Burma and Nepal joined in 1952, Indonesia remained aloof. The Sukiman cabinet (1951-2) especially relied on promises of American aid: so much so that it was willing to sign an official commitment to the defence of the "free world" in order to gain US aid under the Mutual Security Act. This departure from Indonesian neutrality caused a scandal that toppled Sukiman's government, especially after it was revealed that Indonesia had not had to sign the terms to get economic aid (in short, Ambassador Cochran had lied to Subarjo). US economic and technical aid to Indonesia, over $8-million in 1952, was slashed by Congress to $3.56-million in 1953. The bad feelings and delays in negotiating a new deal meant the effective loss of almost a year of technical assistance programming. American aid was always well below Indonesian expectations, with successive US ambassadors urging reductions. In 1954, Indonesia was getting just 15 cents per capita in total foreign aid, compared to the average $100 per capita for Marshall plan aid to Western Europe.  

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Worst of all, fluctuations in raw material prices spelled troubles for the Indonesian economy and the government’s budget. An extremely narrow export base rested on rubber (as much as 60% of exports by value), petroleum and products, and tin — between them, the three primary products accounted for almost two-thirds of the country’s exports.\textsuperscript{200} Between June and November 1950, raw material prices rose 40%, soaring on the strength of US stockpiling programmes of strategic materials during the Korean war. They would climb another 20% before the boom ended. US rubber imports from all countries quintupled between 1949-51 to become the number two import by value.\textsuperscript{201} Indonesia “sailed before the wind” of high raw material prices, in the words of sometime cabinet minister Sumitro.\textsuperscript{202} But the wind quickly died and Indonesia’s economy was becalmed. For all the exporting countries of South and Southeast Asia, the Korean War boom transformed deficits into surpluses. But this trend back towards prewar price levels had reversed by 1952, when rubber prices fell to less than half their 1951 value.\textsuperscript{203} Throughout the region trade flows contracted sharply as the boom ended and most states entered substantial deficits. Seven of the eight main products of the area (rice was the one exception) depended on demand in industrialized countries.\textsuperscript{204} While development plans were carefully laid, the head of the South Vietnamese delegation noted at one consultative committee meeting, “we are helpless before the fluctuation of prices.... Our economies, our budgets, and consequently our very plans are at the mercy of changes in world prices which are beyond our control.”\textsuperscript{205} Indonesia was hard-hit by the end of the boom: a 1951 budget surplus of 1,200-million Rupiah became a 1952 deficit of Rp. 4,328-million.\textsuperscript{206} Foreign exchange was vanishing faster than any other country in the world during 1952-54. With deficits financed through borrowing from the Bank of Indonesia, the government was forced to suspend the statutory minimum reserve requirements and impose


\textsuperscript{202} “Indonesia,” \textit{Public Affairs} (Halifax), Spring 1951, p. 13.

\textsuperscript{203} Rubber, trading at an average 4s. 6d. a pound in 1951, fell to 2s. 3d. in 1952 and was just 1s. 5d by mid-1953. Colombo Plan report, 1952, p. 9; Colombo Plan report, 1953, 1953, p. 5; Indonesia draft country chapter for 1953 Colombo plan report, LAC, RG25, vol. 8390, file 11038-40 [FP16].


\textsuperscript{205} Speech by leader of Vietnam delegation, M. Nguyen-Chau, \textit{The Colombo Plan: Meetings in Wellington}, p. 81-5.

\textsuperscript{206} Indonesia country chapter, Colombo plan report, 1953, p. 38.
import restrictions in order to meet the crisis. Some of the biggest cuts came to development spending plans.

Coupled with the high prestige of India, the new economic troubles and disillusion with American aid promises were enough to convince Indonesia to join the Colombo Plan at the 1953 conference in New Delhi. Canadian officials noted that the Indonesians would be “weak sisters” at Colombo Plan meetings but that their “turn towards the Colombo Plan in Indonesia reflects a desire not to be drawn into the United States military orbit.” Indonesian press reaction was generally favourable. “The Indonesian government’s decision to join the Colombo Plan is important, not only politically as a balance against American aid to Indonesia but also to open greater possibilities for cooperating more intensively with other South-East Asian participants in the Colombo Plan,” one newspaper commented. The UN Technical Assistance Mission in Indonesia welcomed the government’s decision and its endorsement of “the international character of the Colombo Plan as distinct from other bilateral programmes.” Australia moved swiftly to provide aid, which helped to “keep relations sweet” despite differences of opinion over West New Guinea and other issues. Yet even as a member, Indonesia remained suspicious of the motives of donors. “The Indonesian Delegation on several occasions made statements which indicated that their country still had doubts concerning the political advisability of accepting foreign economic aid,” according to a Canadian report on the New Delhi conference. Indonesian ambivalence towards development planning, and a conflict between elites over development priorities, continued through the rest of the parliamentary democracy period.

Establishing Canada-Indonesia diplomatic relations

Canada opened an embassy in Jakarta in 1953, the same year Indonesia joined the Colombo Plan. This had been on the drawing board for some time, with consideration always

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209 Undated editorial from *Abadi*, with similar comments from other newspapers compiled by Indonesian delegation to UN, Jan 1953. LOC, Mintz papers, Box 47, UN delegation chronological file 1953.
drawing on the diplomatic memory of Canada's UN role during the Indonesian revolution. In 1949, Canada's UN mission wanted an embassy to be set up in Indonesia, where "Canada's prestige is second to none, having no axe to grind but recognized as the chief peace maker in the UN, largely through the efforts of Mike Pearson."\(^{213}\) Canada had "a special position in Indonesia, particularly because of [its] record in the Security Council," Dutch ambassador van Roijen thought. "A Canadian representative would not, like a United States representative, be tarred with the brush of being out to get special advantages for commercial interests."\(^{214}\) External Affairs laid out the political case for an embassy in a 1950 memorandum.

In the first place, it is in our interest to encourage the existence of moderate native governments in all the new states of Southeast Asia, and to look to moderate nationalism in that region to help stem Communist expansion. The strength of the Indonesian Government, situated directly in the path of the Communist offensive, will depend to some extent on the closeness of its ties with the non-Communist world. Canada, because of her demonstrated interest in the United Nations in Indonesian affairs, is particularly well suited to furnishing the new Republic with this type of encouragement. Secondly, a mission in Indonesia would be a valuable listening post and political reporting post for the cold war now raging in Asia.

On the other hand, the memorandum continued, trade showed "great promise" but was a long-term consideration at best, while Canada's role in the Pacific was not yet clear.\(^{215}\) "The Southeast Asian gap in our representation is a serious one," Escott Reid thought, "and leaves open an important area both politically and economically. A mission in Indonesia would serve not only to develop Canadian interests with that Republic but also to strengthen Canada's position vis-a-vis indigenous governments in all the new States of Southeast Asia."\(^{216}\) Jack Pickersgill of the Prime Minister's Office argued that a Jakarta embassy "may be a better investment than many things we are spending money on."\(^{217}\) Indonesia occupied an odd space on the Canadian mental map of Asia. With the rest of Southeast Asia, it was "a sort of transitional zone between the Commonwealth countries of South Asia and the nearer Far East countries of the Northwest Pacific," one official wrote in a briefing note for St. Laurent's 1954 Far Eastern tour. "Southeast Asia assumes importance because of the wobbly legs on which the newborn states there try to stand, the natural


\(^{214}\) Reid to Pearson, 16 March 1950. LAC, RG 25, vol. 6218, file 5495-G-40 [1.1].


\(^{217}\) Memorandum for the Minister, 16 May 1952, with covering note from Pickersgill to St. Laurent. LAC, RG2, series 18, vol. 222, file I-18.
resources of the area, the threat of Chinese Communist imperialism, and the intimate concern of the majority of Commonwealth countries in the area.”

George Heasman, head of the trade commissioner service, had visited Java in January 1950, estimating that the chances were about 60-40 that Indonesia would pull through rather than become another civil war-ridden Burma. The government was aware of the need for foreign capital and foreign economic advice, and given peace the economy had a strong chance of recovery in two to five years. Thus Heasman proposed a new Indonesian loan to “focus the attention of all the young Indonesian administrative officers, now forming the Civil Service, on Canada” and “help some of those who may know, forget that part of our $15 million credit [to the Netherlands East Indies] was used for the purchase of trucks by Holland for military purposes in Indonesia.” Nothing came of this suggestion, but in March 1953 cabinet approved Heasman’s appointment as the first Ambassador to Indonesia. External Affairs man J.A. Irwin went along as his number two. After meeting Indonesian diplomats in New York and Washington, the pair finally opened an embassy officially on 20 May 1953. The new Canadian Embassy in Jakarta immediately ran into troubles with lack of housing and office space in the new capital. Its officers were lodged at the Hôtel des Indes, “a sort of glorified motel with communal messing, where one lives a semi-outdoor life.” Offices were set up on the verandahs and the office stationary stored in Heasman’s room, while some more office space was borrowed from the Nederlandsche Handelsbank. These conditions left the Embassy out of the loop on some of the earliest bilateral issues. Indonesian ambassador to the US Ali Sastroamijoyo was accredited to Canada, and represented by a resident chargé, Max Maramis, “a native of Celebes and a Christian.” After Ali returned home to become Prime Minister, his brother Usman Sastroamijoyo took over as full-time Ambassador in Ottawa. Usman, who had represented the Republic in Australia during the revolution before going on to study at the Sorbonne, was named in part for his fluent command of both French and English.

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The choice of a trade commissioner as Canada’s first ambassador signaled hopes for commercial links with Indonesia. The earliest economic connection had been the Canadian loan extended to the Netherlands East Indies during the revolution, which devolved onto independent Indonesia. In 1947, Ottawa had requested that the Dutch government guarantee to repay the loan itself in case the Netherlands Indies or their successor state were unable to, “when it became clear that the Netherlands Govt would almost inevitably cease to exercise control over the affairs of the Indies.”

In 1952, the Netherlands asked that its guarantee be transferred to the Indonesian government as part of the detangling of Dutch-Indonesian ties. While the US for political reasons did release the Netherlands from its guarantee of the $100-million Export-Import Bank loan (it did not wish Indonesian loans to involve another government, particularly one with which Indonesia had a rocky relationship), Finance officials in Ottawa felt that the Canadian credit was a different situation. Cabinet decided the Dutch guarantee had to stay. Pearson wrote to Finance Minister Abbott in December 1953 asking that the question be considered again in light of the impending establishment of the new embassy. Abbott, however, was adamant. The Dutch and Indonesians had requested release “on the grounds that the guarantee no longer fits in with the present relationship between these two countries. I have to point out that the guarantee was in fact requested by us in anticipation of this changed relationship between the two countries.”

Financially, then, there was no reason for the release, especially as Indonesia’s finances were less reliable. The question returned to cabinet with Pearson arguing that the Dutch guarantee was unenforceable, and any attempt to enforce it “could hardly avoid having adverse effects on relations between Indonesia and the Netherlands and between both those countries and Canada.” By releasing the guarantee the government would change little in real terms but demonstrate “tangible evidence of Canada’s faith in the integrity of the Indonesian Government [that] might greatly strengthen Canada’s prestige in Indonesia and put our new Ambassador in a favourable position to carry out his duties on both the trade and political side.”

Cabinet decided to maintain

the guarantee in place, but also to reconsider if Heasman thought, after spending more time in Jakarta, that release would be beneficial to Canadian interests.\textsuperscript{229} Dutch policymakers were keen to press the matter, but Canadian officials appear to have dissuaded them from presenting a formal note — helped no doubt by the fact that Australian treasury attitudes on their own Indonesian loan were similar.\textsuperscript{230} In 1955, the matter became academic when Indonesia made its final scheduled payment. It was the first of eight countries given wartime credits to pay their debt in full.\textsuperscript{231}

A second early issue was Indonesia's request for a Canadian military mission. Part of the independence settlement had allowed 800 Dutch officers to stay on and help build the new Indonesian armed forces. By 1952, it was clear that the Netherlands military mission — always an ill fit with the revolutionary Indonesian army — would soon be leaving.\textsuperscript{232} Indonesia cast about for a replacement. Britain declined on the grounds that it could spare no troops. Switzerland, Sweden, Norway, Belgium and West Germany all spurned Indonesian inquiries. The Indonesians finally looked south to the Australian government, which was sympathetic, but preferred to give priority to Malayan needs (if any). It replied that while no army or navy officers could be spared given commitments in Korea, it was willing to provide air force instructors or take part in a joint Commonwealth military mission.\textsuperscript{233} This casting-about for a new military mission may have used a scatter-gun approach, but it notably avoided any Communist countries. There were signs that Canada was one of the most acceptable countries. Armed forces chief of staff T.B. Simatupang considered Canada to be "a middle and non-colonial power [with] a good military record."\textsuperscript{234} Ali Sastroamijoyo, just named as Prime Minister, asked Heasman what Canada’s attitude would be to a request for 200 officers (100 air force, 80 army, 20 navy) to train Indonesia’s military. "They had considered a number of countries and had now decided that Canada with its steadily growing position of importance in the world would be an excellent country from which to draw a military mission," Heasman reported. He noted that Canada had never done anything like this before, but worried that if Western country after Western country turned them down, the Indonesians might

\textsuperscript{229} Cabinet conclusions, 17 April 1953. RG2, series A-5-a, vol. 2652.
\textsuperscript{230} R.M. Macdonnell to Economic Division, 14 May 1953; Macdonnell to Economic Division, 29 May 1953; Australian DEA to Australian High Commission in Ottawa, 9 July 1953. LAC, RG25, vol. 8218, file 8338-40.
\textsuperscript{232} The Netherlands Military Mission (dubbed "Nederlands Mata-Mata," Dutch spies, by its critics) was implicated in an unsuccessful action by military leaders against parliament in October 1952. Feith, p. 246-73.
turn to Eastern Europe. Perhaps, he suggested, Canadian civil aviation aid could be supplemented by offering to provide the air force component of a military mission.\(^{235}\)

In Ottawa, the Far East division of External Affairs came out in opposition to the idea, noting that most of the benefits of what Heasman was suggesting could be achieved through increased Colombo Plan aid. A military mission would expose Canada to “xenophobic accusations of meddling in the internal affairs of the Republic” and would be “directly counter to current Canadian policy of trade and aid in Southeast Asia with no military assistance there, owing to commitments elsewhere.” A Canadian mission might offend major allies, such as the Netherlands and France (given Canada’s refusal to help militarily in Indochina). “If we accede to Indonesia’s request now, her neighbours in Southeast Asia might be tempted to use the precedent and ask us for similar or other types of military aid which we are not prepared to give.”\(^{236}\) Thus External Affairs passed the matter over to National Defence with the recommendation that the disadvantages outweighed the advantages. Defence agreed, saying Canada’s military resources were already over-stretched by NATO commitments, so a mission to Indonesia could only come at the expense of NATO or Canada’s own troop training. Indonesia was more of an ANZUS problem, and Canada’s military mission in Luxembourg was more in keeping with its priorities.\(^{237}\) Even the tiniest country in NATO loomed larger on the mental maps of policymakers than the largest state in Southeast Asia. Europe mattered; Asia was an afterthought.

Ottawa’s official refusal was delivered to the Indonesian Foreign Minister in August 1953, but attitudes towards the military were starting to become an important aspect of relations with Indonesia.\(^{238}\) The Canadian embassy shared the view of Australian, British and American officials who saw the army as a potentially strong force against communism.\(^{239}\) “Our policy in South East Asia should be primarily aimed at developing indigenous forces to resist Communism rather than providing the forces ourselves,” an internal note in the Australian Prime Minister’s Department argued. Australian capacity being limited, their hopes rested on a tripartite Commonwealth mission in which Australia supplied the air force component, Britain the naval officers and Canada the army. This could help spread the risk and reap the benefit of Canada’s detached

\(^{236}\) FE Division to DL (1) Division, 17 July 1953. LAC, RG25, vol. 6218, file 5495-G-40 [1.2].
\(^{238}\) SSEA telegram 9 to Jakarta, 1 Aug. 1953; Jakarta letter 93, 13 Aug. 1953. LAC, RG25, vol. 4386, file 11690-40 [1].
attitude to Southeast Asian affairs, which the Indonesians perceived as less tainted with ulterior motives. Canadian officials, however, remained unreceptive to the idea. They also favoured a mission from a Western country and drew up plans for one using fewer than 50 officers, but abandoned the idea after Dutch pressure. The United States was the most enthusiastic about a military mission, although officials in Washington were aware that Indonesia was unlikely to follow up on Ali’s informal approaches while ambassador in Washington. Instead, they encouraged Australia to agree if Indonesia made a formal request. “If Indonesia were to select the United States as the source of a training mission for its armed forces,” Dulles wrote to Secretary of Defence Charles E. Wilson, “this action would be widely interpreted as evidence that Indonesia considered its ‘independence’ required alignment with the United States.... [A] friendly and sympathetic reply could help Indonesia remain non-Communist and draw it another step toward the free world.” However, Indonesia allowed the military mission request to lapse after the first round of rejections. The Indonesian Army created its own Staff and Command School (SSKD or Seskoad) and sent more and more officers overseas for training. The army developed particular admiration for American staff colleges, “a model which was modern without being Dutch.” US goals were met through training courses for Indonesian officers in American military academies. These officers, nicknamed the “children of Eisenhower,” became the nucleus of military anti-communism from the later half of the 1950s.

Indonesia was also attempting to purchase arms overseas, and Canada dealt with several requests. Early sales were mostly aircraft-related. Applications came in from The Babb Company to sell 6 consolidated PBY-5A aircraft & parts; from Canadair for C-47 transport parts; from Aviquipe of Canada Ltd. to sell Packard Merlin engine parts; from Canadian Car & Foundry Company Ltd. for Harvard aircraft engine parts; and from Canadian Pratt & Whitney Aircraft Co. Ltd. For assorted aircraft engine parts. In 1952, Indonesia tried to buy some 80,000 Springfield

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243 Dulles to Charles E. Wilson, Secretary of Defense, 23 June 1953. NA, RG59, Lot 60 D 60, Indonesia desk officer files, Indonesia 1951-54 top secret.


rifles from surplus stocks in Canada. Officials in Ottawa were sympathetic, with Defence Minister Claxton and trade minister Howe also in support. Australian foreign minister Casey said he was “a little disturbed” that the rifles might find their way to other countries while the British had similar fears that “some of them will find their way into the hands of Communists not only in Indonesia but in Malaya and elsewhere,” although the British themselves had just sold 5,000 rifles to Indonesia. On examination, the Joint Intelligence Bureau agreed, noting that the Indonesian army was seeking enough rifles to equip ten divisions, twice its own manpower, and thus arms might leak out “to be used against the British in Malaya and the French in Indo-China.”

Heasman thought the sale would be useful in view of the rejection of a Canadian military mission, but Ottawa chose instead to dispose of its surplus rifles to its NATO allies, which saved having to tell the Indonesians that their purchase was to be capped at 10,000. There were no comparable problems when Ford of Canada applied to sell military vehicles to the Indonesian air force. In the meantime, however, Britain had suggested a coordinated approach on arms sales to Indonesia. The United States declined, but Canada agreed to trilateral consultations with Britain and Australia, and would stay loyal to this understanding for years afterwards.

The middle 1950s, on the whole, were a story of mutual disappointment in Canadian-Indonesian relations. Canada’s first embassy in Southeast Asia had opened with great hope for the bilateral relationship, expressed in the inaugural letter of instructions to the embassy. Officials hoped high wheat sales, now at 27% of total Canadian exports to Indonesia, could lead an expansion of “trade with this potentially wealthy country.” The instructions viewed Indonesia through the lens of Asia as a whole. “The problem which faces Canada and other Western countries in the United Nations is that of attempting to bridge the gap between these differences in political and economic history and of convincing the Arab-Asian group of our sincere desire to bring about a world in which their economies can prosper. Western action in the fields of

246 FE Division to Economic Division, 5 Sept. 1952; memorandum for the Minister, 8 Sept. 1952. LAC, RG25, vol. 6218, file 5495-G-40 [1.2].
technical assistance has done much to achieve these aims.”

Disappointment, however, did not take long to set in: “1954 was a year of slow but steady progress in many fields of endeavour, from an Indonesian point of view, and further decline politically and economically, from the point of view of foreign interests,” according to the embassy’s second annual report. Too much time was wasted on the campaign for West Irian; corruption was high; and the economy continued to deteriorate under the blows of inflation, a decline in primary product prices, and low production.

After Fisheries Minister James Sinclair’s 1953 visit to Indonesia, which dealt mainly with Colombo Plan matters, two more cabinet-level visitors would pass through: Prime Minister St. Laurent in 1954 and Heath and Welfare Minister Paul Martin in 1956. St. Laurent’s tour of Europe and Asia took aim squarely at India, Canada’s dance partner in the search for peace in Korea. St. Laurent’s trip across the “bridge” to India served as a concrete expression of Canada’s differences from the United States for Canadians. Cairo, Karachi, and Colombo were also on the itinerary. Indonesia’s “insistent invitation” for a short stop finally succeeded, since it was easy enough to add Jakarta in place of a refuelling stop in Bangkok. “No significant policy discussion was expected on the brief stop in Jakarta,” according to an External Affairs memorandum. “The Canadian interest in Indonesia is to see the development of a democratic nation capable of maintaining its military and economic independence and desirous of cooperating with us and our friends in the international community.”

That had seemed the path Indonesians were choosing in the first years of their independence, but Jakarta’s trajectory after 1953 was in a different direction entirely.

**Regional Organization: From Ottawa to Bandung**

There had been talk of a Colombo Plan conference in Ottawa since 1952. By 1953, all the suitable cities in the region and all major donors had already hosted a conference; Canada was the obvious next host. External Affairs was prepared to recommend hosting in 1954, not least for the effect it...
might have on the United States: “So far as North America is concerned, such a meeting would presumably increase support for expenditure to help the under-developed countries and generally should stimulate public awareness of North American interest in the Area from a political point of view.” For both those reasons, the government agreed to extend the invitation and played host to the first Colombo Plan gathering in North America in October 1954.

Canadian officials began to plan for possible aid to non-Commonwealth countries. Indonesia was expected to lead the way on new requests, with Nepal, Burma and Thailand following. However, officials wished to avoid alienating India and Pakistan by cutting their aid allotment. Although Indonesia was stabilizing, Cavell said, the other countries “are not nearly as stable or advanced as India, Pakistan and Ceylon, where we have until now done most of our work.” External Affairs officials thus began to push for a “significant increase” by $10-million or $15-million in the Colombo Plan allocation. Canada had decided to stay out of SEATO, so the department thought Canada had to show compensating interest in the region through aid. This might let Canada strike a blow at communism using non-military weapons, as one memorandum for Pearson argued:

One of the principal threats to countries like Indonesia and Burma is internal subversion and one of the most powerful means of combating this threat would be economic assistance. In public statements we should, of course, be careful how we would use this argument so as not to appear to be giving economic assistance only for the purpose of combating Communism. Fortunately, the Colombo Plan enjoys such a reputation in that part of the world that assistance through these channels would get off to a good start and would be acceptable to the Colombo powers and would not identify Canada with a SEATO [sic].

Pearson accordingly pressed St. Laurent to up the Colombo plan annual grant by $10-million and funding for UN technical aid from $1.5-million to $2.5-million. “I am sure that you will agree with me that nothing is more important in the fight against Communist penetration of Asia than assistance of the kind we have been giving under the Colombo Plan and the United Nations scheme. I think that Canada can play a more important role in the fight against Asian Communism by assistance of this kind than by joining organizations such as SEATO.” This time St. Laurent

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257 Memorandum for the Minister, 1 Sept. 1953; memorandum to cabinet, 4 Sept. 1953. LAC, RG25, vol. 6576, file 11038-40 [13.1].
260 Draft memorandum for the Minister, 13 July 1954. LAC, RG25, vol. 8389, file 11038-40 [16].
was not as skeptical as he had been in 1950, writing “yes” in the margin. But with Finance Minister Walter Harris not in agreement, no decision on the Canadian contribution was made before the Ottawa conference. Cabinet approved the extra $1-million for technical aid through the UN, but Pearson was unable to win a Colombo Plan increase, given rising unemployment at home. He tried again in 1955, eventually winning cabinet agreement to continue the Plan beyond 1957 and increase funding by $8-million to fund an atomic reactor for India, an expansion of the Warsak hydro-electric and irrigation project in Pakistan, and some extra technical aid.

Reconsideration of the Colombo Plan was also under way in Washington. With the success of the Colombo Plan, US diplomats began to wonder if it might be the basis for the regional association which they hoped would emerge among non-Communist Asian states. This was not a new idea. When a possible Pacific counterpart to NATO was debated in 1950, British diplomats thought it would be rejected by India and thus be worthless. “However ... India could likely be brought into the picture through the implementation of the Spender [i.e. Colombo] Plan.” The Pacific Pact had been abandoned in favour of ANZUS. Now, the Eisenhower administration thought the time had come, and began to build SEATO, an alliance of the United States, Britain, France, Australia and New Zealand with three Asian powers: Pakistan, Thailand and the Philippines. It also moved to increase economic aid to Asia, following an election promise to “end neglect of the Far East which Stalin has long identified as the road to victory over the West. We shall make it clear that we have no intention to sacrifice the East to gain time for the West.” Indeed, Asia’s share of global American aid went from 12.6% in 1953 to 54.5% in 1954. Much of that was military support in Indochina, Korea and Taiwan, but for the first time substantial capital aid to India was also approved. There was also an explicit policy designed to prevent the “loss” of Indonesia to communism. The Colombo Plan appeared to offer a valuable counterpart economic organization, especially if the US withdrew its objections to any form of

264 Remarks of Esler Dening as reported in Record of conversation between Philip Jessup & Foreign Office representatives, London, 11 March 1950, FRUS 1950, 6: 46-51. Partly to confer a more multilateral character, and partly due to the unfortunate connotation of the Australian Foreign Minister’s name, the name “Spender Plan” did not stick; Colombo Plan was adopted instead.
265 Wolf, Foreign Aid, p. 158, 172.
centralized coordination within the Plan. The main condition for using the Colombo Plan as the base for an Asian economic organization was that Japan be admitted.

American officials believed it was through their pressure that Japan, Thailand and the Philippines were accepted as members. In the Thai and Philippine cases, they were merely knocking on a door that had been open to them for more than three years. But there had been resistance to admitting Japan. US occupation authorities considered pushing for Japanese Colombo Plan membership in 1952 as a means to rehabilitate Japan in Southeast Asia. Several Asian countries, however, joined Australia and New Zealand in opposition. Japan’s 1953 application was rejected. Canadian officials were highly dubious as to Japanese motives. “It seems fairly obvious that the use Japan wishes to make of the Colombo Plan is to facilitate the development of South-East Asia in her own interests,” according to Cavell, “and that any country should do this is not in the best interests of the Plan, as such.” The Japanese themselves gave weight to these suspicions in papers they circulated in Ottawa which made their goals very plain. “It is no exaggeration to say that the self-sufficiency and development of our economy depend largely upon whether and to what extent our trade with Southeast Asia may be expanded,” one Japanese paper said. A communist-controlled Southeast Asia would make it impossible for Japan to stand alone, and thus aid to strengthen and stabilize Southeast Asia was “a very important factor in strengthening Japan politically and economically.” Although Japan was considered a donor country, its membership served to solidify the new trade patterns linking Japan to its new Southeast Asian periphery and to speed Japan’s own economic recovery. Still, Canada agreed with the US on desiring “the growth of an economically viable and politically sustainable Japan.


270 US Political Adviser in Tokyo to Secretary of State, 26 March 1952. NA, Merrill C. Gay files, Colombo consultative committee 1952.


associated with the nations of the free world." Resistance to Japanese membership centred on Indonesian Foreign Minister Sunario. Only after personal interventions by Casey and Canadian Finance Minister Harris did Sunario agree not to veto Japan, which was then admitted to membership in Ottawa. In exchange, Casey made a public declaration that there was no connection between SEATO and the Colombo Plan to help Sunario with domestic opinion. The United States eventually backed away from its initial thought that economic arrangements might be integrated into SEATO: although Article 3 of the Treaty of Manila echoed Article 2 of the North Atlantic treaty, Washington decided not to funnel aid through SEATO.

Eisenhower administration officials, working off a mental map that counterpoised American containment against Communist expansionism, described SEATO as a defensive alliance that would protect free peoples from totalitarian rule. Indonesians, however, tended to see the pact as a blow directed at Asian neutrals, one that could wreck the chances for peace in Indochina. Maps of the SEATO membership area, viewed in one country as a defensive wall, were read in the other as encirclement — almost all of Indonesia’s neighbours were now part of a single alliance. The Indonesian government had initially considered responding to SEATO by signing a non-aggression pact with China, India, and Burma, but never followed up on the notion. The clash of visions affected the Colombo Plan. In conversation with Canadian ambassador Heasman, Sunario “expressed his fear that the Plan might come too much under United States’ influence, and how he understood there had been some reference to having SEATO tie in with the Colombo Plan.” The Indonesians, Heasman reported, “fear that the United States would tend to dominate what has been, up to now, a very agreeable and acceptable form of aid. There is little, if any, critical comment in this country regarding the Colombo Plan. If the United States becomes too closely associated with it, however, a feeling that Indonesia is becoming to

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reliant on the ‘Western’ bloc, which would affect the country’s avowed ‘independent’ policy, probably would develop.”

Australian, British and Canadian officials reacted on two levels to US consideration of making use of the Colombo Plan. On the one hand, they were pleased to see US economic aid to Asia given a higher profile, especially if that meant more support for the Colombo Plan. On the other, they did not wish the Plan to be wrecked by an effort to turn it into an instrument of US security interests. Arnold Heeney, who had moved to a new post as Canadian Ambassador in Washington, played an active personal role over the summer, suggesting that plans for the SEATO treaty “had given new importance to the Colombo Plan” and that the “Colombo Plan might be regarded as the principal instrument for economic co-operation in the area” alongside SEATO, the principal military instrument. Ottawa welcomed US consideration of increased economic aid. At the same time, there was little prospect of non-aligned Asia joining any security pact. “There is therefore a real need, which may persist for an indefinite period, for the type of association in which the Asian ‘ neutrals’ can rest easily. The Commonwealth is one such association and the Colombo Plan is another. We therefore think it highly important to preserve the present character of the Colombo Plan.” Canada consequently opposed any formal link between the Plan and SEATO. Officials urged that Colombo plan cooperation be strengthened instead. “By doing so we would be countering any tendency of the Asian members to withdraw from contacts with the West and to [rely] on their own exclusive arrangements.”

British and Australian feeling was similar. British heads of mission for Southeast Asia meeting at the beginning of 1954 worried that the amount of aid available in the Colombo Plan would not be enough to meet the likely needs and strongly urged that the US, as the main source of external finance, be pressed to increase aid to the area. On the other hand, “the British would...
not therefore wish to lend themselves to proposals which might be taken by Asian opinion as departing from the Colombo plan ideas, or do anything which would in any way endanger the continued functioning of the Colombo Plan organization." Casey expressed very similar views to Pearson. "We believe firmly that economic aid should in general be channeled through existing channels and not through the Manila Treaty," he wrote. There was no moral reason not to accede to SEATO members' requests for aid priority, "but the hard fact remains that the welfare and stability of South-east Asian countries which are not parties to the Treaty - such as Indonesia and Burma - are just as important to us as the welfare and stability of member countries."

With the conference in Ottawa, Canadian policymakers saw themselves as the linchpin between the United States and non-aligned Asia and a chance to educate Americans in the spirit of the Colombo Plan club. If Dulles attended, the conference "might give us an opportunity to impress upon him one aspect of the general approach to the countries of South and Southeast Asia which we think constructive" and "help him to appreciate the importance of the United States seeking in this field [economic development] the free co-operation of all the Asian countries and not limiting participation to those which might be prepared to join SEATO." On the other hand, Dulles' anti-communist rhetoric might harm Asian support for the Plan. Certainly the name of Dulles was not held in high regard in non-aligned Asia. "To the overwhelming majority of people in the uncommitted nations of Asia," the Times of Indonesia editorialized, "Mr. Dulles is a bird of ill omen, a man who collects military pacts with the assiduity Casanova collected mistresses or philatelists collect stamps." Dulles stayed home, and the conference proceeded smoothly.

A gathering of Asian Colombo Plan states with US aid officials in India's Simla resort the next year saw the Asians reject any departure from bilateralism. Asian states had hoped in 1950 for their own version of the Marshall plan, and the US had resisted any form of regional economic aid organization; now it was the Americans who were pushing for a regional group, but their bait of a $200-million fund for Asian development was not enough to tempt non-aligned states into closer association with Washington. Led by India, they even rejected setting up a Colombo Plan Secretariat, reportedly because they did not want to see the Plan "turned into a vehicle for

increasing Japanese trading advantages.” Instead these Asian states offered their own version of regionalism at the 1955 Bandung conference, one that sought to engage rather than isolate China. Sukarno’s opening speech dispelled fears of an anti-Western conference by invoking Paul Revere’s ride as part of the first great anti-colonial revolution. Economically, the conference was moderate and avoided challenges to the existing international order: it accepted the principles of technical assistance and foreign investment and declined to establish new Asian-African structures.

The conference was important, though, for its assertion of the rights of the “Third World.”

The Eisenhower administration, and Dulles in particular, deplored neutralism in Asia, sometimes in even stronger terms than communism. Bandung was greeted in Canada with none of the fuss and fury that the conference provoked in Washington. “We regard the Conference as a natural development arising out of the concern of the countries of the area to meet and discuss common problems, and significant of the increasing importance of the Asian countries,” Pearson cabled the high commission in New Delhi. Bandung had to be “constructive,” or it could aggravate the United States; in short, Bandung was “almost as important in its potential effect on the United States in a negative way as on the Chinese in a more positive way.” Canada’s only concern from its own viewpoint was that any bodies set up should not displace the UN or the Colombo Plan. External Affairs’ resident Asia expert Arthur Menzies called the final declaration “a thoughtful and constructive document.” St. Laurent’s message of good wishes to


290. Sukarno’s speech, “Let a New Asia and New Africa be born,” in Collected Documents of the Asian-African Conference, April 18-24, 1955 (Jakarta; Agency for Research and Development, Department of Foreign Affairs, 1983); Ethel Payne, “Indonesian Chief Called Most Eloquent Asiatic,” New York Defender, 30 April 1955, LOC, Ethel Payne papers, Box 18, Asian-African Conference, Articles by Payne. Despite Sukarno’s claims to have written his first major English-language address himself, the speech was actually the speechwriting debut of Tom Atkinson, a British supporter of Indonesian independence who then joined the Indonesian diplomatic service. “Statement Concerning the English-language Addresses of Bung Karno 1955-1966,” sworn affidavit by Atkinson and Molly Bondan, Jakarta, 14 Feb. 1979, Cornell University Archives, George Kahin papers, Box 3, Molly Bondan.


the conference through Prime Minister Ali, as the only direct message from a Western country, was received well. The conference, Menzies wrote,

... seems to have given the independent nations of Asia and Africa a new sense of confidence which will not only increase their authority but may have the final result of bringing closer the time when Asia will be able to co-operate with the West without any of the after-thoughts of colonialism which have impeded good relations until now. If this is so, the beneficial results of the Asian-African Conference from the Western point of view will outweigh Communist China's undoubted success there.295

As far as Indonesia itself went, Bandung “did much to increase Indonesia’s self-confidence, the lack of which has been at the root of her many international difficulties,” according to an External Affairs briefing note.296 Molly Bondan, an official involved in the organization, remembered jeers at the idea of Indonesia staging a major international gathering: “Everyone said that Indonesia couldn’t do it.... We said, ‘Humph, let’s just see! Anyway, why shouldn’t we be able to do it?’ Maybe those bad comments made us work all the harder.”297 Growing Indonesian confidence was leading Jakarta into an increasingly assertive foreign policy, one that was not simply passively neutral, but actively neutralist. Indonesia was central in creating a new mental map that imagined a Third World, one that followed a path independent from the West and the Communist states.

**West New Guinea and Indonesian foreign policy, 1953-57**

Indonesian foreign policy from 1953-57 was mostly led by Ali Sastroamijoyo, Prime Minister through the period except for a short opposition interlude. Ali moved foreign policy to the centre of the agenda. His governments re-organized the foreign ministry into regional directorates and stressed two aspects of foreign policy: regional assertion as a force between the superpowers, and the struggle for West Irian.298 He resisted the word neutral: “we did not want to be labelled as a neutral nation because this had a passive connotation, or implied an attitude of indifference. The Republic of Indonesia did not want to be regarded as of no significance in the world. Our territories were extensive, our inhabitants numbered millions, we had natural resources in abundance, and our country was situated very strategically in the Indian and Pacific oceans.”299

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296 Note on Indonesian foreign policy, written for Sukarno visit. LAC, RG25, vol. 6665, file 5495-G-40 [2.2].
But he moved Indonesia’s policy closer to that of India and further from that of the United States and relied on a group of Asian non-aligned states which met at Colombo in 1954 under Nehru’s leadership, parlaying the “Colombo powers” of India, Pakistan, Ceylon, Burma and Indonesia into the Bandung conference. Ali made it clear that Indonesia did not intend to follow in the path of the American revolution: instead, he saw Indonesia marching as part of an Asian-African revolution.300

In 1954 Ali’s government took the West New Guinea dispute to the UN for the first time, arguing the case was no longer a bilateral issue but one of decolonization that concerned the world body. Indonesia’s campaign began by seeking support from other UN members to inscribe the item on the UN agenda. Despite aggressive counter-lobbying by Australia, Canada was the only country to remain non-committal when the Australians called a meeting of Old Commonwealth countries on West New Guinea.301 Ottawa agreed to support inscribing the issue on the agenda, but on the substance was keenest to avoid a stand that would offend one of the parties and hurt larger foreign policy goals, particularly when it had just accepted truce supervision duties in Indochina. “Our commitments in Indochina will probably provide us with enough difficulties, without our inviting another on a matter of less concern,” as one memorandum argued.302

A modified eight-power resolution for Indonesian-Dutch talks in the UN First Committee narrowly reached the two-thirds majority in the First (Political) Committee, with Canada abstaining. Casey delivered a blistering attack on the Indonesian-backed resolution delivered as he was just about to attend the Colombo Plan conference in Ottawa in October 1954. Indian diplomat V.K. Krishna Menon called Casey’s speech “the most extreme that he had ever heard a foreign minister make here.” Privately, Casey threatened Indonesian Foreign Minister Sunario with the loss of friendship of not only Australia, but also Britain, the United States and others.303 Canada’s UN delegation reported that “the Netherlands and Australian delegations attach great importance to persuading us to change our vote in plenary as they must alter four votes to prevent

300 Jakarta letter 152, 12 April 1956. LAC, RG25, vol. 8146, file 5495-C-2-40 [1.1]. Expressions of Indonesian desire for the closest possible ties to India include Hubungan Indonesia-India Sepandjang Masa [Indonesia-India Relations through the Ages] (Jakarta: Kempen Djakarta, 1950); speech by L.N. Palar to the India-Indonesia Friendship Association published as Cooperation and Contacts between India and Indonesia (New Delhi: Indonesian Embassy, 1954); Ali Sastroamijoyo speech to Indian parliament, n.d. [1954], NA, RG59, Lot 60 D 60, Indonesia desk officer files, India 1954.
the adoption of the First Committee’s resolution.” The Dutch pressed hard; Australia pressed even harder. “We regard this question as closely affecting our Australian security,” Casey wrote Pearson. Pearson made the decision after reading his West New Guinea papers on a train trip to Boston: Canada would be one of the countries switching from abstaining to voting against, along with Israel, Brazil, Chile and possibly others, to deliver the blocking third in the General Assembly. Indonesian diplomats were reportedly “somewhat nonplussed” with their defeat and felt they had failed personally to prevent a reversal. Canada had helped avoid a Dutch defeat, but it had paid almost no attention to Indonesian views. Ambassador Heasman was not even informed of which way Canada was voting. When Ambassador Usman Sastroamijoyo asked Canada to mediate, citing “the influence we had with the Dutch in securing the independence of Indonesia,” officials turned him down. The UN debate contributed to a growing Indonesian sense that the United States was against them. The countries changing their votes were all US allies, although there is no evidence to back up the contention that the US lobbied them to change their votes. Sukarno could forgive Canada for voting with the Dutch, but was far angrier with the United States for not voting at all, which prompted even a self-proclaimed “conservative old ex-colonialist and NATO enthusiast” as Ambassador Hugh Cumming to think that perhaps the time had come for the US to back Indonesia’s claim.

Following the UN clash, the Netherlands asked its allies to halt arms sales to Indonesia as part of “the minor cold war which is currently being waged between the Dutch and the Indonesians.” Both Canada and the United States thought the idea ill-advised. Indonesia looked to its own friends, asking for support at the 1955 Bandung conference. The conference agreed to back the Indonesian claim but a fight was waged between the delegates of Syria, India and Indonesia on the one hand, and Turkey and other “moderates” on the other, over whether to

304 UN delegation telegram 711, 30 Nov. 1954. LAC, RG 25, vol. 6613, file 11129-40 [5.1].
307 Galbraith to Cumming, 15 Dec. 1954. NA, Indonesia desk officer files, Cumming Hugh S.
310 Among other places, the charge is made in Colin Brown, “Indonesia’s West Irian Case in the United Nations General Assembly,” Journal of Southeast Asian Studies 7 #2 (1976).
311 Cumming to Kenneth T. Young, Director of Office of Philippine & Southeast Asian affairs, 25 Nov. 1955. NA, Indonesia desk officer files, Cumming, Hugh S.
include a statement of regret over the UN’s failure to pass a resolution. Indonesia brought the issue of West New Guinea to the UN four more times in the 1950s, but never again came as close to success. In 1955, a more pro-Western caretaker government convinced the Netherlands to accept peace talks and the UN passed an innocuous resolution hoping that the talks would succeed; they did not. Resolutions in 1956 and 1957 also failed. Canada abstained on the inscription of the item on the agenda each year, then voted against Indonesian-backed resolutions. This constituted a middle path between the Americans, who abstained down the line, and the Australian-Dutch team, which lobbied hard for negative votes on each matter. West New Guinea differed from the cases of Cyprus and Algeria, however, where Canada backed the colonial power fully in its votes. “The paramount consideration,” one External Affairs memorandum argued, was “the maintenance of close relations with the Netherlands and Australia” which could be harmed by abstaining on the substance of Indonesia’s resolutions. However, Indonesia should at least be given the satisfaction of abstention on inscription even in the face of Dutch and Australian lobbying to the contrary.

Indonesia held successful elections in 1955 leading to a coalition of the three major non-communist parties under Ali’s leadership to general acclaim in the West, but disillusion returned with the 1956 Suez crisis. When Israeli forces attacked Egypt and Britain and France threatened military intervention to protect their own interests in the Suez canal, a major world crisis was afoot. Indonesia reacted in complete support of Egypt, with the Foreign Minister speaking of fears that other countries might be invaded by former colonialists too. But while Britain and France were denounced in the strongest terms, Indonesia took a week to “regret” the Soviet invasion of Hungary. One parliamentarian made the reasons clear: “West Irian is closer to us than Hungary.” Indonesia was part of the Suez peacekeeping force, which slightly improved its image among Canadian diplomats. The main Canadian fears around Suez had been that it might destroy Commonwealth and NATO unity. India, Pakistan, and Ceylon were all active partisans of the Egyptian nationalist cause, which placed them in sharp opposition to Britain and its loyal supporters in Australia and New Zealand. A split along racial lines loomed, striking at the very

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313 Summary records of meetings of heads of delegation, Bandung conference, 22 April 1955, with excerpts from verbatim records copied by George Kahin, Cornell University Library.
316 Sudjarwo Tjondronegoro, Indonesian delegate to the UN, to UN Secretary-General, UN document A/3302/Add.17; Visualisasi Diplomasi Indonesia/Visual Presentation of Indonesian Diplomacy 1945-1995 (Jakarta: Dept. of Foreign Affairs, 1995).
basis of the new multiracial Commonwealth. Even more seriously for alliance politics, the United States was at odds with Britain and France. Eisenhower administration officials had reacted angrily to the clumsy tactics of their main European allies, and offered no support. Pearson’s Nobel Prize-winning solution, a United Nations peacekeeping force, was most important as a means to save the British and French governments from the consequences of their own actions and thereby to save the multilateral associations central to Canadian foreign policy.³¹⁷

Paul Martin’s tour of Asia in the aftermath of the Suez crisis focused on healing the wounds inflicted by Suez to the Commonwealth and Colombo Plan.³¹⁸ Indeed, the wounds of Suez made the Colombo Plan all the more important to Canadian planners. In a memorandum to cabinet, Pearson noted:

in light of the present political difficulties in the Middle East, the Colombo Plan has taken on even greater significance as a means of preserving the ties of friendship and mutual interest among the Asian and Western members of the Plan (Commonwealth and non-Commonwealth alike), and in presenting to the world at large an example of successful co-operation in the field of economic development among countries whose political relationships have been subjected to recent strains.³¹⁹

Here again was the theme of the Colombo Plan as a bridge, one that could connect the West with the major countries of Asia. Pearson seemed to suggest that the Plan’s main importance lay in its existence, more than in what it achieved in development terms.

The pattern of Canadian aid

Canada’s Colombo Plan aid to Asia during the 1950s focused on Canadian specialties. The largest expenditures went on hydro-electric projects in which Canada helped build dams able to generate power and improve irrigation. As Cavell said, “we are probably the world’s most experienced people in hydro electric generation.” Canada consequently supported several hydro projects in India and Pakistan which by the end of the decade accounted for more than 40% of total Canadian Colombo Plan spending.³²⁰ Hydro-irrigation megaprocesses were the prestige items

³¹⁷ Robert W. Reford, Canada and Three Crises (Toronto: Canadian Institute of International Affairs, 1968); Holmes, The Shaping of Peace, vol. 2; Pearson, Mike, vol. 2.
for both donor and recipient.\textsuperscript{321} Transportation and telecommunications equipment and technical training also loomed large.\textsuperscript{322} These priorities drew heavily "our own experience in the economic development of Canada," as Paul Martin explained at the 1956 Colombo Plan conference in Wellington.\textsuperscript{323}

The trouble with aid to Indonesia lay in the Indonesian ambivalence towards receiving it. As Heasman made a round of calls in 1954, he was given conflicting messages from Prime Minister Ali, who stressed "the Indonesian Government's priority interest in securing training for Indonesian students in technical fields on the undergraduate level under the Colombo Plan," and Foreign Minister Sunario, who "remarked that things were going quite well in Indonesia at the present time, and he saw no reason why Indonesia needed to accept charity from foreign nations."\textsuperscript{324} Indonesia became more and more accepting of the Colombo Plan, however. Even as foreign policy became more assertively non-aligned, economic administrators continued to be given relatively free reign within fields like aid. Even a "solidarity maker" like Ruslan Abdulgani, Foreign Minister in Ali's second cabinet, favoured aid and especially Colombo Plan aid. He had particular praise for Canada:

Canada, which is the major [terpenting] contributor to the Colombo Plan, still has great willingness to increase its aid without seeking direct benefit for its own interests, other than giving priority to the prosperity of Asia as a necessary condition for the welfare and peace of the world as a whole. We respect this noble attitude of the government and people of Canada very highly indeed, and the Indonesian government is making preparations to extend its relations with Canada which can benefit both countries.\textsuperscript{325}

Canada began to consider capital aid to Indonesia soon after it joined the Colombo Plan, with Ambassador Heasman pushing for several projects or at least extensive technical aid.\textsuperscript{326} Ottawa did not rush to meet Indonesian requests, initially choosing not to expand beyond the

\textsuperscript{321} The Canadian-funded Warsak dam and irrigation project doubled Pakistan's 1954 generating capacity and, like the "Canada Dam" in India, was opened by the head of state to widespread favourable press coverage. One Pakistani journalist called Warsak "our Taj, our Sphinx, our Colossus." Spicer, \textit{Samaritan State}, p. 141.


Commonwealth in its Colombo capital aid programme. Cavell thought it was important “to discourage George [Heasman] before he goes too far” in promising aid. Uncertainty around funding, then, meant Canadian aid to Indonesia was initially confined to technical training. Technical aid had the advantage of being cheaper, but there was also enormous faith in the 1950s that it offered a path to rapid development, with disproportionately large returns. Both Indonesian and American officials, for example, argued that technical aid could deliver a “hundredfold” return. The Colombo Plan was the international mechanism which placed the most stress on technical training. A handful of Canadian experts went to Indonesia under the Colombo Plan. The largest group helped staff the Indonesian Civil Air Academy (Akademi Penerbangan Indonesia), opened in 1952. The academy was the largest technical assistance project sponsored by the International Civil Aviation Organization, and it was staffed largely by Canadian experts. National Planning Bureau chief Juanda called it “one of the most successful [aid projects] in the country.” It was also highlighted as a model project in Colombo Plan and Canadian publications.

Independent Indonesia recorded its greatest successes in the field of education, with literacy in particular an item of national pride. Schools and universities were opening fast. Indonesia embraced technical training with enthusiasm, sending large numbers of students overseas to a range of countries including Canada. To the end of the 1957-58 financial year, Canada had spent $5,359,364 on technical assistance. Indonesia ranked fourth overall among recipients behind India, Pakistan and Ceylon, accounting for 11% of total spending. But almost all of that spending was on Indonesian trainees rather than Canadian experts. Indonesians ranked

330 Keenleyside, International Aid, p. 127.
second only to Indian students among those coming to Canada to study. There had been 129
Indonesian trainees, 17% of the total. By contrast, only seven Canadians had gone to Indonesia out
of the 126 sent abroad.333 The programme for Indonesians began in 1954, when ten trainees were
accepted: two studying land resettlement technique, one radiology, and seven in public
information fields connected to development.334 The most successful programme stemmed from a
plea by Juanda made during the 1954 Ottawa conference to provide college-level vocational
training for Indonesian students.335 There was a desperate need for engineers in all fields to work
for government and business: Standard Oil of Indonesia, for instance, snapped up geologists as
fast as they could be trained. Although it really lay within the purview of the education
department, Juanda pushed hard for more engineers, especially after hopes that Canada would
fund a new engineering faculty in Java dried up.336 He wanted to send as many as 200 students to
Australia, West Germany and Canada, provided only that enough English-speakers could be
located.337 The Planning Bureau had made this its top priority. Canadian policy was to offer spots
only at the post-graduate level, but Ottawa promised to consider Juanda’s request anyway. After
Australia announced 200 spots for science undergraduates (a number reduced later to 110, still
enough to make Indonesia the top recipient of this type of Australian assistance), ten spots in
Canada were offered on a trial basis beginning in 1955, aimed at upper-year students able to enter
a third-year engineering course.338 Of the first ten spots, five were at the Nova Scotia Technical
College, and one of these led his class. Despite troubles in its administration, officials were
generally happy with the programme and agreed to extend it.339

334 Colombo letter 329, 4 June 1954; Graham Mclnnes, counselor in Wellington, to JH Weir, New Zealand DEA, 21
336 SSEA telegram E-95 to Jakarta, 8 Nov. 1955; Jakarta telegram 114, 7 Dec. 1955, LAC, RG 25, vol. 4299, file
for Technical Cooperation in South and South-East Asia for 1954 to 1955 (Karachi: Ministry of Economic Affairs,
Hadwen, secretary of Interdepartmental Group on Technical Assistance, 23 June 1955, LAC, RG25, vol. 7564, file
memorandum for the Minister, 4 June 1956, LAC, RG25, vol. 6465, file 5495-G-40 [2.2]; R.M. Middleton in Jakarta
[1.2].
Canada also considered capital aid for Indonesia, with three projects on the drawing board: an aerial survey of Indonesia’s natural resources, a science school, and support to a cement plant. The idea of funding a science school was subsumed into the engineering undergraduate training programme, while the cement plant ultimately received just $400 for the purchase of technical books for its library. Always top of the list was the aerial survey, a Canadian specialty developed at home beginning in 1945 that could locate and natural resources through aerial photographs and magnetometry by overlapping a series of aerial photographs to create a three-dimensional terrain map. Canadian companies had perfected this technology and were keen to implement it abroad; the Canadian government was equally keen to fund this sort of survey. The importance of aerial surveys in the Canadian Colombo Plan effort is most graphically represented in a map of the world of Canadian aid in 1960, highlighting aerial surveys in Pakistan, India, Ceylon, Malaya and the Mekong Valley. The United States had already carried out a survey for eastern Indonesia and hoped to do one of the whole country, so Canadian companies presumably felt the sting of competition and used aggressive marketing tactics. “I must confess I have been a little shocked at some activities of the companies who are trying to get this business,” Cavell wrote from Singapore. “They have taken the name of our organization in vain and talked freely about what the Colombo Plan administration will and will not do.” Nevertheless, officials were pleased when Juanda formally asked for a survey. The first step was sending a Canadian expert, followed by a five-man team from Indonesia coming to Canada to examine equipment and methods, which brought the total Canadian investment in the survey to $12,000. By 1957, however, there had still been no move to implement the survey itself. Indonesia had clearly

intended to make an application, the embassy reported, but despite pressure from Canada had failed to do so.\textsuperscript{347} The Colombo Plan administration in Ottawa finally accepted Heasman’s recommendation not to press the matter any further.\textsuperscript{348}

**Sukarno’s world tour, 1956**

In June 1956, President Sukarno stood up a special convocation at McGill University to receive an honourary doctorate of law. Draped in the red and white robes of McGill, he broke with tradition by wearing the “traditional” Indonesian \textit{pici} cap and delivered a dramatic speech on the importance of national liberation movements and Asian nationalism. These nationalist movements, he told his listeners, “have generated new forces of tremendous significance for social and economic progress... The essential condition for controlling them is first to understand them, and to follow that understanding by sympathy for their aims.”\textsuperscript{349} The McGill speech was one of the highlights of Sukarno’s first visit to Canada, part of a globe-trotting tour that took up much of the President’s year. Sukarno’s travels were the prime case of Indonesian public diplomacy — in the sense of diplomacy directed at influencing public opinion — in the 1950s. Sukarno did not hold a single working meeting with any Canadian government official. The trip was dedicated, by both sides, to making a favourable impression on public opinion in the other. The visit had first been discussed during St. Laurent’s 1954 visit to Jakarta, when Heasman suggested that a trip to Canada could help convince Sukarno of the merits of federalism. St. Laurent preferred to wait and see what the Americans would do. If Sukarno was visiting the United States, the Prime Minister felt, then he should be invited to Canada as well.\textsuperscript{350} It was not until 1956 that Eisenhower felt he had room on his schedule for official visitors. Canada quickly jumped aboard, with Under-Secretary Léger arguing that “the possibility of influencing his present anti-Western bias will be an important consideration if he comes to Canada.”\textsuperscript{351}

\textsuperscript{347} Jakarta letter 192, 30 March 1957; Ministry of Foreign Affairs to Canadian Embassy, Jakarta, 19 June 1957. LAC, RG25, vol. 6590, file 11038-4-40 [1.2].
\textsuperscript{348} Rosenthal to members of Colombo Plan policy group, 17 April 1957; Extract from annotated agenda for meeting of policy group, 13 May 1957. LAC, RG25, vol. 6590, file 11038-4-40 [1.2].
\textsuperscript{351} Memorandum for the Minister, 23 March 1956. LAC, RG25, vol. 6464, file 5495-G-40 [2.1].
For Sukarno, one chief purpose was to counter bad press about Indonesia and himself.\textsuperscript{352} In this he succeeded brilliantly, garnering rave reviews throughout North America — although Australia’s then-ambassador to Indonesia compared the enthusiasm to the “thrill of unexpectedness which children get on seeing chimpanzees pour out tea at the zoo.”\textsuperscript{353} As Sukarno left Washington, The Canadian embassy reported that “his particular melody may linger for some time.... [I]t was the State Department’s hope that [the] United States could impress Sukarno. If the Washington visit is any guide, it may be Sukarno who will impress the United States.” Sukarno had proved the best spokesman yet for neutral Asia. Some observers had commented that “the Democrats better run Sukarno, he is better than anyone they have to offer.”\textsuperscript{354} Sukarno was most successful simply in raising his country’s profile. Indonesia mattered, he repeated over and over. It was not the same as India or Indochina; Java was not simply the source of coffee. Indonesia, for instance, supplied 20% of America’s rubber consumption. “In other words, every fifth tire in use on the automobiles in America is made from Indonesian rubber. So I am not talking about distant and unimportant things. I am talking about the spare wheel on your automobile.” Yet he also presented himself as a mouthpiece for all of Asia.\textsuperscript{355} He stressed that Indonesia was determined to develop and would take foreign help, but not at the cost of its freedom of action. “No torrent of dollars, no cascade of roubles will change that. Equally, dollars and roubles will mean nothing unless they respect the national aspirations of the people of those continents.... That independence is not for sale, and no currency will buy one scrap of it.”\textsuperscript{356}

Sukarno also played upon the notion that Indonesia was following in American footsteps. “I came to your country to look in the mirror of a state of mind, to look in the centre of an idea,” he declared. He paid pilgrimages to the shrines of George Washington, Thomas Jefferson and Abraham Lincoln, and was duly described by the press and politicians as “the George Washington of his sprawling country” and “the Lincoln of Indonesia.” Even his neutralism was “not the

\textsuperscript{352} Sukarno complained about the Western press with increasing bitterness, especially about a 1958 \textit{Time} cover story. \textit{Sukarno: An Autobiography as Told to Cindy Adams} (Indianapolis: Bobbs Merrill, 1965).

\textsuperscript{353} Crocker, \textit{Australian Ambassador}, p. 11.


\textsuperscript{355} “Your Frontier-Posts are in Asia! Speech by President Sukarno before the World Affairs Council of Northern California and the Asia Foundation,” San Francisco, 1 June 1956, LAC, RG25, vol. 7751, file 12371-40 [2.2]; Sukarno’s speech at Semarang, 29 July 1956, in Winoto Danoeasmoro, \textit{Perdjalan Presiden}. 
offensive type of Russian-slanted ‘neutralism’ that invokes so many brickbats for India’s Nehru." Sukarno’s US visit, however, was balanced with separate trips to the Soviet Union and China, which spared no effort to make a good impression upon him. The Soviets raised the stake in the foreign aid battle by offering a US$100-million loan, and Sukarno was impressed with the strides taken to develop China. With the prospect of these Communist models wooing the Indonesian President, it was important that Canada play its part by displaying its own development path. US Ambassador Hugh Cumming told Heasman the Americans would “endeavour to show the President places of interest that will be superior to anything of a similar nature that he might be shown on his visit to Moscow.” The US leg was heavy on universities but had no large power development, so Heasman suggested the Canadian leg be sure to include an electrical megaproject. In the end, Sukarno and his party were duly shown Alcan’s complex at Arvida, Quebec, and the Chalk River nuclear plant. These signs of Canadian industry reportedly made the biggest impression on the Indonesians.

Sukarno made two requests for his Canadian trip: a chance to speak to Parliament (as he was doing with the US Congress) and an honourary degree. For the degree request, Ottawa turned to McGill University and L’Université Laval. Wilfred Cantwell Smith, director of McGill’s Institute for Islamic Studies, was in Indonesia when Sukarno’s visit to Canada was announced, and made sure that the Institute would be among his stops. More than most, Smith appreciated Sukarno’s importance on the Indonesian scene. “I have long known that he is reputed as one of the top two or three most effective public speakers in Asia; many would say the top man,” he wrote to Principal Cyril James. “I gather he is a spell-binder.... He is the spearhead of nationalism here

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(over and against the less ‘neutralist’ Muslim parties) and is certainly far and away the most important man in this country -- much more so than the Prime Minister. Moreover, he is perhaps next to Nehru the driving force of the ‘Bandung spirit.’”\(^{362}\) James quickly invited Sukarno to visit McGill, but McGill’s honourary degree committee withdrew its “lukewarm” approval when Laval indicated it would be giving Sukarno a degree.\(^{363}\) However, the Laval award fell through, and the McGill Senate agreed to Ottawa’s request.\(^{364}\)

The government initially turned down the parliamentary address on the grounds that it was not a Canadian tradition for state visitors, but on urging from Heasman to put out the “red carpet,” Pearson was able to convince St. Laurent to agree.\(^{365}\) With the controversial pipeline debate raging and keeping the House sitting late into the night, the best that could be done was to convene a special morning sitting of both houses to hear Sukarno, with the speech published as an appendix to Hansard.\(^{366}\) Sukarno struck a very similar note to the one he hit in Washington, but Canadianized the address by delivering part of it in French and by referring to Wilfred Laurier rather than to Washington and Lincoln. Canada and Indonesia had much in common, he said. “Ce sont les vœux d’un peuple ami dont les idéaux et les intérêts sont presque identiques aux vôtres. Cette similarité est bien logique étant donné que les racines des civilisations dans tous les pays démocratiques sont en principe les mêmes.” Sukarno praised the Colombo Plan as an “example of the brotherhood of nations and the interdependence of mankind” but hastened to add that no amount of aid could buy “one scrap of our independence.” He compared Indonesia to Canada under Laurier, who had claimed for his country the right to act or not to act as it saw fit. The present age was the period of Asian and African nationalism. “I beg you, do not underestimate the force of the nationalist torrent which is today pouring over Asia and Africa,” he said. “It is a mighty torrent, and one thing is certain: we are in the midst of an historical change which is vital for the whole future of mankind.... I say this in all seriousness: any attempt to stand against that torrent will be in vain, just as every attempt ever undertaken to stand against an historical process

\(^{362}\) Wilfred Cantwell Smith in Bandung to Cyril James, 17 April 1956. MUA, RG2, Box 180, file 6251.

\(^{363}\) James to Pearson, 30 April 1956. MUA, RG2, Box 180, file 6251; Dean D.L. Thomson to James, 7 May 1956; honourary degree committee minutes, n.d. MUA, RG2, Box 170, file 5912.

\(^{364}\) James to D’Arcy McGreer, DEA chief of protocol, 23 May 1956, MUA, RG 84, Box 64, Islamic Studies, file Indonesian Embassy; James letter of invitation to Sukarno, 29 May 1956, LAC, RG25, vol. 7751, file 12371-40 [1.3].


has been in vain."367 The speech was a hit in the press, although Governor-General Vincent Massey privately called it an embarrassing propaganda blast at the West.368

Sukarno had succeeded in his first objective, making Indonesia better known, and also in his second, stressing the importance of Asian nationalism. "Emanating from a less eloquent man, much of what Sukarno said on this theme would have amounted to little more than pious platitudes," an External Affairs summary reported. Sukarno’s charm, however, had "made a considerable impact on the public and press in Canada and the United States, and there is no denying that, on the basis of his performance here, Dr. Sukarno has a good claim to being the strongest spokesman for neutral Asia ever to visit North America." On the other hand, the Indonesians were said to be "impressed also by the way in which we were exploiting our natural resources, in part with the aid of United States capital, while remaining confident of our ability to preserve Canadian national independence."369 Canadian officials had hoped that their showcasing of recent industrialization and rapid growth would help convince Sukarno of the virtues of Canada as a model for development and even dispel some of his fears about foreign investment. Combined with his American tour, they hoped, his time in Canada would help moderate his views, draw him closer to the West, and provide an exhibit of the superiority of Western democracy over communism. Yet for all the gleeful noting of Sukarno’s friendly words, including his references to Indonesia as the world’s third-largest democracy (implying that the USSR and China were not democracies), the visit did nothing to convince Sukarno of the merits of parliamentary democracy, and still less of federalism. Indeed, St. Laurent’s biographer blamed the raucous pipeline debate for turning an already skeptical Sukarno away from parliamentary democracy altogether.370 On his return from subsequent visits to the Soviet Union and China, Sukarno began to stress the troubles of majoritarian democracy and advocate his own view of a consensus-based system with strong leadership that eventually was enacted in 1959 under the name “guided democracy.”

370 Thomson, Louis St. Laurent: Canadian, p. 441.
During the decolonization of Indonesia, the Canadian government’s approach implicitly preferred orderly and gradual decolonization, much like Canada’s own. When looking at issues of international aid and development, the general Canadian approach once again drew on Canada’s own past, proposing Canadian economic development as a path that Asian countries might follow. Canadian aid was offered mainly in areas of Canadian specialization, acting as a further spur to Canada’s own ongoing economic development. It travelled through the channel of a Commonwealth aid scheme designed to wage the cold war using non-military weapons and create a firm bridge of understanding and assistance between the West and Asia. Because of their shared membership in the Commonwealth, and because their diplomats worked well together on certain international issues, the St. Laurent government saw its main role in the bridge as being to deepen relations with India.

Indonesia had very little space on Canadian mental maps. Canadian policymakers approached Indonesia through the prism of their overall approach to “Asian neutrals,” paying little heed to Indonesia as an independent actor. They saw it, rather, as a smaller and more exotic India, but as essentially part of the series of Asian neutrals who would fall in behind Nehru (if they were sensible and “constructive”) or oppose his moderate vision (if they were imprudent or extremist). The only partial exceptions were the Bandung conference, where Indonesia was still seen largely as the venue for the larger forces of India, China, and the anti-communist Asians, and Sukarno’s visit to Canada in 1956. That visit saw Indonesia’s profile rise, but still as a component part of the mental map of neutral Asia: Jakarta refracted through Bandung and New Delhi. Indonesians leaders saw their country as more within the American sphere of influence than the Commonwealth, and that was the American understanding as well. From Ottawa, however, officials saw Indonesia through a Commonwealth glass. They wanted the bridge built by the Commonwealth widened to include non-Commonwealth Asia. In this sense, the borders of the Asian Commonwealth were fluid, and might even expand to include countries like Indonesia as virtual honourary members, tied to the Commonwealth through the Colombo Plan. When it came to considering concrete action to strengthen bonds with Indonesia, however, Ottawa did so only if it did not mean sacrificing European interests, which continued to have priority.

The rhetoric of the Colombo Plan far outpaced the reality of Canada’s hesitant participation. The Canadian government agreed to join for domestic and Europe-driven reasons of state: the immediate need to ease the British sterling crisis which harmed Canada’s own trade prospects, and the need to contribute to the cold war effort. Yet Canadians quickly embraced the
Colombo Plan and the idea of Canada as a generous aid donor more generally. Aid became part of what made Canada different from its allies, part of the active international role that was becoming constitutive of Canada's international identity — at least in the minds of many Canadians. The government trailed public opinion on aid, but officials and political leaders soon began to speak in the same terms of an international humanitarian mission. A process of mythmaking was going on. It was not that there was any deliberate attempt to deceive. Rather, the rhetoric used to sell the Colombo Plan was gradually accepted as being factual.

If the government was slower to embrace the idea of foreign aid than the public, it was also slower to establish close relations with Indonesia. Sukarno’s visit, ignoring as it did the usual diplomatic meetings in favour of a public relations offensive, showed that interactions between Canada and Indonesia were not only, or even primarily, at the level of government-to-government contacts. If Canada’s relations with Indonesia were dominated by Colombo Plan aid, then this also implied that the people involved in aid programmes at the grassroots level were participants in the making of a bilateral relationship. Although government was not absent from the realm of public diplomacy — far from it — it was involved as one partner along with non-governmental organizations.

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To ensure the successful implementation of the [Indonesian Five-Year] Plan, much would depend on the leadership of the country.... The ‘developmentalist’ group, led by the relatively young, often foreign-trained intellectuals, attached high priority to economic and social development of the country. They believed that this development must follow Western lines in large measure and were willing to cooperate with the West, at least to the extent of seeking technical and capital assistance from the West, to achieve their goal. The ‘nationalist’ group ... attached great importance to eliminating the control over Indonesian national life exerted by foreigners through economic activity.

— Benjamin Higgins

The National Planning Bureau was truly effective and productive as a coordinating institution and a means of training cadres. The National Planning Bureau experts were supplied with a method of thinking and acting which was rational and reliable, while always having a national spirit and the determination to serve the state and the nation loyally.

— Kusudiarso Hadinoto

Government-to-government relations between Canada and Indonesia were limited in the 1950s. The most important connection was a non-governmental one: Canadians formed the largest group of foreign advisers at Indonesia’s National Planning Bureau (Biro Perencang Negara). The foreign experts who set these directions thought of themselves as global citizens creating a new world through their work in building one nation’s economy. They were united through North American non-governmental networks that gave Indonesia more attention than the Canadian government did. Many had worked together previously in universities or prior United Nations assignments and would work together again in areas studies programmes, policy development institutions backed by major US foundations, and elsewhere. They had ambiguous loyalties to their own country, to the country they advised, and to the UN as a global institution. Officially experts on contract to an agency of the Indonesian government, they were recruited and paid by the United Nations. Mackenzie King believed officials “could not serve two masters,” their government and the United Nations. Canadian experts assigned to UN technical aid schemes such as the Planning Bureau were trying to prove him wrong by serving both Indonesia and the

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UN, whose interests they believed to be compatible. The 1956-60 Five-Year Plan written by
Indonesian economists with the guidance of UN advisers was based on a model of economic
development in the Western image, modified by Keynesian ideas about the role of state planning.
The Plan fell short of its targets, as Indonesian development planners lost an internal power
struggle in the 1950s. Its most important legacy, however, was a development-planning model and
a modernizing elite fostered in the Planning Bureau. Both came to dominate economic policy
under the New Order regime after 1965.

Of the nine initial foreign experts on the Planning Bureau, four had connections to Canada.
Benjamin Higgins made his career as a pioneer in the field of international development
economics. Nathan Keyfitz was an analyst at the Dominion Bureau of Statistics who went on to
head the Colombo Plan Bureau before serving out his career as a demographer in the United
States, Indonesia and Austria. Douglas Maxwell Deane was a Canadian living in Switzerland who
with Keyfitz helped plan Indonesia’s “transmigration” programme, designed to both relieve
population pressures in Java and build a national Indonesian identity through the mingling of
ethnic groups. André Brichant was a Belgian national with Canadian residence who advised on
mining policy and served as a part-time Indonesian government lobbyist to Canada. In 1963, the
director of Canada’s External Aid Office would point out that “the right Canadian in a developing
country can acquire a position of tremendous influence; he can virtually become an *ex officio*
member of the cabinet.”

No Canadian government official ever attained this status in Indonesia,
but in the formative years of Indonesia’s independence, two Canadians attained this status within
economic planning circles. Higgins and to a lesser extent Keyfitz played vital roles in the design
of the Indonesian economy and the definition of its position in the world economy. Long before
the term became fashionable, they were nation-builders, part of an overall programme centred in
the United Nations based on the belief that foreign experts would be able to help newly-

Indonesian development planning began under the direction of Sumitro Joyohadikusumo,
who was at the time the only Indonesian to earn a Ph D in economics. Sumitro was born into a

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prominent Javanese family, received his doctorate in 1943 in Rotterdam and returned to Indonesia in 1945 to edit *Berita Perekonomian (Economic News)* in 1946. He exerted a powerful influence over Indonesian planning that continued for a decade. He quickly became an assistant in the Republic’s Ministry of Finance and Prime Minister Syahrir’s office, but his main revolutionary role lay in financing the independence campaign as head of the Republic’s foreign trade office in New York. As the first Indonesian chargé d’affaires in Washington, he negotiated a $100-million US loan in 1950. The following year he became Minister of Trade and Industry, and served in two subsequent cabinets as Finance Minister. The Republic had already begun economic planning before the Netherlands recognized its independence, producing a Ten-Year Plan in 1947 which called for economic diversification and self-sufficiency but also ensured that Indonesia would continue to be active in world trade as a provider of raw materials and importer.⁵ This plan fell by the wayside amidst war, but its philosophy continued after the 1949 transfer of power. “The rich natural resources of Indonesia, the tremendous energies of our people unleashed by independence and the introduction of the most modern mechanical devices opens a tremendous future for ourselves and the rest of the world,” according to a news release from the Republic’s New York office days after the official transfer of power from the Netherlands. “Indonesia should be able to make a great contribution to the improvement of international economic conditions.”⁶

Sumitro was in cabinet partly for his economic expertise, but he also represented the Indonesian Socialist Party (PSI). Small but influential, the PSI was headed by former Prime Minister Syahrir and remained loyal to his pragmatic socialism, built on the notion that Indonesia had to accommodate itself to its place within the “sphere of influence of Anglo-Saxon capitalism and imperialism.”⁷ Syahrir in 1949 turned down the post of Foreign Minister as beneath his dignity, but Sumitro proved an able representative of the party and of Syahrir’s commitment to an Indonesia open to Western influence and investment. Despite its name, the PSI was the most pro-Western party in Indonesia, the prototypical administrator party, lacking in public support but influential because of the intellectual stature of its leaders. As Herbert Feith wrote, the PSI’s

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“policy orientation contained less of Marxism than of Fabianism. Its emphasis was on modernization, economic development, and rational planning and organization.” The PSI contained “some of the best administrative talent in the country,” according to the Canadian Embassy. They were, as activist-turned-analyst Jeanne Mintz wrote, “Social-Democrats in the Western tradition. Membership largely intellectuals.” Sumitro and the rest of the PSI group had a strong influence over non-party members of cabinet and over important parts of the much larger Masyumi party.

In April 1951, Sumitro approved an Economic Emergency Plan (Rencana Urgensi), intended to cover the short-term period before a more comprehensive plan could be developed. The plan showed the influence of the Keynesian economic thinking which was triumphing over classical economics in the postwar years, while still remaining loyal to the ideas of the Republic’s 1947 planning efforts. It reserved a strong role for the government, which would control vital and strategic large-scale industries. Small and medium enterprises were left to the private sector, and foreign investors were welcome in those large industries defined as non-strategic. Sumitro hoped that industrialization, especially in rural areas, would diversify Indonesia’s economy away from a dependence on raw material exports, with their inherently unstable prices. Indonesia welcomed foreign aid, whether from the UN, the US, or the Colombo Plan. Government’s role was “essentially catalytic,” designed to create the conditions for the growth of indigenous capital.

Tumbling rubber prices and general capital shortages, however, meant none of the short-term projects were completed on schedule. Under the Indonesian tax structure, more than a third of government revenues derived from export and import duties: thus the end of the Korean war boom delivered a double hit both to the export-driven economy and to government income. By 1952, when Sumitro had moved up to become Minister of Finance in a cabinet headed by the moderate Islamic Masyumi party, he was calling for tough austerity measures and careful planning to

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increase production. "It is high time that we stop wandering in clouds of illusions and in beautiful
dreams of a far-away paradise," he said one national radio broadcast.\footnote{Sumitro, radio broadcast on 10 Sept. 1952, in Facing the Situation (Jakarta: Ministry of Information, 1952), p. 23. On the 1952 austerity measures and the need to solve the crisis this way rather than by increasing taxes on exports, see Benjamin Higgins, "The rationale of import surcharges," Ekonomi dan Keuangan Indonesia (EKI) [Indonesian Economics and Finance] vol. 6 #5 (May 1953), p. 228-36. On Sumitro's ideas, see also Sumitro, "The Budget and its implications," EKI 6 #1: 3-19 (1953), and Sumitro, "Balanced Development of Agriculture and Industry, EKI 6 #7 (July 1953): 381-5.}

With a critical lack of qualified economists, the Indonesian government looked to foreign experts for advice. Sumitro invited Hjalmar Schacht, former president of the \textit{Reichsbank} in Nazi Germany, to analyze the economy. He delivered a report sharply at odds with the government's hopes to build a "national economy." Schacht argued that Indonesia had not been ready for independence due to its lack of trained personnel and was now saddled with a democratic constitution that might not suit the country. He called for the Indonesian elite to force through a development strategy based on extensive foreign investment and advice, regardless of the opinion of the uninformed masses. Schacht ended his report with "the firm conviction that this country has a happy future, which will lead it ever upwards, if its population returns to industriousness, discipline and order. The fact that this return has not yet taken place forms the crisis problem with which the country is faced."\footnote{Translation from the German Text of Dr. Hjalmar Schacht's Report on General Economic Conditions in Indonesia [1951], p. 27, Cornell University Library.} Schacht's report offended both the Indonesians who did not like its ideas, and international diplomats who did not approve of its author's role in Hitler's regime.

Hugh Keenleyside, the Canadian civil servant named as first Director-General of the UN Technical Assistance Administration (TAA), caused a stir by refusing to shake hands with Schacht at a Jakarta buffet and then putting out a news release which called the German economist "a disgrace to the human race." Keenleyside weathered the storm and recalled Sumitro later telling him the only thing in Schacht's report with which he agreed was the sentence that Indonesia had a great future.\footnote{Hugh L. Keenleyside, Memoirs, vol. 2: On the bridge of time, (Toronto: McClelland and Stewart, 1982), p. 396-493; Sumitro, "Recollections of My Career," Bulletin of Indonesian Economic Studies (BIES) vol. 22 #3 (Dec. 1985), p. 36.}

There was one other point of agreement, however: the importance of foreign experts. Britain's consul in the Dutch East Indies had described Indonesian leaders as "these charming irresponsibles" and felt that Indonesia's future rested on continuing to follow Dutch advice.\footnote{F. Shepherd, Consul in Batavia, to Foreign Minister Ernest Bevin, 31 July 1949, British Documents on Foreign Affairs (BDFA) Part IV, Series E, vol. 9, p. 221-3.} That
was a common view. As one reporter wrote, with remarkable yet typical condescensation, in *Saturday Night*:

Talking with these eager nationalists, one wonders: are the Javanese too charming to succeed? For theirs is the charm of innocence: they are so youthful, so disarmingly apprentice, above all, so naive. Running a country seems too grown-up a job.... The world needs an Indonesian success as much as the Indonesians themselves — these charming, cheerful people whose faces seem uncomfortable when they are without a smile. Can the West offer technical, advisory aid as well as economic? And can the Indonesians be persuaded to accept it? The alternative could be a second Burma.17

In other words, Indonesia left to its own devices might quickly become what is now called a “failed state,” torn apart by internal divisions and disorder, just as Burma had been following its own independence. The young innocents who governed it were, from this perspective, essentially wards of the more developed countries. Lester Pearson was not alone when he called Indonesia the “first child of the United Nations.”18 Depictions of newly-independent countries as children within the family of nations were metaphors, certainly, but still betrayed the continuing hold of the “white man’s burden” and the “mission civilisatrice.” As parent, the UN took on a special responsibility to tutor its Indonesian child. The UN Technical Assistance Mission in Indonesia (UNTAMI) took over the facilities and staff left by the UN Commission on Indonesia, created to oversee the transition to political independence.19 It appeared to see its role as finishing the job in the economic sphere.

The United Nations and the National Planning Bureau

The Indonesian government formally requested UN technical assistance in March 1950, six months before it was formally accepted as a member of the UN.20 Two UN agencies, the Technical Assistance Administration (TAA) and the Economic Commission for Asia and the Far East (ECAFE) sent exploratory missions.21 In 1951, TAA Director-General Keenleyside appointed Sir Mirza Ismail, former premier of Mysore (1926-41), Jaipur (1942-46) and

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18 Inaugural instructions to Canadian Ambassador in Indonesia, attached to Secretary of State for External Affairs (SSEA) unnumbered letter to Jakarta, 19 Aug. 1953. LAC, RG25, vol. 6613, file 11129-40 [3.1]
19 Documents on file at United Nations Archives (UNA), Technical Assistance Archive Group (TA), Box 62, 330/1/02, administrative arrangements, Indonesia [A].
20 L.N. Palar, United States of Indonesia permanent observer to UN, to Secretary-General Trygve Lie, 15 March 1950. UNA, TA, Box 53, 330/1/01, expert assistance to Indonesia.
21 Hugh Keenleyside, TAA Director-General, to Joseph Stepanek, UN adviser on small industries in Indonesia, 4 April 1951, UNA, TA, Box 53, 330/1/01; H.D. Fong, for the executive secretariat, Economic Commission for Asia and the Far East (EACFE), to W.R. Malinowski, Division of Economic Stability & Development, 15 Nov. 1950, UNA, TA, Box 13, 330/03 (4) EACFE - TAA activities in EACFE region [A].
Hyderabad (1946-47), as UN resident representative for technical assistance. Ismail was personally recommended by Indian Prime Minister Nehru, and highly regarded for overseeing economic development in his previous jobs, but his autocratic manner and assumption that he had a similar supervisory job in Jakarta upset his hosts. He was ultimately replaced by John Reid, a New Zealand diplomat who had been active during the creation of the Colombo Plan.\(^{22}\) UNTAMI was responsible for UN technical experts in Indonesia, but the most important agency, the Planning Bureau, ended up outside its purview. Like other UN technical aid field offices, this split was a sign of the ad-hoc, experimental nature of UN supervision in the early years.\(^{23}\)

Beginning in the 1940s, Sumitro had hoped for a centralized agency to handle all Indonesia’s economic planning. The project remained “close to his heart” after Indonesia signed a technical assistance agreement with the UN in 1951, according to Roland Liem, an Indonesian who had worked with Sumitro in the Republic’s New York office before taking a job with the TAA.\(^{24}\) Once in cabinet, Sumitro quickly created the National Planning Bureau. It needed foreign experts, and after an initial recruiting trip to Europe, he decided the TAA was the best agency to handle the recruiting job. He wanted seven to eight foreign experts in finance, national income, industrial economy, labour, agriculture and resources, population and migration, service facilities, and community organization.\(^{25}\)

The Planning Bureau proposal appealed to the international civil servants in the new TAA, most of them influenced by Keynesian economic thinking and the social-democratic ideals of the British Fabian Society. Although he had served a Liberal government in wartime Ottawa, Keenleyside was a social-democrat and a planner, one who thought technical assistance could be “the finest and highest of public concepts.”\(^{26}\) So was his director of operations, British economist George Cadbury, who joined the TAA after heading the powerful planning board created in 1945.

\(^{22}\) Arthur Fletcher to Tor Gjesdal, Dept. of Public Information, 19 April 1951, UNA, TA, Box 53, 330/1/01; G. Martínez Cabañas, TAA deputy Director-General, to Keenleyside in Jerusalem, UNA, S-0441-1030, Branch registries 1946-1959, 173/71/04 [A]; Keenleyside, Memoirs, p. 396-8. By 1955, the UN had established as a principle that each recipient country should determine its own technical assistance needs, precluding similar clashes in many of the other 115 countries that ultimately hosted UN Technical Assistance Missions. Richard Jolly et al, \textit{UN Contributions to Development Thinking and Practice} (Bloomington: Indiana University Press, 2004), p. 70-1.


\(^{24}\) Roland H.D. Liem to TAA officers, 18 June 1951. UNA, S-0441-1030, 173/71/04 [A].

\(^{25}\) Sumitro to Keenleyside, 12 July 1951; Keenleyside’s summary of meeting with Sumitro and Prof. Harvey S. Perloff of the University of Chicago, 12 July 1951. UNA, S-0441-1030, 173/71/04 [A].

\(^{26}\) Keenleyside, Memoirs, p. 358.
by the new CCF government in Saskatchewan. The TAA named F.R. Scott, a pillar of Fabianism's Canadian echo, the League for Social Reconstruction, as economic adviser to the government of Burma. By 1955, the UN had 431 experts spread across Asia, almost three-quarters of them advising on economic development, and was assisting the planning boards of nine countries. The UN was a nexus for development economists: from 1945-55, virtually all important economic thinkers did some UN work. Its experts could function as agents of the local government, or as "catalytic agents to precipitate policy decisions or reconcile conflicting viewpoints," and there was a powerful faith that technical experts could quickly deliver the answers needed for economic growth. Attitudes at UN headquarters were highly sympathetic to the idea of non-communist economic planning. Attempting to treat economic planning as an objective, non-political science, the UN endorsed the idea of development planning in an influential 1951 report. Keynesian-influenced planning was a far cry from communist-style planning. It followed in the wake of the President's Council of Economic Advisers in the US, the French Commissariat Général du Plan, and Britain's Central Economic Planning Staff, all created in 1946-47. It gained a boost from the Colombo Plan, which was in effect a series of national development plans written to attract donor funding. After the 1957 Colombo plan conference in Saigon, the US delegation noted a "worship" of plans by most members. Keynesian planning, in Michael Ward's metaphor, was not a new philosophy challenging the old orthodoxy; rather, it "resembled a Protestant critique of traditional Rome" which shifted the emphasis, but remained within the assumption of previous capitalist economists. Even import-substitution industrialization, the major challenge to free-trading orthodoxies from within the UN economic

28 ECAFE, "UN Technical Assistance in Asia and the Far East 1950-1955." UNA, TA, Box 13, 330/03 (4) ECAFE - TAA activities in ECAFE region [B].
31 Toye, Political Economy, p. 44, 102-6, 52
system, did not challenge the basic ideas of Western-inspired economic development.\textsuperscript{34} Economic planners working within the UN and the planning projects it sponsored in Asia were full of postwar optimism, sharing the hopes of the newly-independent countries and adding a faith in Western technical expertise to deliver rapid growth.

UN technical aid was far from neutral: from the start, it had been driven by the Western states.\textsuperscript{35} The General Assembly authorized technical assistance in December 1948, but it took off only after President Harry Truman’s January 1949 inaugural address made technical assistance the fourth point in his foreign policy. The UN moved to establish an Expanded Programme of Technical Assistance alongside American Point Four aid. The Soviet Union refused to take part in UN technical aid programming until 1953.\textsuperscript{36} Canadian officials saw TAA programmes as helping to create a “suitable investment climate” in less developed countries. If successful, technical aid “would discourage the rise of economic nationalism and lead toward a more extended multilateral system in international trade.” Finally, the programme could encourage political stability by channeling nationalism in such a way that “the under-developed countries will gradually achieve their purpose by evolution instead of revolution. If the latter should occur, world Communism would be quick to take advantage of it.”\textsuperscript{37} UN technical aid and experts, Pearson’s parliamentary assistant Jean Lesage said,

... constitute the ‘other forces of the United Nations.’ While the soldiers of the United Nations are fighting in Korea to repel aggression, it is the privilege of these other ‘forces’ to contribute directly to the well-being of the countries in which their operations are conducted and in so doing to help ease the present international tension.\textsuperscript{38}

The American Mutual Security Program pointed out that US aid “encouraged a strong Western orientation of the Indonesian technical services.”\textsuperscript{39}

UN studies had identified a lack of planning as the central problem holding back Indonesian economic development.\textsuperscript{40} Sumitro’s proposal for a Planning Bureau made a good fit with TAA thinking. After three days of talks in New York, Keenleyside and Sumitro reached a

\begin{footnotesize}
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\item Jolly, \textit{UN Contributions}, p. 59.
\item Nashat, \textit{Institutional Framework}, p. 35.
\item Mutual Security Program report to Congress, excerpt. NA, RG59, Lot File 61 D 85, Subject files relating to Indonesia 1954-8, Evaluation of US aid programs.
\end{itemize}
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preliminary agreement in July 1951. Keenleyside cabled his representative at the UN’s Technical Assistance Board to commend the “idea [of a] Planning Board with competent foreign experts [as] necessary [to] ensure [the] implementation [of] recommendations [from] other experts sent on general mission. We are on sound ground and [our] position should be maintained.”

Back in Jakarta, Ismail and Sumitro clashed over the size and accountability of the Bureau. “As the proposal stands,” Ismail wrote, “it is going to be a very huge and complicated body, cut off from the executive side of the administration. My ideas were somewhat different, and in my judgement more practical and effective as I have been explaining to Dr. Soemitro.” Some six months after Sumitro pitched the idea, the UN signed an agreement to fund the National Planning Bureau.

Uniquely among UN projects at the time, the Bureau’s foreign experts were recruited and financed by the TAA, but signed their contracts with the Indonesian government and reported to it alone. TAA officials had to convince some of the international agencies to support the scheme, under which the UN would receive no reports from experts it was paying. One argued that “this somewhat novel experiment” was “absolutely necessary, because it is important that the Indonesian Government itself be responsible for its economic development plans even though it gets adequate expertise from us for this purpose during the early stages.” Keenleyside was “very anxious” to see a full team recruited rapidly, but it took some time to assemble the foreign experts. The TAA looked to Canada to provide both the monetary and demographics experts; Canadian candidates were also shortlisted for posts advising on agriculture, labour, and community development. Keenleyside and acting UNTAMI chief Anthony Balinski were also able to convince the Indonesian government to request an expert in public administration. The pattern of recruitment showed a UN vision closely dovetailed with Canadian government hopes towards Indonesia. Indonesia’s top priority was a monetary and fiscal adviser “to examine and analyze the problems confronting Indonesia in these fields in their relation particularly to

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41 Keenleyside to A. Goldschmidt, TAA Director of Coordination and Planning, in Geneva, 27 July 1951. UNA, S-0441-1030, 173/71/04 [A].
43 UN-Indonesia agreement, 6 Feb. 1952, UNA, TA, Box 20, 330/05, Agreements with recipient countries - Indonesia.
47 W.P. Barrett, Deputy Director of Bureau of Personnel, to William M. Oliver, Canadian UN delegation, 18 Jan. 1952; Keenleyside to Dominion Bureau of Statistics, 7 April 1952; George Cadbury, TAA Director of Operations, to Mandereau, 18 April 1952. UNA, S-0441-1030, 173/71/04 [B].
48 Palar to Keenleyside, 12 June 1952; Keenleyside to Palar, 23 June 1952. UNA, S-0441-1030, 173/71/04 [C].
development planning and to give pertinent policy advice.\textsuperscript{49} TAA officials named Benjamin Higgins as “the best choice” for monetary and fiscal adviser, and Sumitro quickly agreed.\textsuperscript{50} Higgins started work in July 1952 and began to influence the selection of other candidates in a fashion that might have been called patrimonial, had he been a Third World leader. The Indonesian government suggested on his advice two Canadians who had not been part of the recruiting process: Nathan Keyfitz for a post advising on either statistics or demography, and D.M. Deane to advise on migration.\textsuperscript{51} Higgins also picked an American, Edgar McVoy, as labour expert, and André Brichant, with whom he had worked on his first UN assignment in Libya, for the natural resources post.\textsuperscript{52} With the addition of British industrial economist A.M. de Neumann, education adviser T.R. Smith from New Zealand, American agricultural economist Peter Diebold, and South African national income expert Daniel Neumark, the team was complete by early 1953. (In addition to its stable of foreign experts, the Planning Bureau could also call on a team of US engineers provided by the J.G. White Company.\textsuperscript{53})

Structurally, Indonesian development planning was under the control of a cabinet committee, but the key work was done by the Bureau, a group of foreign experts and Indonesian technicians reporting to an Indonesian Director, Juanda Kartawijaya.\textsuperscript{54} Most experts served for only a single year, and it took time for Juanda to assert his authority, so the initial team was especially influential. Colombo Plan technical aid chief Geoffrey Wilson told Canadian diplomats in Ceylon that the

\textsuperscript{49} Nuradi, economic adviser to Indonesian UN delegation, to Martinez-Cabenas, 26 Nov. 1951. UNA, S-0441-1030, 173/71/04 [A].
\textsuperscript{50} Cadbury to Palar, 2 April 1952; Mandereau to Anthony Balinski, acting UN technical assistance representative in Indonesia, 25 April 1952; Sumitro to Balinski, 24 April 1952. UNA, S-0441-1030, 173/71/04 [B].
\textsuperscript{52} Higgins to Keenleyside, 24 Nov. 1952; John S. Reid, UN technical assistance representative in Indonesia, to Eleanor M Hinder, chief of Office for Asia the Far East, TAA Programme Division, 10 March 1953; Hinder to Reid, 29 June 1953. UNA, S-0441-1030, 173/71/04 [D].
\textsuperscript{53} Over five years (1951-56) the US government paid more than $3.5-million to finance an average of 30 engineers at a time. For the most part, this contract ran smoothly, although there were some battles over whether the team worked for the Planning Bureau alone, or was also accountable to the US government. At the same time as Ambassador Merle Cochran deceived the Indonesian government over the terms of US aid under the Mutual Security Act in 1952, he declared “it would be a genuine offence to the U.S. Government if the Indonesians should have the temerity to give a certificate of unsatisfactory performance” to the White engineers. If they did, Cochran said he would recommend all US aid be terminated immediately. The contract continued more smoothly after Cochran’s removal as ambassador. Memorandum to file by Merle Cochran, US Ambassador in Indonesia, 14 Feb. 1952, NA, RG59, Indonesia desk, Cochran 1951-2; International Cooperation Administration memorandum from William A. Sponsler III to Raymond Boyer, 23 April 1956, NA, RG 59, Indonesia desk, TCA operations 1956; Summary of ICA aid projects, [1957?], Cornell University Archives (CUA), David Wurfel papers, Box 1, Indonesia.
\textsuperscript{54} Cadbury to Reid, 5 Aug. 1952. UNA, S-0441-1030, 173/71/04 [C].
United Nations plays a much more important role here [in Jakarta] than in any other country in the area he had visited. Indonesia is desperately short of good Ministers and officials but many of the United Nations people are good and they have had a long time there to acquaint themselves with local conditions. The result is that it appears they pretty much decide what should be done in the fields in which they operate. Professor Higgins of McGill University who is in charge of the Planning Bureau under the control of the Ministry of Finance occupies a key position.... If it could be taken for granted that any recommendation they [the Bureau’s foreign experts] made had the approval of the Government and that it was only a question of time until the formal applications were made. He suspected that for better or worse this is generally true.55

Canadian Ambassador George Heasman similarly noted that “any bilateral agreement which may be entered into by the Government of Indonesia and a foreign Government is likely to have been discussed with the TAA and to have the approval of the Planning Bureau.”56

Delays in staffing and logistics meant the Bureau’s first Five-Year National Development Plan was not ready until 1956, but the Bureau guided economic planning in the meantime and the Five-Year Plan, in which Higgins was the vital foreign adviser, became the template for all subsequent Indonesian development plans.57 In 1955 Juanda returned to cabinet as Planning Minister in order to lend his “expert knowledge and experience” to the cabinet, but retained essentially the same job.58 When he took over as Prime Minister in 1957, his former deputy Ali Budiarjo continued his policies as head of the Planning Bureau. Ali Budiarjo had worked in the East Indies government before serving the Republic as Secretary-General of its information and defence ministries and then as Juanda’s deputy. Juanda was universally praised in Western capitals. Canadian Ambassador Heasman lobbied successfully for Juanda to attend the 1954 Colombo plan conference in Ottawa.59 There, External Affairs informed the Canadian embassy in Jakarta, “Dr. Djuanda impressed Canadian officials as being an able and co-operative official, and most of the extra-conference discussions were with him.”60 A.E. Ritchie, chief of the Economic Division at External, called him “a good friend of Canada.”61 To the US State Department, he was “friendly and cooperative with the U.S. and politically sound.”62

60 SSEA letter E-359 to Jakarta, 1 Nov. 1954. LAC, RG25, vol. 6590, file 11038-4-40 [1].
Once the Planning Bureau was in place, it took charge of coordinating all foreign aid inflows. Indonesian leaders were keen to avoid dependence on too few sources for aid. Technical aid needs lay behind the Indonesian willingness to reach a postwar rapprochement with Japan, for instance. The need to diversify aid beyond the Netherlands and the United States also accounted for Indonesia's decision to join the Colombo Plan in 1953 (see chapter 2) and subsequent efforts to gain Canadian aid. Higgins visited Ottawa in February 1953 to further this mission, reporting the Indonesian government to be "suspicious of Point IV assistance since it is sponsored by the United States Government." Thus Higgins pressed for Canadian aid through the Colombo Plan, arguing that "Canada was in a unique position to offer such technical assistance since it was a developing country which had experts in the specialized fields desired by Indonesia, because her sound financial position commanded respect and also because there were no bad political connotations connected with Canada." It was this sort of language that fed the Canadian diplomatic self-image of being an understanding friend of less developed Asia, but it took a Canadian spokesperson for a UN-funded Indonesian government agency to deliver it.

Canadians on the Planning Bureau

In the St. Laurent years, Canadian economic affairs were in the hands of what Donald Creighton called a "new, superbly confident generation of federal civil servants" who were "convinced that they knew exactly how the economy worked, that they could promote, direct, and control its growth...." This civil service furnished the TAA with its Director-General, Hugh Keenleyside, who presided over an equally confident generation of economic advisers to Asia, Africa and Latin America. The field personnel changed often, but they shared a common belief in the efficacy of technical aid, the need for economic growth as the only means to provide development, and the near-universal applicability of lessons from one country's experiences to others. Canada provided a disproportionate number of UN personnel, as much in Indonesia's Planning Bureau as elsewhere. When recalling the key personnel in the Planning Bureau, Sumitro

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63 Balinski to Hinder, 8 Oct. 1954. UNA, TA, 330/010 [B].
singled out "Keyfitz, Neumark and Higgins" — two of them Canadians. Higgins, "the first and most influential member of the Planning Bureau," was especially influential. At one meeting of the Colombo Plan’s Council for Technical Cooperation, Higgins played such an active role that the Australian High Commission reported him to be "the head of the Indonesian Planning Bureau." The government shows an almost frightening willingness to accept my advice," Higgins himself wrote from Jakarta. Keyfitz remembered arriving in Jakarta in 1953 to find a country young and full of promise. "So everything was very new. There was a great sense of euphoria: ‘Now that we’ve got the Dutch rulers out, we’re going to take over and we will make ourselves a proud and independent country’.” On the other hand, he thought the Planning Bureau seemed unsure of itself. The Bureau’s early lack of self-confidence gave ample scope for the foreign advisers virtually to make policy.

Higgins had come by a circuitous route to the position of architect of the Indonesian economy. Originally from London, Ontario, he worked as a US government economist before coming to McGill University, where he was named head of the department of economics and political science and Bronfman chair in economics. At McGill, he was a rising star. Wilfred Cantwell Smith, another recent young recruit to the university who would later play an important role in shaping the teaching of religion in Indonesia (see next chapter), described him as “a quite brilliant person.” Higgins took leave in 1951 to serve as senior economist with the UN mission in Libya, the first of 40 countries he would advise. McGill extended his leave after a personal appeal from Keenleyside and UN Secretary-General Trygve Lie. After Indonesia requested a financial expert for the Planning Bureau, Assistant Deputy Minister of Finance R.B. Bryce proposed Higgins’ name. Higgins jumped at the job, saying “the idea of dividing my efforts between development planning, current monetary and fiscal problems and a little lecturing appeals

67 Sumitro, “Recollections,” p. 36.
70 Higgins in Jakarta to Cyril James, Principal of McGill University, 2 Sept. 1952. McGill University Archives (MUA), RG2, Box 207, file 5567.
72 Wilfred Cantwell Smith to C. Burton Fahs, Rockefeller Foundation, 12 March 1953. Rockefeller Archive Centre (RAC), RG1.2, 427R, Box 10, file 95.
to me as close to ideal.” In Indonesia, he was tasked with “the 1953 budget, new tax legislation, banking legislation, and legislation covering investment of foreigners in Indonesia.” Advising on the Five-Year Plan was Higgins’ largest task, and the most challenging. “Even to maintain the standard of living at its present level would be difficult; yet we were to attempt the design of a Plan which essayed far more,” he wrote. “While keeping pace with the huge population increase, the Plan also must launch Indonesia from her economic stagnation into a process of economic growth, which would in turn bring an improving standard of living to the Indonesian people.”

At the time, there was no organized study of development economics: in effect, Higgins was part of the creation of a new field. Thirty years later, he would recall “the extent of our ignorance of the development process at that time.... We had little at that time by way of received doctrine, let alone manuals on development planning, to guide us. We had little idea how to promote growth except to encourage savings and investment.” Only one development economist’s work was readily available, and Higgins rejected J.H. Boeke’s theories of a “dual economy” in which there was virtually no chance for Indonesians to advance. In place of Boeke’s “dual economy” theories which saw the country as virtually incapable of development, Higgins posited a technological dualism in which the modern and traditional sectors co-existed. Obstacles for development were located in the traditional sector. There was hope for development in the entrepreneurial modern sector, but that sector’s domination by foreign investors dictated a certain course of development that stressed increased agricultural and resource production alongside industrialization. That course was to be sparked, initially, by foreign investment. Sumitro “saw the need to encourage foreign investment during the first phase of Indonesian development,” Higgins recalled, “not only for the capital it would provide, but still more for the managerial, entrepreneurial, scientific and technical expertise that would come with it.” This philosophy was to guide the first national development plan, but it came into collision with the predisposition of many Indonesian leaders to see foreign investment (in an economy where 75%...

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76 Higgins to James, 5 July 1953. MUA, RG2, Box 207, file 5567.
77 Higgins, Crisis, p. 8.
of foreign investment was Dutch) as a tool of imperialism.\textsuperscript{80} Import-substitution industries in Java, the most populous market, and export enhancement in the outer islands, promised the best path to development, he thought, but this also tended to exacerbate regional tensions.\textsuperscript{81}

Higgins was assigned an office next to Sumitro’s own, and began each day with a policy conference with the minister. With Dutch and Indonesian advisers, Higgins became part of Sumitro’s “kitchen cabinet. He also had regular access to Vice-President Mohammad Hatta, leader of the pro-development group in Indonesia. Higgins called Sumitro “the boy genius of the cabinet” and “a man of great charm, keen intellect, and prodigious energy ... [who] was much the most pragmatic of Indonesian leaders where economic policy was concerned.”\textsuperscript{82} That is to say, he was the most prominent of the “developmentalist” group, concerned with the economic building of the nation, as opposed to the “nationalists” who were more concerned with history and inculcating the sense of being a single Indonesian people. The great barrier to the hopes of Higgins and the Indonesian planners was economic nationalism, the emphasis by political opponents of the parliamentary cabinets on fighting foreign domination of the economy. Higgins assailed nationalism in a 1955 speech in Canada as “a divisive force and a barrier to economic development” concerned mostly with an outside enemy, whether that was the colonial powers in Indonesia or English Canadians in Quebec. It was particularly dangerous in Indonesia, where the colonial power had at least delivered some economic development. Higgins saw a chance for the end of colonialism to be accompanied by a grand multilateral scheme of upbuilding: “The job done by the colonial powers in the past can now be done by the United Nations and other foreign aid programs.” Negative nationalism threatened that great hope, however, by looking inwards instead of to the outside help that was needed. “Indonesian fear and suspicion of foreigners runs so deep that the government has been reluctant even to recruit the foreign experts needed to determine the quantity and quality of resources on which a development plan should be based,” he said.\textsuperscript{83} Higgins’ interpretation of the task of development as a legacy of colonial days would not have been well received had he been speaking in Indonesia; it highlighted one of the tensions

\textsuperscript{80} Higgins, \textit{All the Difference}, p. 47-68. On technological dualism, see also Paauw, “Guided Economy,” p. 171-4, and Jolly, \textit{UN Contributions}, p. 50.
\textsuperscript{81} Higgins, \textit{Crisis}, p. 72.
\textsuperscript{82} Higgins, \textit{Crisis}, p. 81; \textit{All the Difference}, p. 59.
between Indonesian authorities and their foreign advisers and suggested that the community of interest might not, after all, be total.

Higgins served in Jakarta until early 1954, returning to take up a “made to order” post at the MIT Center for International Studies (CIS). He returned to Indonesia in 1955 as head of the CIS Indonesia programme, acting once again as adviser to Finance Minister Sumitro. Higgins had moved almost seamlessly through academic posts in Canada and the US and UN postings back to this new job, which combined research and policy advising: here was a good example of the North American non-governmental networks through which so much of Canadian relations with Indonesia were mediated. From the CIS, Higgins continued to exert influence on Indonesian economic planning. The CIS was born from Project Troy, a CIA-funded effort to evade Soviet jamming of American radio broadcasts and develop an effective communications strategy. Under its first director, former CIA analyst and economist Max Millikan, it broadened into more general communications research and a project on economic growth, with case studies of three countries: Italy, India and Indonesia. In the words of its official history, the Center brought together “as strong a team of economists as could realistically have been mobilized for such an ambitious program.” These economists, including Higgins, Walt Rostow and Paul Rosenstein-Rodan, came together in this period to create the development doctrine of the “big push,” which argued for massive capital injections to kick-start economic development.

CIS research always had a strong policy emphasis and was intertwined from the beginning with the cold war. “The political and economic development of the underdeveloped countries is a decisive factor in world politics,” as the Center’s initial (and successful) funding proposal to the Ford Foundation said. “This would have been true by now in almost any circumstances, but the matter takes on particular urgency — and perhaps a degree of distortion — since Asia and Africa have become primary areas in the Soviet-American conflict.” The CIS Indonesia project studied and made recommendations on the financing of economic development and foreign investment prospects from the United States,

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84 Higgins to James, 5 July 1953. MUA, RG2, box 207, file 5567.
85 Higgins, All the Difference, p. 75-9.
87 “CIS Program of Research in Economic and Political Development, 1953.” MITA, AC236, MIT Center for International Studies, Box 2, Program of Research in Economic and Political Development, 1953.
Canada and other countries; indeed, Higgins sent a detailed analysis of Canadian policies on foreign investment to the Planning Bureau with the implicit suggestion that Indonesia might do well to emulate Canada's embrace of foreign capital in its own development.\(^8\) It had a contractual link with the Planning Bureau, providing research on foreign investment sources, trade patterns and sources and use of capital in exchange for special access to the Bureau and the chance to influence planning.\(^8\)

Relations with the Indonesian Embassy were excellent, and the State Department even offered its diplomatic bag for the exchange of letters, despite some worries that the CIS project was influential enough to potentially interfere with American policy goals.\(^9\) On the other hand, Indonesia desk officer Frank Galbraith wrote that the CIS group could be “useful to us insofar as they win the confidence of the Indonesians and avoid controversy. Ben Higgins, himself, is very knowledgeable and seems to desire to cooperate fully; and to make available to us whatever information he acquires.”\(^9\) Higgins was trying to serve multiple masters here, but only because he believed the interests in economic development of all, from MIT to the Planning Bureau to the US government, were compatible if not identical. Higgins later moved on to the University of Texas to work on development in Brazil, while the remainder of the CIS group began to lobby for a shift in US aid priorities from military aid to economic development. By the end of the 1950s, this had led to a coherent modernization theory adopted as government policy during the Kennedy administration.\(^2\)

88. "Program of Research in Economic and Political Development, 1954." MITA, AC236, Box 2. At MIT, Higgins was assigned by Sumitro at one point to negotiate with the three big foreign oil companies that controlled most of Indonesia's petroleum reserves. The CIS Indonesia project produced a study of Stanvac, one of those companies, as a template for American foreign investment in Indonesia. It sponsored a team of anthropologists to do field work in the east Java town of Wonosobo. This research and the monographs produced by researchers like Clifford Geertz have been enormously influential in shaping the way that Java continues to be understood, not only in the West, but even within Indonesia. Douglas L. Oliver, CIS, to Prof. Djodjodiguna, Gajah Mada University, 22 Aug. 1952. LOC, Mintz, papers, Box 7, file 3, CIS Indonesia Project 1952; Benjamin Higgins et al, United States Business Performance Abroad: The Case Study of Stanvac in Indonesia (Washington: National Planning Association, 1957); Clifford Geertz, The Religion of Java (Glencoe, Ill: The Free Press, 1960).


91. Galbraith to Cumming, 22 Dec. 1954. NA, RG59, Indonesia desk, Cumming Hugh S.

Along with Higgins, the most influential Canadian on the Planning Bureau was Nathan Keyfitz, a Montrealer seconded from the Dominion Bureau of Statistics (now StatsCan) to advise on both statistics and demography. Keyfitz had orthodox political views. He confided, for instance, that he felt “much more at home in the free-enterprise air of Bangkok and, especially, Saigon, than ... in the socialist atmosphere of New Delhi.” But he and his wife Beatrice loved Indonesia. He learned Indonesian, took field trips to a village in East Java, and was reported to be “delighted with the young students of economics and sociology who are his assistants at the Planning Bureau.” He invited his assistant Wijoyo Nitisastro into their prefab house among the technical advisers’ village in the upscale suburb of Kemayoran and introduced him to the joys of baked beans. Beatrice shared his love for Indonesia and the “seemingly inexhaustible kindness and good humour” of its graceful people — at least until the couple was robbed shortly before it was time to go home.

Keyfitz was also a typical example of the idealistic TAA expert, offering the lessons of more advanced countries to those still needing to develop. To Keyfitz, statistics were a prerequisite to order, a “guide to action” that made planning possible. “One single figure each month can do more than volumes of arguments to bring agreement between trade unions and employers—this is certainly the Canadian experience,” he wrote. He was not an economist, but his approach was in keeping with the postwar Keynesian re-invention of statistics as the centralization of data in order to support rational planning. Keyfitz called for a regularization of the role of educated experts in policymaking, for the educated elite to also have a role in government and business. At the same time, the economy had to be directed to producing more for both domestic use and export: “An economy that rewards paper work will get paper work; an economy that rewards production will get production.” He saw the colonial legacy in Asia as being dualistic: there were enclave economies producing for export, with the rest of the continent


Ward, Quantifying, p. 10, 22.
economically stagnant. The trick was to develop national economies that integrated the old
dualism into one whole. He rejected the hopelessness of some who believed Asians lacked the
required work ethic. “Schacht thinks that the country waits for the appearance of a pioneer spirit
— we on the contrary take the view that the pioneer spirit can be fostered by leadership and
organization.” Keyfitz was in many ways the father of Indonesian statistics. When Sarbini
Sumawinata was assigned to head Indonesia’s Central Statistics Office, he insisted on a three-
month training course with Keyfitz at the Dominion Bureau of Statistics before taking the job in
1955. Since his main problem was a lack of trained personnel, Sarbini continued to send trainees
to Ottawa. Indonesia, as a result, based its statistics operations on Canada’s.

Keyfitz was equally influential in demographics, where he teamed up with D.M. Deane,
the Canadian-born migration expert, to flesh out Indonesia’s programme of “transmigration.” The
idea of relieving population pressures in Java by moving people to the sparsely-populated outer
islands was already under way in colonial days, and became an article of Indonesian government
faith with the creation of a Transmigration Department in 1947. In 1950 it only managed to move
77 people, but by 1953 the figure was up to 39,300 over the year. The first target was Sumatra,
already well connected to Java. After that, planners intended to settle Kalimantan, which Canadian
Ambassador Heasman called “a large sparsely populated country which might be developed by
people drawn from the teeming millions of Java” in “what amounts to the opening of a new
country.” In this, Indonesia hoped to emulate the settlement of the North American prairies.
Before independence Sukarno spoke grandiosely of moving 15 million people; others hoped the
numbers would reach 20 million. Sukarno pictured Indonesia industrializing on the North

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103 Jakarta letter 72, 31 July 1953. LAC, RG25, vol. 6590, file 11038-4-40 [1].
American pattern. Like North America, he said, Indonesia was “vast and partly empty, it is rich but not yet fully exploited.”

The Planning Bureau embraced transmigration with enthusiasm, since rising population was one of the largest threats to development planning. Keyfitz pointed out that 400,000 new people were added every year to the Indonesian population but not accounted for in planning. The only solution was to move them to Sumatra. That dictated a tenfold expansion of transmigration, but Deane believed that was possible, if transport and irrigation could be provided. Population pressure, Keyfitz thought, was not only a problem but an opportunity. By clearing new lands in the rain forests of the outer islands, transmigration offered “an appeal to the imagination similar to that which was offered by the American frontier.” Both the Planning Bureau and the UN technical assistance mission hoped for Canadian help for the programme. Keyfitz and Wijoyo argued strongly that it was the answer to the population problem in a co-authored book that inaugurated the study of Indonesian demography. By 1969, when the book was updated, they conceded that the programme had failed.

It had virtually no effect on overpopulation in Java. It had a major effect, however, in the outer islands, where it became a programme of assimilation of ethnic groups into the broader identity of the “Indonesian nation.” Transmigration, inherited from the colonial regime, had become a programme of internal colonization. Keyfitz did not continue as an informal adviser to the Planning Bureau as Higgins had. Instead, he moved on to head the Colombo plan technical cooperation bureau, based in Ceylon. Officials considered him as a potential head of Canada’s Colombo Plan programmes in 1956, but he opted for an academic career instead, returning to Indonesia only in the 1980s to advise on education.

The Planning Bureau and the Canadian embassy had hoped that the top Canadian contribution of experts would come in the field of geology — a hope that never panned out. Planning Bureau adviser André Brichant, best known for his discovery of coal seams in Algeria, asked for ten geologists to assist him in developing a mining industry, and the Indonesian foreign

ministry rubber-stamped the request. Brichant wanted as many geologists as possible in as short
a time as possible, but Canadian requirements called for specific geologists to be assigned to
specific tasks. Officials in Ottawa also wanted to start more modestly. They recommended two
candidates who were approved by Juanda: J.F. McDivitt, a 33-year old science officer at the
Mines Branch, to become assistant professor of geology at the University of Indonesia in
Bandung, and G.V. Mueller, 29, a specialist in nickel who had recently completed a Ph D at
McGill. Although both McDivitt and Mueller, in their different fields, reportedly did valuable
work, no more Canadian geologists went to Indonesia. Ottawa was not satisfied with the lack of
specifics in the requests; Jakarta seemed disappointed that the Canadians sent had no special
expertise for this part of the world and turned to the United States for geologists. Perhaps most
tellingly, there was stiff competition from Canadian mining and oil companies able to pay higher
wages.

There were personal tensions on the Planning Bureau, most notably between Higgins and
de Neumann, but the basic thrust of the experts’ advice was similar. Higgins and Keyfitz
summarized their thoughts in a 1953 memorandum entitled “Concrete recommendations.” First,
they called for changes to import licensing and the removal of temptation to easy corruption.
People had to be motivated, not exhorted. “Indonesians are no different in this respect from
Canadians,” they wrote. Secondly, more schools were needed, with classes “oriented to actual
life,” teaching the skills needed for development work rather than a civil service career, and
avoiding too much reliance on foreign universities. Third, it was important to enhance
communications and create “attitudes suited to an independent economy” such as simple nation­
wide radio and film programmes. Fourth was efficiency: maximum utilization of machinery, full
use of local labour, austerity among public officials, and a slimmer, better-paid civil service.
Finally, Higgins and Keyfitz deplored the way decisions were often made for personal reasons

Officials in Washington Concerning the Colombo Plan and Other Economic Aid Questions,” 28 Feb. 1956, LAC,
110 Jakarta letter 303, 17 July 1954, LAC, RG25, vol. 6604, file 11038-AB-2-B-40 [2.1]; Higgins, All the Difference,
p. 38; André Brichant, National Planning Bureau, to E.C. Allingham, Assistant Secretary of Canadian Institute of
Mining and Metallurgy, Montreal, 14 July 1954, UNA, S-0441-1030, 173/71/04 [F].
11038-AB-2-B-40 [3.1].
112 Bartlett to J.G. Hadwen, secretary, interdepartmental group on technical assistance, 2 March 1955, LAC, RG25,
vol. 6604, file 11038-AB-2-B-40 [3.1]; Jakarta letter 376, 8 Aug. 1956, LAC, RG25, vol. 6590, file 11038-4-40 [1];
Nathan Keyfitz, Canada and the Colombo Plan (Toronto: Behind the Headlines, Canadian Institute of International
rather than with the overall economic and social consequences of policy in mind. "The offering of guarantees to business may seem repugnant to a socialist and nationalist government, especially where such a large part of business is in the hands of foreigners," they wrote. "However, the enormous contribution to the community of anyone who sets up a concern which produces economically things that are needed should be recognized.... Those concerns that are useful must have maximum freedom." They called for tough barriers against business which contributed nothing of value, but easy terms for useful industries. Finally, they argued strongly against the idea of nationalization. It was fine to nationalize strategic sectors such as banking in order to ensure state control over monetary policy, but there was no need to nationalize power generation companies, for instance, since the state could regulate them without owning them. Government funds were best used not for nationalization, but to set up state industries able to compete with private firms. Higgins and Keyfitz were offering Keynesian prescriptions modified for Indonesian conditions: an economy driven by private capital, with the government setting the broad directions and smoothing out the rough edges while resisting the temptation to move towards full state control.

Writing the Plan

With Higgins moving on in late 1953, the TAA began the search for another team leader, able to serve under Juanda as the effective head of the foreign experts. Keenleyside nominated his operations director, George Cadbury, to fill the post for a year. Given Cadbury's central role as chief of the Saskatchewan planning board, this suggested that the role of foreign expert would continue to be a strong one. "We need a member who can say tactfully, Yes and No!" to Indonesian officials, Deane wrote in welcoming Cadbury's name. The Indonesian UN delegation added its voice in support, but Juanda decided against the idea of a "chief planner." Cadbury opted not to push for changes, and took a post in Ceylon instead. "Dr. Djuanda knows his own mind and has a pretty clear idea of the size and shape of the Planning Bureau he wants in 1955," he reported. There was no reason to pick a fight. In the end Juanda proved quite able to

113 "Concrete recommendations," undated memorandum. HUA, Keyfitz papers, Box 7, Indonesia 1953-4.
115 D.M. Deane, Planning Bureau, to Hinder, 10 Jan. 1954. UNA, S-0441-1030, 173/71/04 [E].
117 Cadbury to Hinder, 27 April 1954. UNA, S-0441-1030, 173/71/04 [F].
lead the foreign experts himself, doing so in one expert's words "with considerable skill and forbearance" and providing the political connections necessary to ensure cooperation between foreign experts and government ministries.\textsuperscript{118}

The issue of who controlled the Planning Bureau came up again when Juanda visited UN headquarters in 1954, as part of a trip that also took him to the Colombo Plan conference in Ottawa and on to France, Germany and Turkey. Higgins and Keyfitz offered suggestions on reorganization to Juanda and to the TAA, which generally concurred but decided not to press them upon the visiting planning chief.\textsuperscript{119} Juanda confessed in a talk with Max Millikan of MIT that he was "greatly distressed" at continued interference in the Planning Bureau by Higgins after his contract ended. He added his unhappiness with meetings in New York which he said had centred on the issue of whether he would be allowed to run the Bureau in his own way, without second-guessing from New York. Only after Higgins assured him that MIT researchers had no plans to interfere did Juanda agree to grant him access to Indonesia and to the Bureau, as long as they did not treat it "as a kind of club where they could make themselves perfectly at home pawing over any files that interested them and distracting employees from their central tasks."\textsuperscript{120} Juanda confessed to feeling "slightly guilty" that he had not met the requirement to submit annual reports to the TAA, but agreed only that experts would send reports to him every three months on their work which he would then pass along to New York as long as they contained no confidential information.\textsuperscript{121} Juanda's jealous protection of his prerogatives and of Indonesian control showed that the Planning Bureau was not blindly following the advice of Western experts. There was a community of interest, rather than a command relationship; the research and perspectives of the experts reinforced Indonesian planners' own ideas on economic growth and influenced them further in the direction of Western development models. International economic conditions and Indonesian politics, however, made actually implementing such models a difficult task.

Indonesia had no sooner set about the task of writing a development plan than its balance of payments became so critical that deficits spiraled. With the export boom over by 1952, Indonesia's immediate needs shifted from development to stabilization. The government had

\textsuperscript{118} Edgar McVoy, Planning Bureau, to Hinder, 4 Jan. 1954; Deane to Hinder, 10 Jan. 1954. UNA, S-0441-1030, 173/71/04 [E].
\textsuperscript{120} Memorandum for the record by Millikan, 8 Nov. 1954. NA, RG 59, Indonesia desk, MIT project 1954.
some success in fixing the balance of payments troubles, but the problem grew tougher as security requirements drove the deficit up. By 1952, Indonesia was losing foreign exchange reserves faster than any other country in the world. A budget surplus in 1950 turned into a deficit of Rp. 2,068-million by 1953 and Rp. 3,602-million in 1954. Consequently, government borrowing drove the Bank of Indonesia’s reserves below the statutory 20% minimum in 1954. The development budget was slashed to reduce the deficit, and only began to rise again in 1956. Indonesia, in the words of one Planning Bureau report, was “trapped between the Devil of inflation and the Deep Blue Sea of exhaustion of its excess reserves of gold and foreign exchange.” At the same time, the economic strategies of the early cabinets that provided political patronage to the Planning Bureau were increasingly unpopular. Independence was not proving to be the “golden bridge” to the just and prosperous society Sukarno had promised. In response, the President and other nationalists began to turn away from developmentalist solutions. They looked to “spiritual nation-building,” to a more assertive anti-colonial foreign policy, and to some disengagement from international trade in favour of a more self-reliant economic strategies. Bruce Glassburner has characterized the 1950-57 period as “years of a hopeless losing battle on the part of a very small group of pragmatically conservative political leaders against an increasingly powerful political opposition of generally radical orientation.” The political tide was running towards the radicals. In place of the careful planning and long years of toil promised by the planners, Sukarno and others promised speedier rewards, won without relying on foreign advisers. Some questioned whether the foreign economists were even needed. Even Beatrice Keyfitz had wondered in 1953 if they were offering anything of value to Indonesia:

The foreign experts are the real blight around here. Why a country in which 80 per cent of the boys who get to university are studying economics or law should find it necessary to import still more economists I don’t know. They are a very unhappy bunch of men, but not one of them has had the courage to say ‘I can’t do any good here, so I’m going home.’ They sit out their terms, growling bitterly, and hoping for a renewal.

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123 Higgins, Crisis, p. 30.
125 Colombo Plan report 1954, p. 68.
The idea that Indonesians could do the work themselves without foreign task masters grew as Indonesia became a more self-confident state, casting off the idea that answers came from more advanced countries, in what Franz Fanon called a decolonization of the mind. Sukarno would later assail the idea that “bald-headed professors from Oxford, from Cornell University or elsewhere” had anything to teach Indonesia.129

The Five-Year Plan was the last effort of the planners to win the political battle. Completed in 1955, around the time Indonesia successfully held its first free elections, it provided an economic agenda of hope to complement the hope that arose from the elections. Both hopes quickly turned to disappointment as neither was able to solve Indonesia’s problems.130 The Plan identified a role for the state, declaring a goal of transforming Indonesia’s colonial economy into one controlled by Indonesians. That rested, however, on the hope that domestic capital could be generated by indigenous private entrepreneurs. The state was given a role not out of ideological commitment, but because of the weakness of domestic private capital. The job of the state was to give the economy a “big push” and then stand aside in favour of the new domestic private capital that planners hoped would grow.131 Juanda, like Sumitro, favoured a moderate “planned socialism” in which the government would exercise controls over strategic industries only, leaving the bulk of the economy to private enterprise, including foreign direct investment.132 Government planners, in Richard Robison’s words, were “committed to neo-classical growth economics, to the importance of foreign capital investment and market forces.”133 The Plan in effect presented Indonesians with a dilemma: to develop along the recommended lines, they would have to accept foreign domination of the economy in the short term and take steps that would increase tensions between foreign investors and popular opinion, between regions, and between competing elites. Nothing done before December 1957 had made any fundamental change to the nature of the economy, which remained driven by the need to attract foreign investment into the export sector. While socialist language was universal, there were no real inroads into an economy dominated by foreign capital.134 The thrust of the Plan had a familiar sound for Canadian planners, mirroring as

132 Sutter, Indonesianisasi, p. 1203-4.
it did Canada’s own early economic policies. It also fit well with the turn towards postwar Keynesian planning by a managerial elite in Canada, in which private business was given its head but government acted as a “balance wheel” for the economy.\(^{135}\) It is not surprising that Canadian experts advised Indonesia to welcome US investment: after all, they could see the effect it was having in Canada’s own postwar boom.

“The Plan aims at the improvement of living standards and a more balanced economic structure,” according to Indonesia’s country chapter in the 1956 Colombo Plan annual report. “It will involve diversification of agriculture and broadening of the production base in the industrial and mining sectors.”\(^{136}\) Of the Rp 30-billion cost, private investment was to provide Rp. 10-billion, village community development Rp. 7.5-billion, and government spending Rp. 12.5-billion. The Plan laid out the division only for the government spending component: 25% of resources to irrigation and power, another 25% to mining and industry, and a third 25% to communications and transport, with remaining funds divided between agriculture, education, and social development.\(^{137}\) The Plan’s aims were modest: a 3% increase in national income over five years, which with a projected 1.7% population growth left a 1.3% increase in per capita income (0.52% for new capital formation, and the rest for raising living standards). Even with full success, then, there would be little real benefit seen by the ordinary Indonesian at first. The long-term targets forecast growth for each successive five-year period until Indonesia reached self-sustaining growth around 1975. There was hope here, but it was hope for the next generation, not for the present. Finally, the plan was highly realistic in its aid demands: it looked for one billion rupiah, or about US$100-million in foreign aid — slightly less per year than what Indonesia was already receiving.\(^{138}\)

From his new post at MIT, Higgins praised the Five-Year Plan, but said it did not go far enough. He wanted to see far more capital injected up front, at least double what the Bureau planned. “A stagnant economy is like a stalled car,” he wrote; “leaning on it with gradually increasing weight is unlikely to get it started. It needs a ‘big push.’ The present plan will not


\(^{136}\) Colombo Plan report 1956, p. 63.


change parameters enough to bring new attitudes, new behaviour patterns and the like." Indonesia, in fact, needed a “big push” more than most countries. Higgins was in the same position as American economists in India, “so convinced of the validity of their own picture of the Indian development process that they felt they knew better than the Indians what the real problems were; all that was needed was research to prove their approach was correct.” In order to raise the extra capital needed according to Higgins’ figures, it would be vital to look overseas. Aid might provide some capital, but what was really required by the Plan’s logic was private investment from overseas. At the exchange rates of the day, Higgins pegged investment needs at US$350-million, more than the government was estimating, and thought investment and foreign aid together would have to cover a third of the Plan’s costs. He urged the Indonesian government to relax restrictions on the repatriation of profits by foreign investors. To argue that this did not mean foreign control, Higgins turned to the experience of the countries he knew best:

Financing one-third of the development program from foreign funds is in no way incompatible with ‘converting the colonial economy into a national economy.’ The share of foreign capital in the Indonesian economy can be a steadily diminishing one as the economy expands. This process is precisely the fashion in which the United States, Canada and Australia — all former British colonies — converted their ‘colonial economies’ into ‘national economies.’ But the difference between getting and not getting the Rp. 2 billion to 4 billion (about $200 million to $400 million at current official rates of exchange) from abroad may be the difference between economic progress and further retrogression.

To get this investment, Higgins thought, Indonesia would have to consider modifying its foreign policy. Instead of denunciations of capitalism and colonialism, it needed to strike a friendly and open tone. During the Second World War, he recalled, neutral countries had been asked “Yes, but neutral against whom?” Indonesia could attract investment by remaining officially neutral, but behaving as a pro-Western neutral. The only way to create the “national economy” that Indonesian governments dreamed of, in his view, was “the one that has been followed by the United States,

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142 Higgins, Crisis, p. 76. CIS calculations of Indonesian development capital needs are discussed more fully in Paauw, Financing, and summarized on p. 62.
144 Higgins, Stabilization, p. 94.
Canada, Australia, and New Zealand" — being open to foreign investment. “The recent influx of American and British capital into Canada, which has made the Canadian dollar the strongest currency in the world, does not make the Canadians fear that their ‘national economy’ may be reconverted into a ‘colonial’ one.” Nor, he implied, should Indonesians fear that.

A new economic elite

In 1953, the Center for International Studies team at MIT had identified the same central dilemma as Higgins for Indonesia’s future: the effort to transform the colonial economy into a national economy. “The whole nationalist experiment stands or falls on the basis of performance in this sphere,” the initial CIS funding proposal asserted. The Five-Year Plan was an effort to meet this challenge while playing the hand Indonesia had been dealt: an economy dominated by large businesses owned by the former colonial power. This approach, however, was more and more unpopular with the nationalists who were displacing the economic planners from power.

Juanda was able to weather the political change, serving as Prime Minister from 1957-63 under Sukarno. The younger planners who worked as assistants to the foreign experts at the National Planning Bureau imbibed more fully the doctrine of openness to foreign investment and the world economy. After 1965, this technocratic elite would guide Indonesian economic policy. As in many Asian countries, the early experience of planning laid the groundwork for the later blossoming of “the developmental state.”

Soon after the Five-Year Plan officially went into effect, a wave of protests ended in the nationalization of the Dutch business enterprises and then in civil war, with Sumitro and his allies in rebellion against the central government (see chapter 5). Indonesia drifted into the state capitalism of the guided democracy years. In August 1959, Sukarno folded the Planning Bureau into a new Bureau of Finance and Economics, where it “deteriorated into an office concerned with collecting data, submitting reports and occasionally offering advice” to Prime Minister Juanda.

Broad planning was handed over to a new, more politicized National Planning Council closer to

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146 "CIS Program of Research in Economic and Political Development, 1953." MITA, AC236, Box 2.
147 In 1959, when the transition to guided democracy was completed, Juanda officially ceased being Pertama Menteri (Prime Minister) and became Menieri Pertama (First Minister) under Sukarno, the President-Prime Minister. However, his functions were unchanged: he continued to handle day-to-day administrative tasks which bored Sukarno. Daniel Lev, The Transition to Guided Democracy: Indonesian Politics, 1957-1959 (Ithaca: Cornell University Press, 1966), p. 176-82.
148 Jolly, UN Contributions, p. 91.
Sukarno’s thinking. Nevertheless, the seeds for a return to the Bureau’s philosophy had been planted, and they continued to grow even in the inhospitable soil of guided democracy. The non-party technocrats who made their first home in the National Planning Bureau re-emerged as the chief economic planners under Suharto’s New Order regime. Their failure to control the state’s economic direction in 1957-65 led them to widen their networks, and especially to gain the support of the armed forces leadership. \(^{150}\) After 1965, Indonesia went through an “economic miracle” following policies of an influential group of technocrats organized into Suharto’s Team of Economic Advisers. Five economists joined five generals as a personal advisory staff to Suharto that some called the “invisible cabinet.” They were Wijoyo Nitisastro, Ali Wardhana, Emil Salim, Mohammad Sadli, and Subroto. \(^{151}\) Sumitro was the guru of this group, “the grand-daddy of Indonesian intellectuals,” in the words of W.T. Delworth, Canadian Ambassador to Indonesia from 1974-77. \(^{152}\) Sumitro returned to cabinet in 1968 for a term as Minister of Trade, but was otherwise content to prosper, see his former pupils guide the economy, and watch his son rise through army ranks and marry into the Suharto family. \(^{153}\)

Sumitro had built the new modernizing elite during the early 1950s as dean of the Faculty of Economics of the University of Indonesia, aided by his Canadian advisers at the Planning Bureau and especially by Benjamin Higgins. “In Indonesia,” Nathan Keyfitz said, “the academy is part of the civil service; being a professor is just one stage in rising through the civil service.” \(^{154}\) Sumitro in 1950-55 moved back and forth between his teaching post and the cabinet, continuing to be an influential figure even when he was out of power. As dean, he initially sent students overseas for advanced economics training “to places like McGill and M.I.T.,” then started to search for a formal academic affiliation with a foreign university. His first choice, the London School of Economics, was unable to raise sufficient funding. Neither was Cornell, which had applied for funds to the Rockefeller Foundation. Instead, with the aid of the Ford Foundation, the University of California at Berkeley signed the affiliation deal, adding another piece to the North


\(^{152}\) Delworth cited in “Inflation has been slowed down in Indonesia — last year the cost of living rose only 2.4%,” *Financial Post*, 7 Oct. 1972.

\(^{153}\) In 1989, Benjamin Higgins wrote to Nathan Keyfitz on the death of Syafruddin Prawirenegara, the classical economist who as head of the Bank of Indonesia crossed swords with Sumitro and later worked with him as titular head of the anti-Sukarno rebellion in 1958. Higgins last saw him, he reported, in 1979 in “his modest bungalow across the street from Sumitro’s mansion.” Higgins to Keyfitz, 20 March 1989, HUA, Keyfitz papers, Box 7, Indonesia 1984-92. Sumitro’s son Prabowo Subianto became head of the Kopassus special forces, but lost out in the power struggles falling Suharto’s 1998 resignation.
American non-governmental networks on Indonesia. Sumitro picked Berkeley partly because he felt an affinity for the chair of its economics department, exiled Greek Socialist leader Andreas Papandreou, but the planners who emerged from this programme were certainly not steeped in socialist thinking.\textsuperscript{155} In 1957, Sumitro fled Jakarta to join the Sumatra-based regional rebellion, but his faculty of economics remained under the protection of senior professors who allowed the foreign-trained protégés to continue their work. Berkeley professors filled the top teaching jobs.\textsuperscript{156} The faculty, tainted by its association with rebels, lived under siege in some ways. Its journal \textit{Ekonomi dan Keuangan Indonesia} (\textit{Indonesian Economics and Finance}) was suspended after Juanda’s death in 1963, but resumed publication in 1969 with Sumitro once again atop the masthead and firm backing from the Ford Foundation. The faculty had weathered the siege.

Its members, meanwhile, had used the lost years to hone their skills. They joined an exodus of Indonesian students to North America who formed what a Kennedy administration report called the “core of a new elite.”\textsuperscript{157} Ali Budiarjo left the Planning Bureau in 1959 to pursue a doctorate in industrial management at MIT.\textsuperscript{158} Wijoyo, Keyfitz’s brilliant young assistant of 1953, earned his doctorate at Berkeley in 1961, and in 1964 took Sumitro’s old position as dean of the economics faculty. He became head of the newly-established National Development Planning Agency (\textit{Bappenas}), successor to the National Planning Bureau, in 1966.\textsuperscript{159} As such, he was the primary architect of a series of Five-Year National Development Plans, all in the spirit of the National Planning Bureau’s early effort. Most of Indonesia’s promising young economists followed him to Berkeley for later periods of study. One exception was Subroto, the first Indonesian student (and “somewhat of a curiosity at the university”) at McGill, which he attended on a scholarship from World University Service of Canada. After studying the effects of commodity price swings on the Indonesian economy, he went on to study with Higgins at MIT. Over a 17-year period, he served in a number of cabinet posts and later became Secretary-General of OPEC.\textsuperscript{160} They also continued to serve the Sukarno government in a range of capacities. Salim recalled that the planners “could no longer use Keynesian terms. We had to use revolutionary

\textsuperscript{154} Keyfitz oral history.
\textsuperscript{157} \textit{Indonesia: Perspectives and Proposals for United States Economic Aid}, p. 120, 16.
\textsuperscript{158} Ali Budiarjo to Kahin, 9 June 1961. CUA, Kahin papers, Box 3: Ali Budiardjo.
\textsuperscript{159} Wijoyo CV. CUA, Kahin papers, Box 8, Widjojo Nitisastro.
jargon, but we tried to shift its meaning.” The planners still argued that development could be delivered by a determined elite, but they had to wait for the day until those in power agreed.  

The new elite of planners learned an important lesson from the Planning Bureau’s failure to win a political constituency for its economic prescriptions. On their own, they had no popular support and little political patronage. To remedy this, they turned to the armed forces, growing more powerful by the day. “The task of the military goes beyond a defence of the country against an external force,” Mohammad Sadli argued in 1964. “The military should be regarded as an active agent in nation building; defence of an underdeveloped country must rest on a viable society and economy.”  

Army leaders, casting about for a counter to the growing rural popularity of the Indonesian Communist Party, found it in this developmentalist mission. Sadli’s thinking was also shared in US government circles. American academics were beginning to argue in the 1950s that the military in less developed countries could be an effective modernizing elite, able to succeed where civilian politicians had failed. This doctrine gained government sanction with the adoption of a “civic action” doctrine in which armies did development work when they were not battling insurgents.

Throughout the Sukarno years, large numbers of Indonesian army officers traveled to the United States for their advanced training. Some 4,000 Indonesian officers trained in the US in 1958-65, all but 250 of them after 1958. For Washington, this helped to build a pro-Western nucleus ready to play a strong role once Sukarno was out of power. US-trained army officers known as “the sons of Eisenhower” in Indonesia came to dominate the powerful military. Eisenhower in 1959 commented that “we were on a better horse now than we had been during the

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164 Ruth McVey, “The Post-Revolutionary Transformation of the Indonesian Army,” part 2, Indonesia #12 (1971), p. 169. There were very few officers trained in the Soviet Union, even when Indonesia was obtaining most of its arms from there. The second-largest destination for overseas training was probably India, which trained as many as 800 Indonesians in the air force, 28 naval officers and 79 non-officers in the navy, but fewer army officers. B.D. Arora, Indian-Indonesian Relations (1961-1980) (New Delhi: Asian Educational Services, 1981), p. 19-25.
organized rebellions in the outer islands.”165 The University of Indonesia’s affiliation with Berkeley created another fortress within the Indonesian elite, a group of highly-trained pro-Western technocrats. While military training was very much a policy of the US government, the creation of this group was left to the Ford Foundation under the presidency of Paul Hoffman, formerly chief of the Economic Cooperation Administration. “Sumitro felt the PSI group could have influence far out of proportion to their voting strength by putting men in key positions in government,” according to the first chairman of the affiliation programme.166 The Jakarta economists forged close ties with US-trained generals that ensured their policies would have political backing once the army took power.167

“The bond between us,” Sadli recalled of the group of technocrats that was dubbed the Berkeley mafia, “was more a functional bond. But if important problems ... arose, we worked closely with each other, sitting together all day long to discuss the problem and ways to solve it. This bond was based on loyalty to the group and to the national interest, and may be unique in the economic history of developing countries. We might be critical of each other but we were never disloyal.”168 Once back in control of the economy, albeit only with the protection of the new military authorities, these planners returned the Indonesian economy to the course mapped out by the National Planning Bureau. They opened Indonesia to foreign investment and integrated it more closely into the global economy, while maintaining an active role for the state under technocratic guidance.169 The state, in Sadli’s words from 1961, still had a role as the “hammer” to guide the economy.170 However, foreign capital had to be attracted, and the New Order would do whatever was necessary to attract it: Freeport, the first foreign company to sign a major contract, was virtually allowed to dictate its own terms. Toronto-based Inco was able to sign a contract on favourable terms shortly thereafter.171 Meanwhile, the old advisers returned. In 1968, Benjamin Higgins called for a “big push,” with massive infusions of foreign aid, import substitution

167 Subroto, “Recollections,” p. 75.
168 Sadli, “Recollections,” p. 49.
171 Inco remains the largest Canadian investor in Indonesia and a “maple leaf flagship of profitability” to this day. Geoffrey B. Hainsworth, Innocents Abroad or Partners in Development: An evaluation of Canada-Indonesia aid, trade and investment relations (Singapore: Institute of Southeast Asian Studies, 1986), p. 32.
industrialization, increased production for domestic markets and exports, and a new dose of technical assistance.\textsuperscript{172} These were much the same remedies he had prescribed 15 years earlier. This time, the aid flowed freely: by 1990, Indonesia had become the largest recipient of foreign aid in the world.\textsuperscript{173} It was even a “country of concentration” for Canadian aid for the first time after 1970, rising to second place among Canadian aid recipients (after Bangladesh) throughout the 1980s.\textsuperscript{174} The New Order’s economic strategies did not emerge by immaculate conception, but were born during the first years of independence, incubated in the National Planning Bureau and fostered by foreign experts and teachers.

\textsuperscript{172} Higgins, “A Foreign Aid Strategy for Indonesia,” (November 1968), CIS document, Cornell University Library.
\textsuperscript{173} Dick, Emergence, p. 206.
Chapter 4
Shaping Islam: the McGill Institute of Islamic Studies

So far as the West is concerned, its need to-day to concern itself with an understanding of the East is manifest, at all levels. That it should do so at the religious level, and that McGill appears to be a good place to undertake this, with an emphasis on the Islamic world, are convictions underlying this scheme... The programme would, then, I suggest, meet a need of the West. That it would meet another and even more conscious need of the modern orient seems to me to be also true and demonstrable.... At its highest -- if you will not smile at the exaggerated ambition -- I would foresee our programme conceivably acting as a kind of midwife for the Islamic Reformation which is struggling to be born.”

— Wilfred Cantwell Smith

At McGill I obtained a wide viewpoint on Islam. Not Islam as studied at Al-Azhar in Egypt. At McGill I had opportunity.... There, it was liberal. Free. So, it was easy to inquire. There, I first saw Islam as having a rational character [bercorak rasional]. Not irrational Islam as found in Indonesia, Mecca and Al-Azhar.... Islam was very rational. It was at McGill that I became aware: the teaching of Islam within and without the Islamic world were very different.

— Harun Nasution

Many of the threads tying Canada to Indonesia came together on the mountainside campus of McGill University in Montreal during the 1950s. Indonesian students in fields from engineering to nursing came to study under the auspices of the Colombo Plan. McGill graduates were prominent among Canadian Colombo Plan experts. Economic planner Benjamin Higgins and Theodore Newton, Canada’s Ambassador in Jakarta in the late 1950s, were among the former McGill professors who played important roles in Indonesia. It was only natural, then, that McGill was chosen as the Canadian university to award Sukarno an honourary degree when he visited Canada in 1956. The Indonesian President returned the favour the next year. He picked six foreign universities for special attention in the hopes that they would provide help to Indonesia’s expanding network of higher education. McGill was the only Canadian university among this half dozen and one of only two to accept an all-expenses tour of Java and Bali. Sukarno even treasured the McGill academic gown in which he had received his degree. At a convocation ceremony several years later at the University of Indonesia, Sukarno appeared in “a familiar-looking red and

1 Wilfred Cantwell Smith, Professor of Comparative Religion, to F. Cyril James, Principal & Vice-Chancellor of McGill University, 7 May 1951. McGill University Archives (MUA), RG2, Box 208, file 5586.
white gown” echoing the colours of the Indonesian flag. Ambassador Newton “asked with grinning malice, ‘Mr. President, where did you find that attractive gown?’ His reply was, ‘Well, Professor, you should know!’”

The most influential McGill connection was the university’s Institute of Islamic Studies (IIS). Just as the National Planning Bureau set the economic direction of the country, so the IIS shaped the way Islam was taught and understood in Indonesia. A conscious effort to move beyond the traditional Orientalist methods of teaching Islam, the IIS set itself the goal of not only understanding Islam, but shaping its future directions. In this quest, Indonesia was its greatest success. Indonesia was the world’s largest Muslim country, and the role of Islam in the newly-independent state was an important issue. Early nationalist leaders opted not to create an Islamic state, but historians generally still divide Indonesian nationalism into three streams using a typology popularized by Sukarno: Islamic nationalism, socialism and “secular” nationalism. Sukarno had written little on Islam since the 1930s, but it remained a crucial part of his nationalist synthesis. In his vision, Islam was a stream feeding the nationalist river. It could be dangerous when it clashed with other streams, whether by holding them back through its resistance to change, or by pushing for an Islamic state. The type of Islam taught at McGill offered a more amenable style than that of the traditional Middle Eastern centres. Paradoxically, McGill also offered a refuge to Islamic thinkers disillusioned with the direction of the country under Sukarno. Political Islam clashed with Sukarno and fell from favour after 1957, in the same way as the

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economic planners had fallen from favour. At McGill, a new model of Islamic education was worked out with implications for the political involvement of Islam in the country. As with the economic planners, the seeds planted in this period allowed another modernizing elite group to flower once the military took power after 1965.

The IIS was a humanistic attempt to transcend Orientalist study of the Islamic world as a project of knowing. Its Director, Wilfred Cantwell Smith, rejected Orientalist conceptions of Islam as stagnant and unchanging. He insisted that Islam was able to modernize itself, and offered the IIS as a guide towards modernity. The IIS tried to reinvent Orientalism as a project in intercultural communications, but also saw itself as “midwife” to a more modern type of Islam. A non-state actor, it nevertheless was more influential in the fabric of Canadian-Indonesian relations than the government-to-government links established at the same time: its public diplomacy mattered more than Ottawa’s official diplomacy. The IIS was born as part of the North American area studies complex founded in the postwar years with US foundation money, a complex implicated from the start in the cold war. Although the IIS flew its Canadian colours proudly, its role within the area studies complex paralleled that of the Canadian government within the Western alliance system. A Canadian initiative served the goals of a wider project of enmeshing countries like Indonesia in a Western-centred world while offering Canada as a less self-interested partner. While the Canadian government continued to approach to Indonesia through the prism of North Atlantic-centred strategy, more regional approaches continued to be made through North American non-governmental networks.

Defining the Institute

The Institute of Islamic Studies was, in the words of Assistant Director Charles Adams, “a unique Canadian institution” which “deserves the intelligent understanding and co-operation of all thoughtful Canadians.” Although it grew into a bustling and influential organization, its early years were the story of “the lengthening shadow of a man,” Wilfred Cantwell Smith, Director from the Institute’s foundation in 1952 until 1963. Smith came from the Toronto establishment. His elder brother Arnold became a prominent Canadian diplomat and later Secretary-General of Sukarno’s letters on Islam are included in his collected writings, Under the Banner of Revolution (Jakarta: Publication Committee, 1966).


The phrase is taken from Rockefeller Foundation (RF) decision RF55169, 6-7 Dec. 1955, Rockefeller Archive Center (RAC), Rockefeller Foundation records, RG1.2, Series 427R, Box 10, file 93.
the Commonwealth. Wilfred himself was born in Toronto in 1916 and educated at Upper Canada College (where he was head boy in 1933) and the University of Toronto. The son of a Methodist mother and a father who remained in the Presbyterian church after many of its members agreed to join the new United Church of Canada in 1925, Smith was active in Knox Church, the Student Volunteer Movement for Overseas Missions and the Student Christian Movement. He went on to win a Massey fellowship to attend Cambridge University, where he studied divinity and made side trips to Oxford for additional study of Islamics under H.A.R. Gibb. A three-month stay in Cairo after high school had stimulated his interest in Islam as well as Christian missionary work. In 1941 he took a post as “representative among the Muslims” for the Canadian Overseas Missions Council, continuing to be registered as Presbyterian minister for 17 years before transferring to the United Church.\(^9\) As a base, Smith and his wife Muriel (born to missionary parents in China) selected Forman Christian College in Lahore (then in British India, now in Pakistan), from where he reported to the Anglican, Baptist and United Churches, as well as the Presbyterians.\(^10\)

In Lahore, Smith also completed *Modern Islam in India*, which was rejected as a thesis by Cambridge and banned in India because of its Marxist-inspired critique of British rule. But although Smith called himself a socialist in the preface to this book, he also seems to have viewed missionary work as incompatible with Marxism.\(^11\) He sought to bridge the gap between “the modern, Westernized, English-educated Muslims and their own Islamic history and cultural background.” Muslim-Hindu tensions also stimulated his concern for inter-faith dialogue.\(^12\) He then went on to spend a year in 1948-49 travelling in the Middle East, Turkey, India and Pakistan, a research project sponsored by the Rockefeller Foundation.\(^13\) After completing his doctorate at

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\(^10\) Wilfred Cantwell Smith, “Work among the Moslems,” *Presbyterian Record*, April 1942; Minutes of the first annual meeting of Canadian Overseas Missions Council, 9-10 April 1946, United Church Archives (UCA), Board of Overseas Missions, Fonds 502, Box 19, file 440.


\(^12\) “The Institute of Islamic Studies,” 1 April 1954, RAC, RG1.2, 427R, Box 10, file 93.

\(^13\) Letter from W.C. Smith to Priest, n.d. [1948], UCA, Fonds 502, Box 21, file 474; Board of Overseas Missions of the United Church of Canada, Minutes of Executive & Board 1946-1955, vol. 22, p. 21, 22 April 1948, UCA, Fonds 502, Box 39; Records of funding awards on file at RAC, RG1.2, 100R, Box 53, file 410 WC Smith.
Princeton, Smith accepted McGill’s invitation, extended while he was touring the Middle East, to take up in 1949 the university’s first chair in comparative religion.

With Smith ensconced at McGill, the university set about building an institute around him, envisioned as a collaboration between McGill and the Rockefeller Foundation that could follow in the footsteps of the Rockefeller-funded Montreal Neurological Institute. That project, seen at the time as one of the Foundation’s most successful, had been built around the person of Wilder Penfield and paid for with two Rockefeller endowments of $500,000 each. The original idea was for another institute that could be a bridge to India and Pakistan. F. Cyril James, an economist who served as principal of McGill from 1939 to 1962, had grander schemes for what the growing university could do.\(^{14}\) James was an Englishman who had been recruited by McGill to head its School of Commerce and, a task of equal importance, to help the American anti-communist Principal of the time to control student unrest. He took over as Principal himself in 1939 and instantly became “part of the imperial establishment,” in his biographer’s words. Arthur Menzies, chief of the Far East Division at the Department of External Affairs, noted that James “enjoyed an eminent reputation in Canadian public life.” During the Second World War, James headed a commission to plan postwar economic reconstruction which called for a series of planning and social welfare measures that paralleled those advocated by William Beveridge in Britain. James’ energy dominated the university, leading its expansion and spilling over into the campaign for federal university grants and international posts such as head of the Association of Universities of the British Commonwealth. One of his creations was McGill’s Faculty of Divinity, for which he recruited Smith as professor of comparative religion, helping to ensure that the new faculty developed away from a narrow Christian focus.\(^{15}\)

James pressed the Rockefeller Foundation to back a new Institute of Commonwealth Studies built around Smith’s Indo-Pakistani expertise and supplemented by other McGill experts such as Benjamin Higgins (who had not yet departed McGill for Indonesia). “Professor Smith’s project has the whole-hearted support of all of us,” James wrote to Joseph Willits of the Rockefeller Foundation. “If it can be achieved, it will in the course of time offer to the people of North America a chance to understand more clearly the culture, the philosophy and the habits of mind of both Pakistanis and Indians.” The attitudes of India and Pakistan in turn were central to

\(^{14}\) He was referred to as “the builder.” Dorothy McMurray, *Four Principals of McGill: A Memoir 1929-1963* (Montreal: The Graduates’ Society of McGill University, 1974).
the future of the Commonwealth: “Since race, culture and religion separate India, Pakistan and Malaya from all of the other Dominions, the future of the Commonwealth must depend largely upon the attitude of these three units towards the other Dominions and, indeed, towards the rest of the world.” The Commonwealth was, in the short term, the organization best placed to mobilize large resources on the Anglo-American side in the event of war with the Soviet Union. Here, James deployed a mental map drawn from earlier British strategic thinking. “A glance at the map,” he wrote in a phrase that often introduces mental maps and assumes that the map itself is something true,

reveals the fact that the Commonwealth stretches from Canada, through England and India, to the Antipodes - cutting directly across the line of the kind of aggressive policy (first suggested by Halford Mackinder) by which a European power (Russia) might try to dominate Asia, and spreading into Africa, make itself impregnable. In this strategic sense (as well as in the political sense already mentioned), India, Pakistan and Malaya are the keys to the future of the Commonwealth - and perhaps to the future of democracy!

James wanted Rockefeller Foundation support for an immediate gathering of as much information about the Commonwealth (and particularly its Asian components) as possible, in as short a time as possible, to serve as a weapon in democracy’s arsenal against communism. Here was a public diplomacy counterpart to what Ottawa was hoping to accomplish through the Colombo Plan: an anti-communist measure to bridge what was perceived as a growing cultural divide and tie the former colonies to Europe and North America.

More sober-minded figures at McGill saw this vision as over-reaching. An exploratory Indic studies committee under Graduate Dean David Thomson felt that an institute based on the Commonwealth would be “rather artificial” and that it was better to start smaller and build up gradually from Smith’s expertise in Islamic studies. Once the committee had decided against an India-Pakistan institute, committee member Raleigh Parkin wrote to James, it had considered the Commonwealth studies idea but finally rejected that too. The study of the Commonwealth, Parkin felt, “was not a significant or really appropriate undertaking for a Canadian university in the 1950s.” There could be few more symbolic turnings away from the imperial ideal than this dismissal by the scion of an old Imperialist family. Parkin and others remained enthusiastic about

16 James to Willits, 3 April 3, 1951. MUA, RG2, Box 208, file 5586.
the less ambitious idea of "of building up around Professor Smith in the Department of Divinity
graduate work in his particular field of religion and Islamic Studies, especially if, as seemed
indicated, such a development could and would attract to McGill students from Muslim-majority
countries, especially perhaps Pakistan."\textsuperscript{18} Smith next proposed an Institute of Comparative
Religion which would serve something more than the familiar Orientalist goal of accumulating
knowledge of the Orient in general and the Islamic world (the West's most familiar Orient) in
particular.\textsuperscript{19}

The eventual scope of the new institute was defined by those who were paying for it.
Rockefeller Foundation officers thought the Commonwealth Studies Institute was beyond
McGill's resources and saw the inclusion of one China expert in the Comparative Religion
proposal as a tack-on to the programme. Instead, they proposed an Institute of Islamic Studies.
James continued to press for a Centre for Commonwealth Studies to deal with social science
aspects of "the belt from the Mediterranean to Celebes Seas," calling Islam "the single connecting
thread" of this swathe of the world. "Stability and solidarity in this Commonwealth belt, including
Australia and New Zealand," was "even more essential to world peace in the long run than the
present US-USSR impasse."\textsuperscript{20} Finally, however, James agreed to start with Islam alone.

In defining the scope of the new Institute of Islamic Studies, Smith spoke of studying a
culture, rather than an area, and of stepping away from Orientalism. There were five main areas of
the Islamic world that the IIS intended to study: the Arab world and North Africa; Turkey, Iran;
South Asia; and Indonesia (the same units defined in Smith's \textit{Islam in Modern History}).\textsuperscript{21} Smith
thought he could do this for $33,000 a year, and James looked straight to the Rockefeller
Foundation for the support. Foundation officers called the project "sound" but thought it could not
be done without increasing the budget. They were also concerned that the Institute might over-
emphasize Pakistan at the expense of the "heart of the Arab world," and at "the tendency that
Smith has to think of this Institute as 'educating' the Mohammedans.... Certainly we might hope
that we would have some impact [on] the Islamic world but it should be entirely by indirection."
As long as James stayed closely involved, however, the foundation promised to green-light the

\textsuperscript{17} D.L. Thomson, Dean of Faculty of Graduate Studies \& Research, to James, 6 April 1951. MUA, RG2, Box 208, file 5586.
\textsuperscript{18} G.R. Parkin to James, 6 April 1951. MUA, RG2, box 208, file 5586.
\textsuperscript{19} Smith's proposal to James, 7 May 1951. MUA, RG2, Box 208, file 5586.
\textsuperscript{20} RF interviews with James, 13 May 1951. RAC, RG1.2, 427R, Box 10, file 93.
\textsuperscript{21} "Interim Note on Scope and Objective," proposal by Smith to Ford Foundation, 7 Dec. 1954. MUA, RG2, Box 169, file 5869.
A compromise had been reached. Within just a few months of the initial conversations, the foundation gave McGill a bequest of $214,800 for the first five years of IIS operation, allowing an annual drawing of up to $46,000.

The Institute operated in Cottingham House, an "altogether delightful" four-storey stone mansion built into the side of the mountain on Montreal's Redpath Crescent with pheasants roaming the grounds. Few places would look less inviting to a student from the Middle East or Indonesia, who had to brave the winter winds of Montreal for a long hike up from the bus stop or the main McGill campus, a quarter of a mile away. Although this meant isolation from the rest of the university until the IIS was moved to the main campus in the mid-1960s, it also fostered a sense of community that was reinforced by the afternoon tea that Smith made a requirement for all people in the IIS building. The IIS vision of bringing Westerners and Muslims together was symbolized in this tea, prepared by one Western and one Muslim student every day. IIS course offerings, all at the graduate level, stressed Islam in the modern world, with courses in theology and the heritage of classical Islam intended as background for the study of Islam as a living faith and as a culture area. The core staff in the early years were Smith, Assistant Director Howard Reed, a historian of Turkey, Niyazi Berkes, a Turkish sociologist who had been suspected of Marxist leanings at home, and philosopher Fazlu-r-Rahman of Pakistan. Visiting professors from the Arab countries and McGill professors from other departments supplemented this core group. Reed departed for the Ford Foundation in 1955, to be replaced as Smith's deputy by political scientist Charles Adams. Smith himself turned down offers of chairs at Princeton and Columbia to stay on at McGill and build the IIS.

The Institute may have been unorthodox, "neither fish nor fowl, guided neither by an area nor a social science discipline; all it had was Smith's teleology." But its students almost always

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23 Letter from Flora Rhind, Secretary of RF, to James, 28 June 1951, MUA, RG2, Box 208, file 5586; James to Marshall, 29 May 1951; RF51108, 22 June 1951, RAC, RG1.2, 427R, Box 10, file 93.

24 Collected Papers of Howard M. Federspiel, Set 1: Graduate School Papers and Theses at McGill University (Newark OH, 1994), p. 4-10; letter from Smith to James, 8 Oct. 1962, McGill, RG2, Box 274, file 8263; note on visit to McGill by "RHN" of RF, 8 Oct. 1958, RAC, RG1.2, 427R, Box 11, file 100.

spoke well of their experience. A Canadian diplomat who spent two years there earning his M.A. praised “the ‘Montreal viewpoint,’ as it has come to be called,” for its pure scholarship, its study of the ideal, and its stress on inter-cultural communication. By 1955, the Rockefeller Foundation had agreed to the long-term endowment sought by McGill, granting $500,000 (US$510,000) outright to the university to fund IIS operations past the initial five-year period. With this long-term endowment, the future of the Institute was secure. In fact, it was able to win support from other sources too. The Ford Foundation began by funding scholarships, but soon kicked in major donations of its own. In 1957, the foundation gave $250,000, enough to pay for, among other things, an Indonesian professor for five years. At the end of that period, the grant was upped to $500,000 over seven years. A further $235,000 in Ford money was given to cover scholarships for Muslim students to come to McGill. The IIS also enjoyed a growing reputation in Islamic countries. The initial experiment had been a rousing success, and stood on firm ground a decade after its creation. When James stepped down as Principal in 1962, Smith soon followed, taking a post in comparative religion at Harvard, while Charles Adams moved up to Director. The IIS continues to thrive today.

The Institute of Islamic Studies hoped to “cross the bridge” between the West and the Islamic world, as Smith said. His words echoed the rhetoric of policymakers in Ottawa when speaking about foreign aid. In the realm of public diplomacy, the IIS was trying fill a similar desire for bonds between the West and its former dependencies in Asia and Africa. Inevitably in the 1950s, that meant it had a cold war aspect.

The Institute, area studies, and the cold war

The Institute of Islamic Studies was born within the emerging area studies complex in North American universities, a non-governmental network which existed apart from government

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28 Letter from William H. Nims, Acting Secretary, Ford Foundation (FF), to James, 28 July 1955; Smith to Cleon Swayzee of FF, 27 Oct. 1956; Smith to Clarence Thurber of FF, 14 Jan, 1957; Joseph M McDaniel, Secretary of FF, to James, 29 March 1957, MUA, RG2, Box 169, file 5869; Undated news release on FF grant, MUA, RG2, Box 241, file 7257.

29 McDaniel to James, 29 March 1962. MUA, RG2, Box 274, file 8263.
actions yet also complemented them. Area studies blossomed after 1945 with backing from the US government and large private foundations, reinventing the old methods of studying the Orient.31 "Oriental Studies were to be thought of not so much as scholarly activities but as instruments of national policy towards the newly independent, and possibly intractable, nations of the post-colonial world," meant in part to build "modernizing elites" in Arab countries, according to Edward Said.32 The Rockefeller and Ford Foundations financed the formation of a host of programmes for intensive study of various parts of the world. Some were there for pure study. An applied arm saw others deliver programming directly: by 1960, US universities had no less than 136 technical assistance programmes.33 As President of the Rockefeller Foundation in 1952, Dean Rusk told Congress "it was of the greatest importance for us to encourage concentrated attention on what was then called the weird languages, such languages as Indonesian, Burmese, some of the Indian dialects, some of the languages of Indochina... So we [the Foundation] have attached considerable importance to these area studies."34 Founded in 1909 with a mission to promote action "in the acquisition and dissemination of knowledge, in the prevention and relief of suffering, and in the promotion of any and all of the elements of human progress," the Rockefeller Foundation became increasingly interested in technical assistance under Rusk's tenure from 1952-60.35 Rusk led a particular turn to the Third World in programming, on the grounds that:

Ideas and aspiration which were generated in the course of democratic, national and economic revolutions in the West are now producing explosive demands for far-reaching changes in other parts of the world.... The under-developed countries of today are borrowing ideas and aspirations and have examples of more "advanced" countries before their eyes; but they lack capital, trained leadership, an educated people, political stability, and an understanding of how change is to be digested and used by their own cultures.36

30 W.C. Smith, "The Institute of Islamic Studies," The Islamic Literature 5 #3 (March 1953): 35-8. [This article is the text of a radio broadcast by Smith over CBC Trans-Canada Network, 20 April 1952.]
32 Said, Orientalism, p. 275-6, 325.
The Foundation wished to provide skills to the less developed countries, so that they might develop along Western lines. Just as foreign aid was portrayed as humanitarian when it actually had a strong anti-communist motivation, so too North American universities with area studies programmes were involved in one front of the cold war.

Cyril James was acutely conscious of this, and used anti-communist arguments extensively in his search for foundation funding. Islam, potentially, was an ally against communism. James argued that there were “three great religions in the world today, Christianity, Islam, and Communism - and Islam stands halfway between Christianity and Communism.... In a strategic sense, in the struggle between Russia and the West for the minds of men, the Islamic lands are critical areas.”37 There were those in the Islamic world who felt just the same. Editorials on the IIS in both Canada and the Islamic world, for instance, praised it as part of an Islamic-Western alliance against communism. The world situation, Saturday Night editorialized, had given the West “a strong reason to seek a better knowledge of and sympathy with the group of nations whose concept of the universe is at least monotheistic and spiritual and entirely opposed to the gross materialism with which we are confronted in the Communist bloc.”38 One Pakistani newspaper wrote:

Never was there greater need for world religions to pool their resources than to-day, when civilisation is threatened by one of the darkest forces known to history, a force out to reduce man to a producing machine and consuming animal, with no higher destiny than a few creature comforts.... Between them, the worlds of Islam and Christianity can accomplish a great deal to turn the tide of atheistic materialism and build a new and happier world on the Fatherhood of God and brotherhood of man — concepts which form the corner-stones both of Islam and Christianity.

The IIS, according to this editorial, was an integral part of this alliance against communism.39 Involvement in the area studies complex brought McGill much closer to the political tensions of the Middle East than originally intended.40 But this was a small price to pay for the anti-communist contribution the IIS was making.

Area studies across North America were soon sucked into the McCarthyist maw.

Investigations by the House of Representatives’ Un-American Activities Committee shattered

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37 RF report on visit to McGill, 1 April 1954. RAC, RG1.2, 427R, Box 10, file 93.
38 Saturday Night editorial, Nov. 1952. MUA, press clipping scrapbooks.
40 “My gosh! Is this what our Institute is founded for? This political dynamite?” James scrawled above the description of a radio discussion in which one participant had denounced “the Truman-Zionist state in Israel.” Undated, handwritten note on Principal’s office quarter-sheet. MUA, RG2, Box 208, file 5586.
China scholarship especially and scholarly enquiry generally. It also affected the study of Indonesia. Cornell University’s Modern Indonesia Project was hit hard by the State Department’s refusal to grant a passport to its director, George Kahin.\footnote{Memorandum from George Kahin to Passport Division, Dept. of State, 17 Aug. 1950, National Archives [of the United States], RG59, Lot file 62 D 68/62 D 409, Indonesia subject file 1947-58, file Kahin, George McT.} Being located in Canada did not free the IIS from these pressures. Indeed, anti-communist professor Karl Wittfogel singled out Smith as a possible fellow traveler.\footnote{Excerpt from RF phone interview with Karl Wittfogel, 1 April 1952. RAC, RG1.2, 427R, Box 10, file 94.} Smith delivered the required anti-communist loyalty oath in both countries. Despite working with well-meaning people who had joined the Communist Party in India, he told both McGill and the Rockefeller Foundation that “I am not now, I have never been, and it was always true on principle and by conviction I never could be, a member of the Communist Party, either in India or anywhere else.” Communism was “evil, terribly evil” with “ultimately evil purposes,” in search “not of truth nor goodness nor even the classless society, but of power for the Kremlin.”\footnote{Letter from Smith in Damascus to R.B.Y. Scott, Dean of McGill Faculty of Divinity, 10 Nov. 1948, MUA, RG2, Box 208, file 5586; Smith to Marshall, 29 May 1951, RAC, RG1.2, 427R, Box 10, file 93.} Smith credited part of his disillusion from communism to the influence of his brother Arnold, who witnessed the realities of the Soviet Union as a diplomat at Canada’s Embassy in Moscow.\footnote{Ibid. On the role of Arnold Smith as the first Canadian advocate of a hard line towards the Soviet Union, see Denis Smith, Diplomacy of Fear: Canada and the Cold War 1941-1948 (Toronto: University of Toronto Press, 1988), p. 75-82; Reg Whitaker & Gary Marcuse, Cold War Canada: The making of a national insecurity state, 1945-1957 (Toronto: University of Toronto Press, 1994), p. 115-20.} The family connection was symbolic of a growing connection between the IIS and the Canadian government. Canadian missions in six Muslim countries spread information about the IIS and asked British embassies to do so in countries where Canada was not represented.\footnote{E.H. Norman, Information Division, Dept. of External Affairs (DEA), to Smith, 29 Sept. 1952. LAC, RG25, vol. 8267, file 9455-P-5-40.}

The IIS also wanted to engage with the Colombo Plan. “We have assumed far too glibly that in our relations with Afro-Asia all we have to do is give and teach,” Smith wrote in one of his best-known books. “The Canadian Government in the Colombo plan spends fifty million dollars a year in economic assistance and technical training. When it is suggested that along with this we should spend at least half of one per cent of such amounts on cultural interchange, so far this idea has not only not been accepted, it has not been understood — it is thought of as a frill if not a distraction, rather than as a serious and even necessary move in international affairs.”\footnote{Smith, The Faith of Other Men, p. 105.} Soon after the IIS was founded, Smith began a campaign for Colombo Plan support for the humanities,
which could make the Plan a bridge of understanding and two-way cultural communication.\textsuperscript{47} “He is convinced that such an exchange is related to the objectives of the Plan since he does not believe the Plan will work effectively unless there is a great deal of mutual understanding,” one External Affairs official noted.\textsuperscript{48} But Ottawa felt that this sort of exchange lay outside the Colombo Plan mandate, and suggested it be a non-governmental endeavour, one that could be supported, perhaps, by the new Canada Council.\textsuperscript{49} Smith also lobbied Asian governments, even asking Sukarno to intervene, but without success.\textsuperscript{50} “We in the West have only a limited number of friends in Asia,” he wrote in a memo to James. “It is distressing to watch us alienating such as we have. Surely our Governments must do something to stop this.”\textsuperscript{51}

The IIS, then, was implicated in the cold war, but in a very Canadian way. Canada wanted to help its allies fight communism, but in Asia at least Canadians spoke of preferring economic weapons. The Canadian self-perception came to include a belief that Asians saw Canada as less threatening than its larger allies and especially the United States, a disinterested country with no axes to grind. “Canada has none of the political flavour which now attaches to the United States,” Smith noted.\textsuperscript{52} He denounced the “current alienation of the free Orient from the free West” as “appalling,” saying “Canadians do not generally recognize how significant a role they can and do play in intercultural affairs. We have a unique opportunity that other countries may well envy, to approach people throughout the world truly as equals.”\textsuperscript{53} Canada had a competitive advantage in housing an organization like the IIS: it would not attract the same suspicions from Muslims in South Asia and elsewhere that would certainly be drawn by a similar project based in Britain or the United States.\textsuperscript{54} The Rockefeller Foundation agreed, seeing Canada as less liable to suspicion than either Britain or the US, but close enough to American centres to allow productive

\textsuperscript{47} Smith to R.G. Nik Cavell, Colombo Plan Administrator, Dept. of Trade & Commerce, 26 June 1953. LAC, RG25, vol. 6576, file 11038-40 [12].
\textsuperscript{49} Letter from Secretary of State for External Affairs Lester B. Pearson to Smith, 29 April 1955, MUA, RG2, Box 180, file 6251. See also Cavell to Smith, 13 July 1953, LAC, RG25, vol. 6576, file 11038-40 [12]; USSEA Dana Wilgress to Smith, 7 Jan. 1955, LAC, RG25, vol. 8267, file 9455-P-5-40; excerpt from diary of C. Gilpatric, RF, on talk with Raleigh Parkin, 15 July 1954, RAC, RG1.2, 427R, Box 10, file 96; Memorandum “Colombo Plan Aid to Indonesia,” by Canadian delegation to Tokyo meeting of the Colombo Plan Consultative Committee, 10 Nov. 1960, LAC, RG25, vol. 7357, file 11038-4-10 [3.2]; memorandum from D. Hudon, Dept. of Finance, to A.F.W. Plumptre, DEA Economic Division, 13 Aug. 1958, LAC, vol. 7338, file 11038-40 [23].
\textsuperscript{50} Smith to Sukarno, 9 Oct. 1957; Smith to Minister of Education Priono, 5 Oct. 1957. MUA, Records of affiliated institutes, RG 84, Box 64, Director's Records F-L, file Indonesia, Government of.
\textsuperscript{51} Smith to James, 29 May 1954. MUA, RG2, Box 180, file 6251.
\textsuperscript{52} RF interviews with Smith, 6 April 1951. RAC, RG1.2, 427R, Box 10, file 93.
\textsuperscript{53} McGill University news release, 27 Dec. 1955. MUA, RG2, Box 180, file 6251.
\textsuperscript{54} Parkin to James, 6 April 1951. MUA, RG2, Box 208, file 5586.
collaboration with the emerging area-studies complex.\textsuperscript{55} So too did many Canadian diplomats. One noted disapprovingly in a report on an annual gathering of American Middle East scholars that a “strong sense of idealism and the spirit of missionary endeavour ... still characterize the thinking of many Americans about the Middle East.”\textsuperscript{56} The implication was that Canada was more understanding of the non-European world, and non-Europeans similarly more open to Canadian initiatives. Canada was a loyal ally, fighting the same cold war, but had its own unique character. The IIS became one more piece of evidence bolstering this self-image.

\textbf{The dream of modernizing Islam}

The “Montreal viewpoint” stressed intercultural communication. Although backed by area-studies money from the large foundations, it insisted on seeing the Islamic world in its entirety as a cultural area. Smith dreamed of a centre outside that area able to help those from inside it face the challenge of modernity successfully. His thought evolved between his days studying at the feet of H.A.R. Gibb and his later prominence as the father of “world theology,” but certain ideas remained constant and were especially prominent in his McGill years. Even before he was hired by McGill, Smith made it very clear that he would be approaching comparative religion in a different way. A divinity student, he wrote before being hired, must be not only someone who champions Christianity above other religions, but also “an exponent, champion, etc. of a religious way of life and religious attitude over against irreligious.” His work was devoted to understanding Islam’s attempt to come to terms with modernity, the same question that had recently confronted Christianity. And his loyalty was not to the doctrines of Christianity or any one church, but to God.\textsuperscript{57} He took the same approach in his McGill inaugural lecture, which assailed those who studied other religions based on externals alone. “Such scholars,” he said acidly, “might uncharitably be compared to flies crawling on the outside of a goldfish bowl, making accurate and complete observations on the fish inside, measuring their scales meticulously, and indeed contributing much to our knowledge of the subject; but never asking themselves and never finding out, how it feels to be a goldfish.”\textsuperscript{58}

Smith called throughout his career for “intercommunication,” for a dialogue among religions that aimed at mutual understanding during a period when different cultures were coming

\textsuperscript{55} RF51108, 22 June 1951. RAC, RG1.2, 427R, Box 10, file 93.
\textsuperscript{57} Smith to James, from Beirut, 12 Oct. 1948. MUA, RG2, Box 208, file 5586.
into increasing contact with one another and with modernity, an “interpenetrating of cultures, this
simultaneous Westernisation and orientalisation of the world.” According to him, religions were
being revealed to possess not unchanging essences but rather cumulative traditions subject to
constant reinvention. After leaving McGill to devote himself fully to the study of comparative
religions, he became one of the most influential Christian thinkers and interpreters of religion and
religions of his generation. Some even credit Smith for later altering the conception of mission of
the United Church of Canada into one that accepted salvation could come through many religions,
that each religion was a different road to God.\(^5^9\) Smith’s most influential book in his McGill years
was *Islam in Modern History*, the product in part of his doctoral work at Princeton. It was
published in 1957 and translated widely (including into Indonesian). The book is poised oddly
between his Orientalist schooling and his later world theology, mixing classic Orientalist
sentences like “[t]he Arabs are a proud and sensitive people” with the assertion that Islam was not
static but dynamic: “Indeed, no Muslim transformation of the past hundred years is more striking
than that from the quiescent passivity that led nineteenth-century observers to speak of the Islamic
world (and even of Islam) as static and fatalist if not moribund, to the exuberant ferment of the
present day.”\(^6^0\) Smith later rejected some of his own categorization of Islam as a sealed religious
category, choosing instead to study religions in general as part of the way humans relate to each
other.\(^6^1\) At McGill, however, he dreamed of helping Islam come to terms with the modern world.

“The Muslims must modernize their life; but they cannot do so without thinking through
their own religion,” Smith argued in one early formulation of the IIS mission.

Amongst their (and indeed all orientals’) immense and manifold problems, none is
more fundamental than their need of re-expressing their faith in twentieth-century
terms.... Accordingly, members of the Muslim intelligentsia would, I have concrete
reason to believe, be willing to come to a centre such as McGill to consider, in the
dispassionate atmosphere of honest and informed religious inquiry, and away from the
pressures and localisms of their own milieu, the problems of religion and modernity.\(^6^2\)

In his 1948-49 travels through the Middle East and South Asia, Smith was “fascinated by the
deep, wide-ranging, and obviously critical transition through which Islam as an on-going force is

\(^{58}\) McGill University Faculty of Divinity: Inaugural Lectures (Montreal: McGill University, 1950).
\(^{59}\) W.C. Smith, “The Institute of Islamic Studies”; *McGill Inaugural Lectures*; Cracknell, *Reader*; Jones, “Smith and
Cragg on Islam”; Sister Ray Tadson, *Jesus Christ in the World Theology of Wilfred Cantwell Smith* (Ph D thesis,
University of St. Michael’s College, Toronto, 1984), p. 9-10; Smith’s commentary in Emilio Castro, *Mission and
currently going.” Islam, he became convinced, “is living through in our day a transformation comparable in scope and profundity, though not in form, to the Protestant Reformation in the history of Christianity.” The IIS, he hoped, could “make a notable contribution to that Islamic renascence and reformation.” For this rebirth to succeed, Muslims must come to terms with both their religion and modernity, “so that there is some point in what might otherwise seem paradoxical, a Muslim’s coming to the West to study the twentieth-century crisis of his own culture.”

Although his dreams were more those of the economist and the cold warrior, James shared Smith’s vision of the IIS as midwife to an Islamic reformation, comparing its mission to that of the influence of classical Greece on the West during its own passage into modernity. Throughout the five-year start-up period, a tension lingered between Smith’s vision and that of skeptical Rockefeller Foundation officers. The Foundation was interested in the accumulation of information, “creating a better understanding of Islam as it is today.” Smith thought this was important, but stressed the goal of shaping Islam into the modern faith it could be. Foundation officers dismissed this thrust as missionary-inspired and unrealistic: why would Muslim students come to the West to study their own faith? Smith’s approach ultimately won over the Rockefellers, who expressed their conversion in the decision to award a long-term endowment. The Foundation praised Smith for offering something no other Orientalist could: a cooperative endeavour between Muslim and Western scholars. “It now seems clear,” according to the decision paper approving the $500,000 grant, “that this latter commitment is to have consequences, earlier unpredictable, in Islam itself through the return to Islam of scholars and students who have participated in the Institute.” This was a handy bit of self-justification, for although the Foundation’s people had not foreseen it, Smith had. He repeated his arguments to the Ford Foundation when he applied for funds to bring more Muslim students to McGill in order to help them become “as constructively engaged as possible. I do not feel that Hindus and Buddhists need this kind of thing quite so sorely, but Muslims seriously do.” Ford Foundation personnel in the Middle East agreed to recommend the IIS project because they “regard it as a sound means of assisting Islamic societies to ‘re-think’ traditional values in such a way that cultural continuity can be combined with social and economic progress. It is held that even a small number of intellectual

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62 Smith’s proposal to James, 7 May 1951. MUA, RG2, box 208, file 5586.
64 RF interviews with James, 13 May 1951. RAC, RG1.2, 427R, Box 10, file 93.
65 Rockefeller Foundation annual report, 1951, p. 396.
leaders who had had the unusual course at McGill could play an important role in what will be a subtle, complex and long drawn-out process within the Islamic world."

Traditional Orientalism tried to gather information about classical Islam in order to understand and control Islam, Edward Said has argued. In studying a monolithic Islamic world, it created the object it sought to explain. Said analyzed the postwar American area-studies complex as the latest phase of Orientalism, a change in method but not in essence. Although Smith studied under Gibb, one of the chief Orientalists of Said's tale, he was a critic of Orientalism long before Said. He wanted to bridge the gulf between the Muslims, caught in prisons of their own traditions, and those Orientalists who studied them without sympathy. Smith assailed old-style Orientalism and the new methodology-driven social science approach to area studies before it was fashionable to do so. In one of his early articles, Smith insisted that

"a university cannot glibly subordinate its study of the Orient to the pragmatic desire of its society to cope with the Orient operationally.... We shall have failed in our task as orientalists if our society continues to imagine that the problem is how we in the West can deal with the Orient. The practical problem rather is how man throughout the world can deal with the fact that he is separated from his neighbor by a cultural frontier."\(^70\)

By 1969, he was calling for scholars to address "the deep issue of overcoming the subject-object dichotomy of our traditional understanding.... When we think of the West (subject) understanding the East (object), that dichotomy persists, and persists in distorting."\(^71\) Yet even a critic like Smith was constrained by the straitjacket of the area studies approach: attempting public diplomacy, he also participated in an institute that was part of a cold-war approach to other cultures. Smith's first attempt to offer an alternative, the IIS dream of teaching Muslims to modernize their own culture, ended in the Indonesian case by building a modernizing elite which allied itself with other Western-trained elites to set Indonesia on a new path.

\(^{66}\) RF55169, 6-7 Dec. 1955. RAC, RG1.2, 427R, Box 10, file 93.
\(^{67}\) Letter from Smith to F. Champion Ward, FF Programme Director for Near East & Africa, 25 March 1961; FF internal "request for grant action," n.d.; McDaniel to James, 10 April 1962, MUA, RG2, box 274, file 8263.
\(^{68}\) Said, Orientalism.
\(^{69}\) In William R. Roff's formulation, this is the gulf between "Muslims-observed (the discourse of authenticity)" and "Muslim-observers (the discourse of orientalism)." Roff, "Islam in Indonesia as a Knowledge Industry," Kultur: The Indonesian Journal of Muslim Cultures, vol. 1 #2 (2001): 1-7.
Indonesia and the “McGill mafia”

In *Islam in Modern History*, Smith had acknowledged a “lacuna” in his work, the omission of Indonesia. When the Institute of Islamic Studies opened, it had the same gap, but moved to address this so effectively that it quickly became the prime overseas training ground for Indonesian scholars of religion. Alongside US-trained army officers and the technocrats of the “Berkeley mafia,” a “McGill mafia” grew up and came to dominate the Ministry of Religion and the Islamic education system of Indonesia, a crucial component of Indonesia’s modernizing elite.\(^\text{72}\)

Part of the move to include Indonesia came on Rockefeller Foundation urging. Many Americans had been hopeful that Indonesia might develop into what the Foundation’s Humanities Director C. Burton Fahs called a “progressive” Muslim state under the leadership of the Masyumi party. Masyumi was an alliance of Muslim organizations which played a leading role in the politics of the Republic after 1945. It provided the Prime Minister from 1950-53, and continued to be influential even when not holding the top job. When Masyumi failed to win Indonesia’s first national elections in 1955, finishing second to the PNI despite covert US government financing,\(^\text{73}\) its leaders became increasingly disillusioned with the direction of Indonesian politics. In 1957, many of them defected and became the civilian face of a rebellion based in Sumatra against the Sukarno government (discussed in chapter 5). After defeating the rebellion, Sukarno banned the party. The first IIS forays into Indonesia tended to focus on Masyumi and its brand of reform Islam.\(^\text{74}\) The reformist (or modernist) movement within Islam flourished beginning in the late 19th century with its centre in Egypt and won the allegiance of many Muslims in Indonesia. “The apparent modernism of their [reformers’] activities,” according to Michael Francis Laffan, “lies in the fact that they sought to enact reform with an emphasis on the rational and personal, rediscovery of a pristine Islamic past, and the employment of all forms of modernity compatible with this ‘pure’ Islam.”\(^\text{75}\) Given common concerns with the issue of facing modernity, it is not surprising that all the Indonesians who clustered at the IIS in the 1950s and 1960s came from this reformist stream.


\(^{74}\) RF interview with Smith, 6 April 1951, RAC, RG1.2, 427R, Box 10, file 93; Smith to Fahs, 21 March 1953, RAC, RG1.2, 427R, Box 10, file 95.

The IIS received the Indonesian government seal of approval with visits by Usman Sastroamijoyo, the Indonesian ambassador and brother of Prime Minister Ali Sastroamijoyo, and then by Sukarno himself. Smith travelled to Indonesia in 1955, returning "all agog about that country.... Not that I suffer any illusions as to the continuing superficiality of my knowledge about Islam in this area. But at least I now have a vivid and stimulating sense of what it is that I am ignorant about." Smith returned in 1957 as an official state guest along with Principal James. In 1958, using Ford Foundation money, Smith hired Mohammad Rasyidi on a five-year appointment to teach Islam in Indonesia. Born in 1915 with the very Javanese moniker Saridi, Rasyidi changed his name as an expression of his commitment to Islam. He studied religion at the University of Cairo, a more reformist alternative to Al-Azhar University. Rasyidi served as an assistant in the Office of Native Affairs, the primary means by which the Dutch colonial regime studied and controlled Islam, and then headed the Islamic Library in Jakarta under the Japanese occupation. He became the Indonesian Republic's first Minister of Religion in 1946, creating the ministry that in effect succeeded the Office of Native Affairs. As Minister, he stressed tolerance and freedom of worship while insisting religion had a place in the state, and thus carved out a middle path between adherents of an Islamic state and those who wanted a purely secular Indonesia. Rasyidi was the Republic's Ambassador to Egypt and kept this post (along with accreditation to Saudi Arabia) until 1953. He earned his doctorate in Islamic studies while studying under Louis Massignon in Paris, funded by the Rockefeller Foundation. Burton Fahs called him "intelligent and modest" and pressed him repeatedly to accept Rockefeller largesse. Returning to the diplomatic service as Ambassador to Pakistan, he grew more and more disillusioned with the direction of the government. While many devout Muslim diplomats backed the 1957-58 rebellion, Rasyidi instead took refuge in an offer to teach at the IIS and enrolled his daughter at McGill. "By having secured the man who is perhaps the leading Indonesian scholar in this field, our Institute has made, I believe, a very important move indeed," Smith wrote.

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76 Letter from Smith to George Kahin, 9 June 1956. Cornell University Archives, George Kahin papers, Box 20, file Wilfred Cantwell Smith.
At the IIS, Rasyidi leaned on the traditional canon of Dutch authorities, including the Dutch Orientalist and colonialist Christiaan Snouck Hurgronje, best-known of a line of scholar-advisers to the Dutch East Indies government paid to serve, in Karel Steenbrink’s phrase, as tutors to “a backward and suspicious religion.” Snouck Hurgronje wanted to “emancipate” Muslims from their religion. The greatest of Dutch Orientalists earned his reputation by penetrating the shrine of Mecca disguised as a pilgrim, then applied his knowledge to a study of the strongly-Muslim people of Aceh, harnessing anthropological and religious study to the conquest of one outlying part of the Indies. His strategy helped the Dutch complete their colonial war in Aceh and he was rewarded with the leadership of the Office of Native Affairs from 1889 to 1906. From this position, he tried to reshape Islam into a more modern religion by divorcing its from politics and making it a personal faith like his own Protestant Christianity. One 1957 tribute pointed out that Snouck Hurgronje was much concerned with the question: “How should one govern Muslims in order to smooth their way towards modern times and if possible to gain their cooperation in the realization of the ideal of a universal civilization[?]” That was, in short, the mission of the Office of Native Affairs, which continued to exist until the end of the colonial era. Even Rasyidi was ensnared by its spell. Although in 1946 he had described the Office as “nothing but a very dangerous instrument of imperialism,” Rasyidi continued to lean on its teaching authority, defending Snouck Hurgronje and reserving his sharpest scorn for Muslim backsliders.

The first Indonesian fellowship students arrived at the IIS in 1955-6, a period when the Islamic movement in Indonesia, disappointed by Masyumi’s failure to win the 1955 elections, was turning to internal strengthening, especially within the Religion Ministry. Four earned their

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master's degrees by 1961 and returned to Indonesia to work for the Ministry of Religious Affairs or teach in Islamic universities.\(^{82}\) These four sparked the formation of a McGill Indonesian Students Association, with twelve founding members (the rest were Colombo Plan trainees). “It is not an easy thing to help a proud people,” Indonesian ambassador L.N. Palar said in inaugurating the association. “But, in this case, it’s not hard to thank Canada because she has nothing in the back of her mind except to help.”\(^{83}\)

The most prominent of these four students was Abdul Mukti Ali. Born eight years after Rasyidi, he too changed his Javanese given name (from Boedjono) when he embraced devout Islam. Mukti Ali fought for independence in Masyumi’s militia during the Indonesian revolution and went on to study at the Haram Mosque in Mecca and then at the University of Karachi. In 1955 he transferred to McGill to study comparative religion under Smith, winning a scholarship from the Asia Foundation.\(^{84}\) He returned to Indonesia in 1957 after earning his MA from McGill to become an assistant to the Minister of Religion charged with administering the university-level State Islamic Institutes (IAINs). Within his first year back, he had already represented Indonesia at two international conferences on religion. In 1960, he took charge of the new IAIN programme in comparative religion and authored its text book, *Ilmu Perbandingan Agama* [*The Science of Comparative Religions*]. In an echo of Smith’s teaching, he argued: “A student of Comparative Religions is neither concerned with faith nor trying to make a judgment of a religion, but rather concerned with objective knowledge.” Mukti Ali credited Smith’s “holistic approach” to the study of religions with shaping his own ideas.\(^{85}\)

Harun Nasution became almost as prominent as Mukti Ali. Born in North Sumatra in 1919, he went for higher study to the Haram Mosque. Nasution, already leaning to modernist Islam over the orthodox forms predominant in his home and in Arabia, called Mecca “a medieval

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82 Smith to Minister of Education Prijono, 15 Feb. 1956, MUA, RG 84, Box 64, file Indonesia, Government of; List of foreign students at McGill, 1956, MUA, RG2, Box 169, file 5869; Smith to J.A. Quinn of FF, 7 July 1961, MUA, RG2, Box 274, file 8263; Boland, *Struggle of Islam*, p. 107-8.


84 Founded as the Committee for Free Asia, the right-wing Asia Foundation was later revealed to be working in a semi-official capacity with backing from the CIA. Peter Collier & David Horowitz, *The Rockefellers: An American dynasty* (New York: New American Library, 1976), p. 366.

city in the modern age” and soon moved to Egypt: first to Al-Azhar and then to the American University. After earning his BA in social science, he took a job working with Rasyidi in the Indonesian Embassy which set him on the path to a diplomatic career. This ended in 1957 when he joined dissident Indonesian diplomats in backing the Sumatra-based rebels, partly because he felt Sumatra was oppressed and partly because they were “the anti-communist faction.” He returned to Egypt to study “rational and modern” Islam and then followed Rasyidi to McGill, where he earned his MA in 1965 and his doctorate in 1968 with a controversial dissertation that argued reformist Muslims had misunderstood the Islamic thinker Mohammad Abduh. At McGill, Nasution had come to share Smith’s view of the major monotheistic religions as all being valid paths to redemption. He returned to a teaching post at IAIN Jakarta in Islamic philosophy and theology and became rector of IAIN Jakarta. Since the university was, in Nasution’s view, “still very traditional,” he proposed a new curriculum for teaching Islam, based on McGill’s, which was implemented in modified form. The other two Indonesian students in this initial group were Mr. and Mrs. Timur Jaelani, who earned their degrees in 1959 and returned to the Religion Ministry and IAIN teaching.

The four Indonesian IIS students and the first Indonesian professor all played prominent roles in the administration of religion on their return. On the conclusion of his five-year appointment in 1963, Rasyidi moved to Washington to head the Islamic Centre. He returned to Indonesia in 1965 to campaign against communism, publishing Islam menentang Komunisme [Islam against Communism]. That year and the next, an army-led campaign saw large numbers of Muslims take violent reprisals against members of the PKI and other suspected leftists. Estimates of the death toll run as high as one million. Rasyidi turned next to polemics against Christian missionaries, fueled in part by the conversion of significant numbers to Christianity in the wake of the massacres.

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87 Steenbrink, “Itinerant Scholars”; RF interview with Smith 7 Nov. 1960, RAC, RG1.2, 427R, Box 11, file 101.
After 1965, General Suharto’s “New Order” military regime saw political Islam as the major remaining threat to its power. The New Order’s early religious policy, as implemented by the McGill mafia, had much in common with the Dutch Office of Native Affairs. Benedict Anderson sees the New Order as having many of the characteristics of the colonial state, concerned with controlling the society-nation. In its attitude to Islam, the New Order also took on the full range of characteristics of the colonial state. Islam posed a threat to the new regime’s developmentalist policies. New Order ideology emerged in practice, not as a fully-formed system of thought. The army, for instance, only formalized its “dual function” in both defence and politics in 1966 to meet the facts of the new situation in which it held state power. Similarly, the ideology of development (pembangunan) as the regime’s main legitimizing factor was only given formal expression after the new regime had consolidated its power. General Ali Murtopo, a prominent ideologue of the early New Order, defined modernization as “changing norms which are no longer functional in the development of society and changing norms which hinder development.” In order for Indonesia to pass through the necessary “stages of development,” there had to be mental changes too. Village populations were to be depoliticized and transformed into a “floating mass” which would concentrate solely on the tasks of development.

Islam, too, had to be depoliticized and harnessed to the task of development. Like the Office of Native Affairs, the New Order regime hoped to move Islam into the private sphere. In this, it was able to make common cause with the recently-returned McGill graduates. After stage-managed elections in 1971 won by the military’s political vehicle, Golkar (Joint Secretariat of Functional Groups), the government moved against the largest remaining independent party, the Javanese Muslim Nahdatul Ulama. The NU had survived Sukarno’s purge of the Masyumi and then Suharto’s rise to power, and retained the Religion Ministry as its own fiefdom. Mukti Ali and...

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Nasution were leading figures in the *Gerakan Pembaharuan* (renewal movement) within Indonesian Islam in the late 1960s and early 1970s. They made common cause with Ali Murtopo and anti-NU members of the Ministry. Of the four possible names for the new Minister, two were McGill graduates: Mukti Ali and Timur Jaelani. President Suharto selected Mukti Ali as the best man to both modernize Indonesian Islam and handle inter-religious dialogue, while Jaelani served as Secretary-General of the ministry. The new regime in the Religion Ministry modernized the Islamic schools and IAINs, working in alliance with the country’s new military rulers to depoliticize Islam in exchange for participation in the country’s new developmentalist trajectory. In his term from 1971-77, Mukti Ali became “the first in a line of ministers of religion to preside over policies for the creation of a cadre of western educated Muslim intellectuals to counter the practice of sending Muslim graduates to universities in the Middle East.” By the 1980s, three-quarters of IAIN instructors receiving higher training went to Western universities to get it; by the mid-1990s, more than 200 IAIN instructors had studied Islam in Montreal on funding from the Canadian International Development Agency. McGill had led the shift away from traditional centres of learning in Egypt to Western schools.

Ironically, Rasyidi became a leading critic of the McGill mafia, which he accused of serving a regime determined to reduce the power of Islam through such steps as secularizing aspects of marriage law and accepting Javanese mysticism as a valid religion. The criticism was not wrong: the New Order was trying to shape Islam into a more quietistic and non-political force that would not challenge the authority of the regime. Harun Nasution, for one, was an enthusiastic supporter of New Order development and anti-communism at the same time as he preached a liberal approach to Islam. Yet the McGill mafia were not only tools of a centralizing regime. They were also pursuing a consistent course in line with “the Montreal viewpoint,” trying to transform the way Islam was understood in Indonesia. One analysis of Mukti Ali’s thinking has argued that “by perceiving that faith is personal; that faith includes any system of religious belief such as

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Javanese spiritualism; that religion should be carried out with dialogue, and so forth, Mukti Ali actually provides some room for the New Order's government to work with this kind of 'Smithian thought' towards a modern religious policy in Indonesia." Smith would hardly have embraced the New Order regime, born in blood and sustained through the continued systematic violation of human rights, but his students had become a part of its national project of development.

Chapter 5
Aid and trade: Diefenbaker’s Canada and Sukarno’s Indonesia

Today, I must share with you some of my thoughts on the subject of development. It is a big subject. It is an important - no, a vital - subject. The Colombo Plan is concerned with economic development: we in Indonesia are concerned with overall development, development in every single field of human endeavour and human potential. We do not divorce any effort at development from its context. All are connected, all are inter-dependent, all are essential.... You can bring us expert knowledge and expert skill. But you must also bring imagination, and vision, and understanding, and sympathy. Yes, and courage, and faith. Do not think that assistance will produce a nation in your own image. Do not think that what applies in other countries will necessarily apply here.

— Sukarno, 1959

We do not forget the days when our country depended heavily on agriculture and other primary industries for its livelihood. In the process of diversification and industrialization we have had the help of many countries. Men from many nations came to Canada and brought with them skills, know-how, enterprise and capital. We can show our appreciation for the help we, ourselves, received in the early days of nation-building by now providing similar help to other countries.

— John Diefenbaker, 1958

In November 1959, Indonesia played host to the annual Colombo Plan conference. A specially-constructed meeting complex in Jogjakarta, the central Java city that had been the Republic’s revolutionary capital, indicated the importance of the event to the Indonesian government. Wearing a crisp military-style uniform of his own design, along with the omnipresent pici cap and swagger stick, President Sukarno opened the conference by denouncing the idea that Indonesia must develop in the Western image. Indonesia could not be measured by “a yardstick made in Holland thirty years ago, or somewhere else last week,” he said. It would develop according to its own traditions and beliefs, not those of foreign experts. “Mold all your forms of aid to the realities of the country,” he told his guests. And he went further, to challenge the entire idea of aid as a series of development projects dropped into the midst of a traditional society with no effort at education or relating to the local context. Léon Balcer, Solicitor General in Prime Minister John Diefenbaker’s government and head of the Canadian delegation, had the job of formally responding to Sukarno’s address. Balcer delivered a speech that repeated several

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Colombo Plan assumptions. His answer to Sukarno’s challenge was to recite the dollar figures for Canadian aid to Indonesia, rounding up the numbers for good measure, and to point out that this aid came at a time when Canada itself was still importing capital from abroad to develop its own resources. All that was needed for Asian development to take place, he implied, was to continue the work of the Colombo Plan. Development would come through following the paths blazed by the Western countries. Canada, he said, was “keenly aware of some of the problems which many of the nations represented here have encountered in their economic development, problems such as we ourselves encountered in the earlier years of our young nationhood.” The way for Asians to develop was by doing what Canada and others had done. Here was a basic clash of visions.³

Sukarno’s address met a hostile reception. The Japanese ambassador called it “a most inhospitable speech.” His British counterpart even compared Sukarno to Hitler. He added that the Indonesian President’s colourful entrance into the conference hall, flanked by jackbooted soldiers, “his jaw projecting, one hand raised in hieratic salute, the other clasping a gold baton, did nothing to weaken the comparison.” Sukarno, he said, lacked “the breadth of vision, the tolerance or the understanding needed to confront the problems which the passing of colonialism has bequeathed to Indonesia.”⁴ Sukarno had a powerful vision, but it was one beyond the pale for Britain’s ambassador — and for most of those who had travelled to Jogjakarta. One of the few positive reports was made by Euan Smith, a junior member of the Canadian delegation, who conceded that Sukarno had committed a breach of diplomatic etiquette but compared the speech to “Indonesian food, which contains nutritious ingredients served in unpalatable sauce.”⁵

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The Colombo Plan’s trajectory was not shifted by Sukarno’s words. “The tasks ahead remain essentially the same as those which were apparent at, and have been dealt with since, the beginning of the Colombo Plan,” according to the final report of the Jogjakarta conference. Indonesia, however, embarked on a new path. The parliamentary cabinets that governed Indonesia from 1950 to 1957 had pursued a non-aligned foreign policy, but presided over economic programmes consistent with the Western model of development and an Indonesia integrated into the world economy through multiple links. In 1957-58, conflicts at the centre and in Indonesia’s regions erupted into civil war. Pressed by an increasingly powerful army, Sukarno decreed a system of “guided democracy” in 1959. Power began to centralize around the army and the person of the President. The new regime tried to lessen Indonesia’s links to the global economy, which had battered Indonesia with its rapid swings in raw material prices, and preached self-reliance through doctrines like Berdiri (Berdiri di atas kaki sendiri, standing on our own feet). Ruslan Abdulgani, one of Sukarno’s chief acolytes, condemned the investment-based development planning experiences of the 1950s for leading to “an unbalanced growth of one sector of the economy, sometimes to the advantage of the already industrialised countries.” Planning, he argued, had been nothing but a collection of projects, “which are sometimes of such little significance for the nature of the society being built, that the erection of a mere lemonade factory becomes worthy of mention.” More and more, Sukarno’s Indonesia turned away from development aid. In 1963 Sukarno recalled the Jogjakarta conference and declared that Indonesia would rather subsist on cassava than accept aid with strings attached, even if that aid meant a daily meal of beef. By 1964, he was publicly telling the United States to “go to hell with your aid.”

Aid remained the main field through which Canada and Indonesia encountered one another. Even in this realm, almost nothing had been done outside technical training when John Diefenbaker’s Conservatives took power in 1957. When in opposition, Diefenbaker had called for the government to spend more on the Colombo Plan. In power, he started to implement his

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commitment to the Commonwealth's own aid scheme. The rhetoric of the bridge continued: Sidney Smith, Diefenbaker's first Secretary of State for External Affairs, said the Plan "forms one of the particularly productive bridges between Canada and our friends in south and southeast Asia." Yet aid also became support for Canadian economic actors. Increasingly, Colombo Plan assistance came in the form of wheat shipments. Increasingly, aid was used deliberately as a lever to increase Canadian trade opportunities.

After General Suharto displaced Sukarno to become Indonesia's second President in the mid-1960s, Canadian companies would rush into Indonesia under a highly favourable foreign investment law. Most accounts portray the late 1950s and early 1960s as a dark spot for foreign investors. However, the seeds of the investment expansion of the Suharto years can be traced, in many cases, to the guided democracy years. While aid remained the focus of Canadian relations with Indonesia, trade and investment began to be seriously explored. Often using the channels opened by the Colombo Plan, Canadian corporations — a different sort of non-state actor — began to play a significant role in bilateral relations.

1957 as watershed

Both Canada and Indonesia experienced important changes in government beginning in 1957. John G. Diefenbaker revived the nationalist appeal of earlier Conservatives who had won elections with calls to rally around the flag, an emblem of being both British and Canadian. He capitalized on widespread anger with the arrogance and some of the policies of the St. Laurent Liberals, including the feeling that Canada had let down Britain through its role in the Suez dispute. An Ottawa grown complacent during 22 years of unbroken Liberal rule quaked at the arrival of this wild man out of the west. Campaigning as an "evangelistic reformer thundering from the platform as from the pulpit," Diefenbaker toppled St. Laurent in June 1957 to win a minority government. The next year, he shattered the hopes of a Liberal comeback under new leader Lester Pearson, winning the largest majority in Canadian electoral history up to that point. The new government did not make radical changes in Canadian foreign policy. The emphasis shifted as greater stress was laid on the Commonwealth, but few policies were reversed outright.

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11 Lester Pearson even noted in his diary that there was talk of asking him to continue as Secretary of State for External Affairs in the new government. Mike: The Memoirs of the Right Honourable Lester B. Pearson, vol. 3
To its misfortune, the Diefenbaker government was faced with an economic downturn as the postwar boom slowed. It struggled to maintain Canadian prosperity within the global economic order.

Indonesian leaders, too, were motivated by their position within the world economy. Long a peripheral part of the Dutch empire, Indonesia had not gained economic independence along with political independence. Dutch corporations continued to hold a dominant place in the national economy. For instance, inter-island shipping was controlled by the firm KPM, while companies like Unilever held large stakes in export production. Seventy per cent of plantations in Java and Sumatra were owned by foreign firms, mostly Dutch. In December 1957, Indonesian unions seized control of all Dutch businesses except the Batavian Petroleum Company (BPM), a subsidiary of the Anglo-Dutch giant Shell. The government swiftly moved to take control of the situation by placing all Dutch business under military administration, transforming the business interests into state corporations run by the army, which thereby gained a powerful source of finance and a stake in economic growth. The 47,000 Dutch nationals were ordered out of the country. The immediate pretext was the failure of an Indonesian resolution on West New Guinea to gain two-thirds support at the United Nations. One day after the resolution fell short, a failed assassination attempt against Sukarno raised the temperature another notch. But the West New Guinea issue, and the issue of special Dutch economic privileges in Indonesia, were closely intertwined. These were two aspects (one territorial, one economic) that left Indonesians feeling as if the decolonization process was incomplete.

With the seizures, Indonesia had completed its economic decolonization. It was the death knell for the dream of cooperation between the former colonizer and colonized, however. The struggle over West New Guinea is examined in the next chapter. The 1957 economic actions were even more significant in their effect on the Indonesian economy, jolted hard by the shock.

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Economic output fell by at least 12%, the Canadian embassy reported, while a deficit forecast at 2.4-billion rupiah ballooned to at least Rp. 9.7-billion. The loss of Dutch expertise was the most severe blow of all: “This tragic expulsion of managerial ability which the country could not hope to replace proved to be a manifold catastrophe. For it meant that the best intentions of the central policy-makers could no longer be assured of either wise, intelligent, or effective implementation.” The Canadian wife of one Dutchman spoke more plainly, saying the factories had been “stolen” and would never be returned. “The trouble is of course they have now started something and they cannot go back, and the immense ignorance of the people is terrifying.”

Although Canadians were not at serious risk, the embassy made emergency plans for Canadians to be included in any British evacuation and bought sodium chloride in Singapore to start burning embassy files. In the longer term, they worried, Canadian trade could be affected.

The Netherlands protested angrily and demanded compensation. NATO heads of government viewed events in Indonesia “with concern.” However, neither Canada nor other Dutch allies, with the exception of France, agreed to join their protests. American business saw a chance to fill the void. Canadian officials saw no reason to attract Indonesian anger by joining the Dutch protest. Canada’s Ambassador Theodore Newton, for instance, cited Benjamin Higgins’ analysis of Indonesian politics in terms of a split between the history-minded nationalists and the economy-minded developers, with Indonesian desires for a national economy at the root of the matter. While sympathetic to Dutch anger, Newton argued that “the broad Western interest in a stable Indonesia must not be made to pivot on these bad relations.”

The Canadian government paid more attention to a campaign by the town of Newmarket, Ontario, to become the new home

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for the Dutch being thrown out of Indonesia, and for their money. Postwar Dutch immigration to Canada had been substantial: 114,777 Dutch citizens moved to Canada in the decade after 1946.20 Robert Bullock, Newmarket’s industrial commissioner, suggested that “another opportunity is presenting itself to the Canadian Government to achieve a trade success” by scooping up “the entire managerial force of a country” in order to resume trade with Indonesia “under the Canadian flag... before Red China can draw Indonesia into its orbit.”21 There was some sympathy in External Affairs and in cabinet for the notion, but the Department of Immigration blocked the scheme. “With the employment situation as it is in Canada at the present time, we would not be justified in bringing into the country any of these persons when Canadians with similar skills are unemployed,” Deputy Minister of Immigration Laval Fortier wrote. In the end, the vast majority of the Dutch in Indonesia returned to the Netherlands.22

Indonesian policymakers were polarized by the economic actions. Bank of Indonesia Governor Syafruddin Prawiranegara resigned in protest. The battle between those who stressed economic development on orderly lines versus those who stressed the creation of a “national economy” and anti-colonialism reached new heights. A National Reconstruction Conference brought a temporary rapprochement, but dissidents based mainly in Sumatra and other outlying islands continued to demand that former Vice-President Mohammad Hatta, who had himself resigned the year before, be returned to power as head of a new cabinet.23 Prime Minister Ali Sastroamijoyo’s government fell as the Masyumi party withdrew into opposition. Sukarno declared it was time for Indonesia to “return to the rails of revolution,” to a time when Indonesians had been united.24 But he also made a nod to economic development by naming planning chief Juanda as Prime Minister in a new extra-parliamentary cabinet.

Economic and regional differences combined with internal power struggles in the armed forces to lead to civil war. In February 1958, dissidents declared the Revolutionary Government of the Republic of Indonesia (Pemerintah Revolusioner Republik Indonesia, PRRI) in Bukittinggi,

the capital of West Sumatra. Syafruddin was named President, but dissident colonels called the shots. Syafruddin had led the Emergency Government from the Sumatran jungles in the first part of 1949: thus the PRRI, like the central government, was recalling the symbols of revolution.\(^\text{25}\) He described himself "as a non-communist, or may I even say as an anti-communist" and sang the virtues of foreign investment.\(^\text{26}\) Unsurprisingly, then, the rebels, selling themselves as the best weapon against Indonesia’s drift to the left, gained the support of the United States, Britain and Australia. Taiwan and the Philippines also provided arms and aid. The Eisenhower administration, albeit in a bungling fashion, was engaged in a covert action designed to overthrow Sukarno and even, if that failed, to divide Indonesia into two or more separate states in order to deny as much of the country as possible to the PKI. There was even speculation that parts of Indonesia might combine with Malaya into a new anti-communist state.\(^\text{27}\) The covert operation, which cost the Central Intelligence Agency US$10-million, involved only the most trusted military and civilian officials, a group that did not include US Ambassador to Indonesia John Allison. It also drew support from the top levels of the British and Australian governments. The operation was a badly bungled affair — in Gabriel Kolko’s words “one of the clumsiest CIA operations of all time.”\(^\text{28}\)

American, British and Australian officials made sure the covert operation did not involve too many people or too many countries. They did not inform Canadian diplomats of their efforts. Canadian officials continued to operate from their own interpretation of the best interests of the West: the Colombo Plan paradigm of aid to non-communist governments. Ottawa did not view the Sukarno-Juanda government as communist. Rather than being a proto-communist regime, Canadian chargé d’affaires Russ McKinney thought, it was the “only alternative to chaos.”\(^\text{29}\)


\(^{26}\) *The Birth of a New Indonesia: Six Months P.R.R.I.* ([Frankfurt]: PRRI mission in Europe, [1958]).


\(^{29}\) *Jakarta telegram 60, 7 May 1958*. LAC, RG25, vol. 3704, file 5495-F-40 [1].
Where the Americans saw looming communism, the Canadians looked at Colombo plan veteran Juanda and saw “a business cabinet ... in which there are people with actual technical ability.” While Indonesians were outraged at the United States and at neighbours who backed the rebellion (especially Australia, Taiwan and the Philippines), the biggest complaint levied against Canada was the hostile tone of coverage by Globe and Mail reporter William Stevenson.

The rebels had no plans to fight. Instead, they hoped to control the main export areas and thus some three-quarters of Indonesia’s normal foreign exchange reserves, thereby bringing the central government to economic collapse. The PRRI as its first official business disavowed all future contracts signed by the Sukarno government. However, Jakarta did not stand by ineffectually as Western observers expected. Sukarno called the rebellion an anti-democratic terror operation. Forces loyal to armed forces commander A.H. Nasution first seized control of the Sumatra oil fields and then won a series of quick military victories. Within months, the PRRI had been defeated in Sumatra and driven into the jungles, although it took longer to reduce its last positions in Sulawesi, backed by covert American and Taiwanese air power and using bases in the Philippines. In effect, Indonesian fears of SEATO and NATO encirclement destabilizing their country had been realized, but Sukarno loyalists had also gained new confidence from their victory.

The prospect of a conflict between countries allied to the United States and an important Asian neutral was one that the Department of External Affairs had come to regard with horror. Although Western and SEATO support to the rebels was covert, it still alarmed Canadian policymakers once they learned of its extent. In May 1958, Arnold Smith reported from London that the rebels were being backed by the United States, Britain and Australia, who had held “very close consultation” and all shared the same fear that Indonesia was drifting into the control of the PKI. “The Americans were on the whole playing the hand, although there had to be some UK cooperation because of Singapore. There was also, we understand, a considerable amount of secret

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32 Syafruddin to David Rockefeller, 5 March 1958, Cornell University Library, PRRI documents, microfilm 7813.
34 Extract from lecture by Sukarno to Students Mass Action Committee Against the PRRI, 3 April 1958, in Feith & Castles, Indonesian Political Thinking, p. 325-7.
Australian cooperation.” Australian sympathies had already been clear. When Canada was considering a permit for Ford to sell trucks to the Indonesian army (see below), the question was considered by the entire Australian cabinet, which pleaded for a delay so that no strength would be lent to Jakarta. External Affairs reported this with some surprise:

To the extent that we had considered that these trucks might have some influence on developments within Indonesia we had for our part regarded it as important to ensure that the trucks would in fact remain under the control of the central government; otherwise our release of this might encourage dissident groups to undertake (or assist them in undertaking) armed revolt. It would appear to us very dangerous in terms of our general political interests in southeast [sic] Asia to give the appearance to the Indonesians and to other countries of the area of favouring disaffected elements which may be on the point of revolt against the legal and internationally recognized central government, regardless of whatever views we may have about the attitudes of the two.... To act otherwise could be interpreted as giving tacit support to the opponents of the central government, and surely would tend sooner or later to drive the government further towards the Communists and hence render substantially less likely a stabilization of the situation on terms reconcilable with western interests.37

Canadian diplomats, very softly, began to urge their allies to change course on Indonesia. They saw three major allies as caught in a counter-productive policy, and began to speak of quietly intervening to support those in Washington and elsewhere who wanted a more moderate stance towards Sukarno. “I realize that it is not for us to take the initiative on Indonesia, but I wonder if we could not prod our NATO colleagues into revising an attitude towards Indonesia that is quite clearly accelerating the drift to catastrophe,” John Holmes wrote. The rebel cause was lost, he thought, and it was time for Western countries to look instead to non-communists in Jakarta, who were being undermined by Western aid to the PRRI. “We are forcing the Government to trade with the Soviet bloc, we are discrediting our friends who must be trying hard to keep Indonesia at least neutral, and handing the diplomatic game to the Communists without even trying.”38 The thinking in External Affairs was that Canada might soon have to jump in and counsel moderation, to save an ally from its own folly: the same course Ottawa had taken with the Netherlands in 1949 after their “police action” in Indonesia, and again with Britain and France over the Suez crisis in 1956. In London, Arnold Smith discussed the matter with British officials who said they were unwilling to share details of their confidential discussions with the United States with anyone, “even us.” The defeat of the Sumatran rebels seemed to have little effect, as Washington simply

stepped up its support for rebels in North Sulawesi, who "had recently obtained a number of planes from you can probably guess where and had carried out some very accurate bombing, chiefly against bases from which the central government was likely to have launched an invasion of the dissident centres."\(^{39}\)

By the middle of May 1958, External Affairs was ready to recommend that Canada urge its allies towards a softer line. Canadian missions in London and Washington were told to urge moderation and stress the "danger that resentment against alleged 'foreign interference' may inflame anti-Western feeling in Indonesia and may force the moderates in the Djakarta Government to adopt a more extreme position."\(^{40}\) Ottawa was essentially underlining a point being made by Indonesian Foreign Minister Subandrio, who was telling foreign representatives that the government "was fully alive to the menace of PKI and determined to control it. So was the army. But they could not at present fight on two fronts, against the rebels and foreign intervention in Celebes, and against the PKI in Java."\(^{41}\) Whether Canadian representations had much effect is difficult to tell. There were people in both the American and British governments urging a more moderate line, and rebel reversals in any case dictated a new policy. In late May, the United States signalled a policy shift by announcing food aid and a token arms shipment to Jakarta. By 1959, the Eisenhower administration had decided that Asian nationalism was, after all, a source of strength in resisting communism, even if nationalist governments took a neutral posture.\(^{42}\) "We do not object to 'neutrality' but we do object to 'neutralism'," Assistant Secretary of State for the Far East Walter Robinson told the Indonesian Ambassador.\(^{43}\)

The rebellions had impoverished Indonesia, and led to a 13% drop in national income from which it took several years for the country to recover.\(^{44}\) On the other hand, the elimination of dissident elements as a national force, and the demonstrated ability of the Sukarno government to assert its power, created a new confidence. The army emerged more powerful then before, as did Sukarno and the PKI, which had remained loyal and shown a cohesion other parties could not match. In July 1959, Sukarno acceded to army urging and announced a new system of "guided democracy." Western diplomats saw that Indonesia had taken a step towards a more centralized


\(^{40}\) Memorandum for the Minister, 16 May 1958. LAC, RG25, vol. 6985, file 5495-G-40 [3.2].


\(^{44}\) \textit{Tenth Annual Report of the Consultative Committee of the Colombo Plan}, p. 75.
authoritarian state, but their reports showed a grudging respect for the Jakarta government, and especially for the army. "When, in the Sumatran and Sulawesi revolt, the regime was suddenly confronted with what was the boldest internal challenge of its history, it was galvanized into unusually decisive action," Canadian Ambassador Newton reported. Indonesia's "subsequent search for stability, although halting, ineffective, and extremely slow, nevertheless implied a vision and shrewdness which should not be discounted, and a stubborn tenacity which could not be denied." Most importantly, Newton thought, Indonesia had once more shown it preferred to lean towards the West. At the same time, however, Indonesian actions in seizing Dutch businesses unilaterally and preaching revolution contributed to an image of Indonesia as untrustworthy trouble maker which would affect the direction of Canadian aid under the Colombo Plan.

Planning for aid to Indonesia

Through the last months of the St. Laurent government, Canadian planners had been trying to identify what sort of capital aid projects to fund in Indonesia. Two main projects emerged. One was airport traffic control radio equipment for Kemayoran airport in Jakarta. As a project backed by the International Civil Air Organization mission (with three Canadian technicians on the ground and more on the way), this request commanded respect. The other project considered was road-building equipment for North Sulawesi, home province of L.N. Palar, Indonesia's Ambassador to Canada. According to External Affairs, Palar was a friend of Canada who hoped to remain in Ottawa for many years. "An able and discerning man, he is greatly disturbed by the emergence of the Communist party as the largest party on the island of Java." The ambassador returned to Indonesia for six weeks in the summer of 1957 to head up an investigation into the troubles of the restive province. Returning to Jakarta, Palar enlisted the support of Prime Minister Juanda and Foreign Minister Subandrio in a request made to the Canadian embassy (and later, in Ottawa) for road-building equipment. North Sulawesi was suffering because there were no properly-maintained roads to get the main export product, copra, to the ports. Meanwhile, the lack of funds from Jakarta for local army units meant they were unable to meet their payroll and equip

their troops, forcing them to turn to copra-smuggling to meet costs. Palar thought a political solution was needed, and helping the province meet its basic economic needs was the key.\textsuperscript{48}

Canadian planners considered Indonesia in the context of extending Canada’s Colombo Plan aid to non-Commonwealth countries. The Far East division at External Affairs argued in September 1957 that since Canada had decided not to seek membership in SEATO, it had to show its commitment to the anti-communist cause in Southeast Asia through economic aid. Given the high amount of US aid already going to the Philippines, Thailand and Vietnam, it recommended Indonesia and Burma as the top recipients, with some aid to Vietnam where Canada was already active in truce supervision and could offer bilingual assistance. Canada should give $3-million to the non-Commonwealth countries, of which half should go to Indonesia.\textsuperscript{49} “We have talked for three years about capital aid to Indonesia but have so far sent only $434 worth of technical books,” Far East division chief Arthur Menzies wrote. “The Communist party in Indonesia has been making substantial gains and will continue to do so out of the economic difficulties of the country. The economy is in pretty desperate straits and I think we should try to do something soon.”\textsuperscript{50} After a great deal of talking, officials finally recommended $600,000 each for Indonesia and Burma, with another $50,000 for Cambodia.\textsuperscript{51} Palar pressed very hard indeed in Ottawa. “He emphasizes continually that the critical time for Indonesia is now,” Colombo Plan administrator Nik Cavell wrote, “and that even if some of his people could be given some foreign aid it would get into their newspapers and give them the impression that the Western world had not forgotten them — such thoughts have obvious connotations.”\textsuperscript{52} The official recommendation from Colombo planners in Ottawa was finally agreed at $250,000 for the airport and $350,000 for road-building equipment. That meant other projects listed as top priority by the Planning Bureau could not be funded.\textsuperscript{53}

When Indonesia took over the Dutch businesses in December, officials delayed making their recommendations for Indonesian aid to cabinet “until the dust has settled.” Canadian officials believed that regardless of the merits, there was little chance that cabinet would approve aid for

\textsuperscript{49} FE Division to Economic Division, 20 Sept. 1957. LAC, RG25, vol. 7337, file 11038-40 [22.2].
\textsuperscript{50} Menzies to Economic Division, 6 Sept. 1957. RG25, vol. 6590, file 11038-4-40 [1.2].
\textsuperscript{51} USSEA letter E-160 to Jakarta, 31 May 1957. LAC, RG25, vol. 6590, file 11038-4-40 [1.2].
\textsuperscript{52} Emphasis in original. Nik Cavell to Lou Couillard, head of Economic Division, 8 Oct. 1957. LAC, RG25, vol. 6590, file 11038-4-40 [1.2].
Sukarno’s regime while it was fighting a civil war against Indonesia’s best-known anti-communist leaders. The same fate befell a plan to train Indonesian air force navigators in Canada, which went into “the deep freeze” once civil war erupted.

The civil war and seizure of Dutch businesses had stalled Canadian aid consideration just as officials had finally come up with concrete recommendations. Now, the whole question of aid to Indonesia had to be reconsidered, with some planners wanting all aid frozen. For the time being, Canada was “deliberately delaying Indonesian projects because of the unsettled state of that country,” as one Colombo plan administrator noted. Sidney Smith told Palar that the delay was not meant as a snub; Canada “had no intention of ‘turning its back’ upon Indonesia.” But he asked for assurances that “sufficient order and stability existed in Indonesia to permit the orderly fulfilment of the Government’s development programme and that the moderate elements in the country were succeeding in keeping under control the more extremist elements,” that the equipment would reach its destination, and that there would be no more anti-Dutch measures.

The course of the war, with North Sulawesi a rebel stronghold, meant the road-building project had to be abandoned. The airport equipment, however, remained feasible. In April 1958, officials began to push it again on the grounds that it could “strengthen the position of the political moderates in Djakarta at this particular time if a Western nation, like Canada, were to announce its willingness to proceed with a capital assistance programme.” Their recommendation, however, met a chilly reception in cabinet. Diefenbaker was not keen on any aid to non-

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55 George Heasman, the first Canadian Ambassador to Indonesia, had urged two air navigator training spots be provided for political reasons, to help maintain a pro-Western attitude in the air force and avoid an Indonesian turn to Soviet training, and External Affairs accordingly made the request. Sidney Smith to George Pearkes, Minister of National Defence, 26 Nov. 1957, LAC, RG25, vol. 6465, file 5495-G-40 [2.2]. Pearkes agreed, but the request was deferred when civil war broke out. Pearkes to Smith, 27 Dec. 1957; R.B. Edmonds, FE Division, to McKinney, 9 May 1958. LAC, RG25, vol. 6985, file 5495-G-40 [3.1].
Commonwealth countries, especially Indonesia, which might be “turning to communism.”

Sidney Smith said Diefenbaker’s attitude was influenced by visiting Australian Foreign Minister R.G. Casey. “The improved airport facilities could be of military help,” Smith reported. “Casey scared the PM on this front.” Ultimately, only one capital aid project for Indonesia would be approved under the Diefenbaker government, and that largely to help employment in the Toronto aircraft industry (see below). Otherwise, Indonesia received only Canadian wheat shipments and technical aid in areas such as training Indonesian students, providing experts to the Curug air academy, and giving specialized books to university libraries.

Diefenbaker and the Colombo Plan: Wheat and Aid

As an opposition MP, Diefenbaker had supported the Colombo Plan and called for the government to spend more on it. His government quickly re-assured aid recipients that there would be no change in Canadian assistance programmes; backbenchers in his own party called for more aid. The Commonwealth connection was what made the Plan gleam for Diefenbaker. He said his commitment to the Plan stemmed from meeting a Malayan leader at a Commonwealth parliamentary meeting. In one typical speech, he praised “the far-flung family of vigorous, forward-looking and freedom-loving countries which comprise the Commonwealth” and hoped to “make some contribution to peace in the strengthening of those spiritual bonds, invisible but most significant, that bind us together.” The Colombo Plan itself was “a unique and exciting experiment devoted to the welfare of humanity” and “an indication of the important and useful part which the Commonwealth can [play] in international affairs.” Sidney Smith asserted that “there is no single task Canada has undertaken in the international field which deserves more...
support than, and promises such beneficial results as, the Colombo Plan.”

Smith saw the Plan as “one of the best examples of the way in which a Commonwealth initiative can be expanded to include other countries in the overall interest of the free world.”

Within months of taking power, the Conservative cabinet agreed to bump Colombo Plan funding up to $35-million annually. At the 1958 Commonwealth economic conference in Montreal, Diefenbaker announced there would be a further increase. Cabinet soon agreed to go to a $50-million annual contribution. This was not pure altruism, however: the government believed it would also help boost trade. In Diefenbaker’s words, aid helped the donor by “creating and expanding markets.” Howard Green, who succeeded Smith as Secretary of State for External Affairs in 1959, believed that “the health and strength of the Commonwealth depend on mutual help among its members.” It was for this reason that more aid had been granted. Canada was helping new nations to grow, “while at the same time lending fresh stimulus to the Canadian economy. Aid does not benefit only the recipient; aid today means trade tomorrow.”

The fullest statement of this perspective is probably Green’s 1959 speech to the Canadian Exporters’ Association. Since Canada depended for a world-high 20% of its income on exports, he said, “no nation has a greater interest in the maximum growth and freedom of international commerce than ours. Unless, in fact, we continue to develop our sales in world markets, our relatively high standard of living must inevitably fall.” Foreign policy, Green argued, was meant to look after the best interests of Canadian citizens, which meant first the preservation of peace and second “the promotion of the economic well-being of the world.” The Colombo Plan paid dividends. Economically, it created stronger trading partners for Canada. Politically, it had helped create “the tremendous fund of good-will towards Canada which exists among the countries of Africa and Asia.”

Green’s comments signaled that aid was to be harnessed to the government’s over-all trade policy goal to boost Canadian exports through such measures as enhancing the role of the Trade

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67 New Year’s message, Sidney Smith on CBC Radio international service, Jan. 1958, S&S 58/3.
Commissioner Service, establishing an Export Finance Corporation, expanding the scope of the existing Export Credits Insurance Corp., and pegging the dollar at 92.5 cents US.\textsuperscript{74} The commercialization of aid went hand in hand with its professionalization. Organizationally, Colombo Plan administrator Nik Cavell was replaced by Trade and Commerce official Orville Ault in 1958. In 1960, aid administration moved from its original home in the Department of Trade and Commerce to a new External Aid Office housed at External Affairs. Meanwhile, the ad-hoc Interdepartmental Colombo Plan Group was replaced by an External Aid Board composed of deputy ministers and chaired by the new External Aid Director-General Herb Moran, ranked as a deputy minister in his own right. The early years of ad-hoc planning began to move to a more organized footing, in parallel with similar moves in the United States, Britain and France. In 1963, the Organization for Economic Cooperation and Development formed a Development Assistance Committee to coordinate their aid efforts.\textsuperscript{75} Canada's standing aid bureaucracy developed its own longer-term aid planning, but much of it rested on the decisions taken in the Diefenbaker years for short-term reasons. The most significant of these decisions — one never really reversed — was the commercialization of aid, and especially the inclusion of Canadian wheat surpluses in aid programming.

While the Conservatives increased Colombo Plan aid, they refocused the programme to help prairie farmers sell their wheat. This came despite the strong objections of the civil servants who had been setting the direction of aid policy under the St. Laurent government. These officials, scattered among several departments and including some of the top mandarins, fought to keep the Colombo Plan focused on projects that followed the original Plan assumptions: hydro-electric dams to provide power and irrigation, transport and communications system, and other forms of permanent infrastructure. They resisted the new government’s plans to make food aid a permanent aspect. They also pushed for Canada’s Colombo Plan aid to be extended to non-Commonwealth countries. But these civil servants, who Diefenbaker dubbed the “Pearsonalities” and suspected of

plotting to bring Pearson back to power, were over-ruled by the cabinet. Non-Commonwealth countries in Asia, with a few early exceptions, received nothing but Canadian wheat from the Diefenbaker government.

Canada had enjoyed a postwar boom in wheat exports, one that the St. Laurent government welcomed as a spur to growth. C.D. Howe, Minister of Trade and Commerce, called wheat “an ambassador of good will for all Canadian products.” Wheat had been Canada’s top prewar export, and still stood second to newsprint in 1950, when it accounted for 10.4% of Canada’s total exports. In the 1930s Canada had controlled more than a quarter of world wheat exports, more than any other country; the United States stood fourth after Argentina and Australia. By 1950-51 the US was in the lead, taking 38.8% of world wheat sales, while Canada had fallen to second with 24% of the global total. Sales boomed after the Second World War, when Canada along with the United States dominated world markets. Canadian exports to Indonesia, for instance, peaked at $6.25-million in 1952 before falling away to nothing when Indonesia imposed restrictions on imports from dollar countries. But gradually, unsold wheat surpluses began to pile up: the US passed the one-billion bushel mark in unsold wheat surpluses in 1955 and Canada in 1957. Canada was heavily dependent on the world market: one-third of Canadian farm income depended on exports, compared to one-sixth for the US. In 1954, amidst falling world food prices after the end of the Korean War boom, the US moved towards disposing of its surpluses in the form of foreign aid. The Agricultural Trade Development and Assistance Act (PL 480) authorized substantial food aid, while the Mutual Security Act of 1954 required that some aid go in the form of surplus agricultural commodities. This was not entirely new: 29% of US

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82 Theodore Cohn, *Canadian Food Aid: Domestic and Foreign Policy Implications* (Denver: Graduate School of International Studies, University of Denver, 1979), p. 45.
Marshall plan aid to Europe was made up of food, feed and fertilizers, for instance. Yet it marked the arrival of surplus disposal programmes on a large scale.

Canadian officials were concerned that the programme might both harm Canadian agricultural exports and distort Asian development and agriculture. Canada had a 1954 surplus of 300-million bushels of wheat that it was trying to sell through normal commercial channels. The US decision to dispose of 50-million bushels through PL 480 could thus badly hurt Canadian exports. With Trade Minister C.D. Howe presiding over a laissez-faire economic policy, the St. Laurent government resisted the temptation to establish its own surplus dumping scheme. It did send substantial amounts of food aid to famine-hit India, but only when asked. In its final year of power, the government gave only one food aid grant, a $645,000 flour shipment to Ceylon that accounted for 1.9% of the total aid budget, even as the United States shipped $1.5-billion in PL 480 food. The Canadian briefing book for the 1954 Colombo Plan conference in Ottawa summed up the official attitude:

Basically it is the Canadian view that a clear distinction should be drawn between programmes for the economic development of under-developed countries and problems resulting from the accumulation of surplus agricultural products. While Canada has been prepared to provide food products as part of our contribution under the Colombo Plan it is the hope that the requirements of the programme itself can continue to be the main consideration.... Although the magnitude and effects of the U.S. programme have yet to be assessed, it seems clear that, under present circumstances, Canadian agricultural products which happen to be in long supply will be provided under the Colombo Plan only where the provision of such commodities appears desirable to generate counterpart funds.

87 "Economic Development and the Disposal of Surplus Agricultural Products," Tab P to briefing book for Ottawa Colombo Plan conference, 1954, LAC, RG 19, vol. 4272, file 8055-04-1 (54) part 1. Canadian counterpart funds differed from the better-known American counterpart funds arrangement. US commodity aid was always given in exchange for a negotiated amount in local funds which was placed under the control of American authorities and generally loaned back to the recipient government for approved development projects. If the funds were not spent on development, they could be used by the local US Embassy for projects not related to development. The Canadian government initially tried to set up a similar system and insisted on its right to approve all expenditure of counterpart funds, but in this case the money was under the control of the recipient government. Counterpart funds for India, Pakistan and Ceylon were allocated for local costs of Canadian-funded dams and other projects in the early years, but testimony to parliament’s Standing Committee on External Affairs in 1961 revealed that two-thirds of the more than $168-million theoretically meant for counterpart funds had not been allocated and might not even be in designated bank accounts (Spicer, *Samaritan State*, p. 192). Indonesia had agreed to spend $500,000 in counterpart funds from Canadian wheat aid to build airstrips for Canadian Otters in Kalimantan, but there was no effort to monitor this spending, and little effort to allocate the remaining wheat aid to counterpart accounts. Cabinet conclusions, 28 April 1961, LAC, RG2, A-5-a, vol. 6176, 1961/04/28; Jakarta letter 531, 15 Oct. 1960; DEA letter EA-279 to Jakarta, 10 Nov. 1960, LAC, RG25, vol. 7357, file 11038-4-40 [3.2].
Both opposition parties called for surplus disposal programmes. On taking power in 1957, the Conservatives, driven by the imperatives of an economic slowdown and unsold wheat piling up on constituents’ farms, followed through on campaign promises to reverse this policy. Most famously, lucrative wheat sales were negotiated with Communist China. The Colombo Plan was also harnessed in the search for markets: surplus commodities, especially wheat, were the centrepiece of the Diefenbaker expansion to Canada’s contribution. “We have so much wheat in Canada we don’t know what to do with it,” Diefenbaker said in a 1958 speech in Malaya. “As a matter of fact it piles up and while it piles up we find other parts of the world wherein the degree of sustenance is below that which it should be. I belong to those who over the years have strongly adhered to the view that you cannot feed empty stomachs by the promise of parliamentary government. In other words, in addition to freedom you must also assure freedom from fear and freedom from want.” Here was the link between aid and wheat sales that was made in the early months of the Diefenbaker government. There had been American fears that the new government would be “more bitter” on PL 480, and thus American cabinet members welcomed the prospect that Canada might set up a surplus disposal programme of its own.

Wheat came up at the first cabinet meeting discussion on the Colombo Plan. Trade and Commerce Minister Gordon Churchill noted that $9-million remained in the Colombo plan estimates; he wanted it spent on wheat for shipment to India and Pakistan right away, before the St. Lawrence ports closed for the winter. Diefenbaker reported that he had discussed the need to move wheat out of Canada with the Prime Ministers of India and Pakistan, and although neither was keen on the idea, he thought they could be persuaded. Eight days later, cabinet agreed to up the Colombo plan grant to $35-million. Ministers considered a number of sales schemes. One

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88 *Dawn*, Karachi, 4 Aug. 1956. Hazen Argue of the CCF proposed that the Colombo Plan be used to send grain to Asia. Pearson replied that Asians preferred capital and technical assistance. LAC, RG25, vol. 7337, file 11038-40 [20.3].


especially byzantine proposal was for a triangular exchange in which a Dutch businessman would buy Canadian wheat in guilders that would then be loaned to Indonesia to make purchases in the Netherlands. Ministers did not approve the idea, but the crucial point emerged in discussion: "It was essential for the government to be in a position to show to the country that successful steps had been taken to get rid of surplus wheat." There was a great deal of surplus wheat lying about: 600-million bushels at the end of 1957, of which only 380-million were in good storage. Sales were running ahead of production, so barring any bumper crops this wheat could all be sold off in five years, but some means had to be found to move the surplus off the farms. There was talk of storing 50-million bushels in Britain against future European needs, and negotiations were under way with Romania, Poland, Czechoslovakia, Spain, Israel and Egypt that could move another 45-million bushels. But the best hope was India, especially now that the US had a delivery gap and Australia had produced a short crop. Immediate wheat aid through the Colombo Plan could be described as aid, and thus there could be no objections from non-Commonwealth countries about India and its neighbours being given more favourable credit terms. Churchill thought that India, suffering chronic food shortages, could eventually take the entire Canadian wheat surplus.

In its first two years in power, cabinet reversed the policy of the previous government on the wheat component of aid and ensured that Canadian aid was concentrated in Commonwealth countries. In each case, it was overturning policies developed by the powerful civil service created during the years of Liberal government. Inevitably, that meant clashes between the official and political level over aid policy. The Commonwealth loomed larger on the mental maps of Diefenbaker's cabinet than it had for their Liberal predecessors or for the civil servants who dealt with aid. Officials had been making plans for capital aid to Indonesia, Burma and the Indochina states for some years, and worried that Canada's reputation would be damaged if the new government changed course. These non-Commonwealth countries had so far received only 0.75% of Canada's Colombo Plan aid and been led to expect more. At a time when they all were under Communist pressure, the Department of External Affairs argued in an urgent memorandum in September 1958, it was vital to press on with capital aid, as none faced hunger or had any

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96 A.E. Ritchie, for instance, thought "we may be making a mistake in concentrating our Colombo Plan assistance—apart from food grains—almost entirely on Commonwealth countries (neglecting in the process, for example, such a good friend of Canada as Premier Djuanda of Indonesia, who was I think greatly impressed with what he saw when as a mere official he was in Ottawa, Arvida and elsewhere during the Colombo Plan meeting in 1954)." A.E. Ritchie in Washington to Norman Robertson, 15 Oct. 1958, LAC, RG 25, vol. 7826, file 12687-H-40 [1].
interest in obtaining Canada’s wheat surpluses. John Holmes, then posted to the office of the Secretary of State for External Affairs, made the Department’s case most passionately. Canada’s relations with Burma, waging “a gallant struggle against communism,” would be harmed if the Burmese were not given real capital aid, he argued. So would Canada’s unique role in Indochina which provided “a very valuable asset for us in Asia.” With regard to Indonesia, both the Netherlands and Australia had pressed Canada to increase aid as a means to reverse the attraction towards communism. “We simply cannot allow our friends in Indonesia and the present non-Communist Government to drift into the communist orbit, or the result for Australia would be disastrous,” Holmes wrote. More generally,

it would have a most unfortunate effect on our position in Asia if our economic and technical aid were to be restricted to the Commonwealth. The uncommitted countries of Asia have come to look to us in the U.N. as an understanding friend and this is one of those strong elements in our international diplomacy. Our assistance in these countries is not large but the effect of withdrawing it would be large.

Sidney Smith argued the case laid out by his officials at cabinet, but “without avail,” managing only to ensure that some Canadian food aid would be reserved for the non-Commonwealth countries. There was little chance of any reversal, he thought. Smith had lost the battle at cabinet. After his death in March 1959, he was replaced by Howard Green, a Vancouver MP who had been the most bitter critic of Pearson’s Suez policy for its lack of loyalty to Britain. In power, Green remained a Commonwealth-booster, and he viewed the Colombo Plan as a project to aid the Commonwealth. So did his most of his colleagues. “We in Canada are Commonwealth-minded,” Finance Minister Donald Fleming said plainly.

The difference of opinion between officials and ministers received a public airing during Diefenbaker’s 1958 global tour of Commonwealth countries. Diefenbaker announced in Colombo that Canada had a “tremendous surplus” in wheat. “We will naturally be hoping if not expecting that Colombo Plan countries will take a larger share of our wheat and flour.” Anonymous officials, according to the Canadian Press wire, had reacted by saying the Prime Minister was treading on dangerous ground: the Colombo Plan had never been intended for surplus disposal, and to use it in that way threatened the livelihood of local food producers. After this embarrassing
story, officials were instructed not to speak to reporters about the comments of ministers. Commonwealth countries received other aid, but wheat still overshadowed it as a Canadian government priority. Between 1958 and 1960, for instance, the High Commission in Pakistan received only one telegram classed as emergency priority: “You are instructed to press local leaders to buy Canadian wheat in order to feed their people. Use all arguments, including how a failure to buy from Canada might negatively affect our future development assistance to Pakistan. This is a matter of highest importance to me and to prairie farmers. John G. Diefenbaker, Prime Minister.”

Diefenbaker’s urgency stemmed, very clearly, from the pressure of the farm lobby. Prairie public opinion weighed more heavily with cabinet than the views of External Affairs officials. Letters from Manitoba, Saskatchewan and Alberta stressed a campaign for full farm production with all surpluses being shipped as food aid. The Canadian Wheat Pools asked for the maximum possible support for domestic wheat production through the Colombo Plan budget. The Trade and Commerce department called for measures to spend as much as needed to keep exports near 300-million bushels annually. “The amount of grants of wheat and flour to Colombo Plan countries and other approved recipients is reflected almost dollar for dollar in the income of Prairie wheat producers,” Trade Minister Churchill wrote in one memorandum to cabinet. The Canadian Federation of Agriculture campaigned for a world food bank that would ship Canadian food surpluses to the hungry overseas, and Diefenbaker pushed the idea at his first NATO heads of government meeting. The following year, cabinet agreed to increase the Colombo Plan allocation from $35-million to $50-million a year. The Prime Minister noted “it would only be reasonable to ask the Colombo Plan countries to accept a maximum quantity of wheat” — at least a quarter of their 1959-60 aid. Cabinet duly agreed to ensure that at least $12.5-million of the $50-million go as wheat aid. Thus an increase sold as humanitarian aid was mostly eaten up by government purchases of wheat for shipment to Colombo Plan countries. It might have been entirely consumed in this way had External Affairs not warned against the optics of the whole

102 D.W. Richmond, secretary of Canadian Cooperative Wheat Producers Ltd. (Canadian Wheat Pools) to Diefenbaker, 7 March 1960, and letters from individuals on same file. LAC, RG25, vol. 5410, file 11038-40 [27].
103 T&C memorandum to cabinet, undated. LAC, RG25, vol. 5410, file 11038-40 [27].
104 Charlton, Making of Canadian Food Aid Policy, p. 21.
increase going in the form of wheat; indeed, the Department of Trade and Commerce had initially asked for $25-million in Colombo Plan money to be earmarked for wheat. The entire increase went to Commonwealth countries, while the non-Commonwealth recipients took a cut. Of the total Colombo Plan grant, half ($25-million) would go to India, $15-million to Pakistan, $2-million to Ceylon, $1.8-million to Malaya, $1.5-million to non-Commonwealth countries (down from $2-million), and $2.5-million to technical assistance, with $2.2-million unallocated. Of Burma’s $900,000 the same year, fully $700,000 went as wheat. Vietnam got wheat worth $140,000 and butter worth $60,000. Indonesia got a one-time grant of Otter aircraft worth $400,000, but its remaining $500,000 came as wheat flour. That meant wheat accounted for 77% of aid to the three non-Commonwealth recipients in 1958-9. The next year, wheat aid accounted for 28% of aid to India, 24% to Pakistan, 50% to Ceylon, and 57% to non-Commonwealth countries, with more than $12-million worth of wheat moved overseas through Colombo Plan channels: a grant to recipient governments, but also in effect a grant to Canadian farmers. The breakdown was almost identical for 1960-61. Cabinet policy, in fact, was to deliver all aid to non-Commonwealth countries in the form of Canadian foodstuffs, although this was never made known to the recipients.

Canada’s first shipment of wheat to Indonesia under the Colombo plan, valued at $500,000, left on three ships from Vancouver in October and November 1959. It cost the Indonesian treasury $150,000 in scarce foreign exchange for shipping costs, an amount paid in the vain hope that taking Canadian wheat would lead to future capital aid. Without these subsidized exports, Canada would have made no wheat sales of any sort to Indonesia. That market was dominated by Australia, and then by US food aid under PL 480. The Australian government had protested vehemently against US plans to send PL 480 wheat flour to Indonesia in 1955. That threatened Australian flour exports, which accounted for 85% of Australia’s total exports to 

108 Note for the Minister on meeting with the Indonesian Ambassador, 20 July 1959. LAC, RG 25, vol. 7567, 11038-AB-2-40 [15.2].
Indonesia’s request was “a whopping big program — the biggest so far presented to the U.S. under PL 480,” one State Department officer wrote. After failing in its covert effort to overthrow Sukarno in 1957-58, the United States offered Indonesia an even larger PL 480 grant in order to curry favour with Indonesian moderates. The deal under negotiation would see 70,000 metric tonnes of flour (100,000 tonnes of wheat equivalent) provided in exchange for local currency, plus a 150,000 tonne commercial quota of which Indonesia would have to buy at least 25,000 tons from USA. Australia and Canada objected to the tied sales principle in particular but their lobbying was only able to have the tied sales quota reduced to 16,000 tons.

At the heart of the Australian-American dispute over flour for Indonesia was an argument over who was the natural supplier. The Australians argued they were, citing their control of 95% of the Indonesian market immediately before the Second World War. The Americans pointed to the years from 1949-52, when they had dominated the market, and said Australia’s market share was the result of Indonesian policies to restrict purchases from dollar countries in order to conserve foreign exchange. Under this argument, PL 480 merely compensated for dollar restrictions. Australian officials countered that 1949-52 was an aberration caused by a shortage of Australian shipping capacity. Washington met only half the Indonesian flour request, 50,000 metric tonnes (in wheat equivalent) of flour. That was still a big chunk of Indonesia’s normal annual purchases of 150,000 tonnes, and it shattered Australian dominance of the Indonesian market. However, the Australian government decided not to make its own gift of flour to Indonesia. Asia’s leading rice producers, Thailand and Burma, added their own concern at the region being flooded with food aid. All this provided ammunition to those in Ottawa who

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114 International Resources Division, Office of International Trade and Resources, Dept. of State, internal memorandum from Highby to Nichols, 25 July 1955. NA, RG59, Australia & NZ desk, Indonesia 1955-56.
117 Economic 2 Division memorandum to file, 31 Mar 1960, LAC, RG25, vol. 5410, file 11038-40 [27]. When PL 480 was new, State Department officials noted that it angered not only Canadians, but also other agricultural
wanted to use the Colombo Plan to move wheat off the farms of Western Canada. Australia vainly
registered its “growing concern about extent to which wheat is moving out of Cda [sic] in a non
commercial way” and its fear that “if Canada follows American example, then we would be
doubly the losers.”118 Canadian officials argued that Canadian flour given to Indonesia was less
than 5% of the market and thus not an interference with normal commercial sales.119 Canada
continued to unload wheat in the Colombo Plan area: Indonesia alone took $2.2-million in flour
between 1958 and 1964.120

When the cash-strapped Diefenbaker cabinet trimmed Canada’s total Colombo plan
contribution from $50-million to $41.5-million for 1962-63, the entire cut came to the wheat aid
component, slashed to $4-million. This happened amidst a tighter world grain market that saw
Canadian surpluses reduced to the lowest level since 1953, on the strength of commercial sales to
the USSR and China. By 1965, in fact, wheat exports were up 250% from their 1959 level.
Agriculture Minister Alvin Hamilton forecast “a blast at the government” because of the cut, but
soon learned that the Wheat Board had disposed of all the grains it could. “The so-called
‘tremendous’ surplus wasn’t there,” he recalled. India and Pakistan took less in wheat, but the
total $750,000 allocated to non-Commonwealth countries went as wheat or wheat flour.121 In
1962, the disorganized international scramble to give away agricultural surpluses was finally
regularized when the United Nations agreed to a joint US-Canada proposal to create a World Food
Programme with $100-million to spend over three years, 40% from US surpluses.122 This did not
end the commercialization of aid through which Canada and the US spent large proportions of

exporters: Australia, South Africa, New Zealand, and Burma. On the other hand, it offered an easy way to buy favour
in recipient countries, particularly Indonesia, Pakistan, and Japan. “Political Impact of Disposal Policies,”
memorandum from Deputy Assistant Secretary of State for Economic Affairs Thorsten V. Kalijarvi to Under-
Secretary of State Herbert Hoover, 8 Dec. 1955; “Countries Where Agricultural Surplus Disposal Creates Foreign
Policy Problems,” memorandum from Assistant Secretary of State for FE Robertson to Hoover, 8 Dec. 1955, FRUS
118 Canberra telegram 41, 5 March 1959, LAC, RG25, vol. 7357, file 11038-4-40 [3.1]; USSEA letter EA-76 to
Canberra, 10 March 1959; Australian DEA to Australian High Commission in Canada, 6 March 1959, LAC, RG25,
vol. 7338, file 11038-40 [24.2].
11038-4-40 [2.2].
120 Spicer, Samaritan State, p. 175.
121 Cabinet conclusions, 8 Nov. 1962, LAC, RG2, A-5-a, vol. 6193, 1962/11/08; Spicer, Samaritan State, p. 118fn;
Charlton, Making of Canadian Food Aid Policy, p. 22; Cohn, Canadian Food Aid, p. 22-5; Alvin Hamilton oral
history in Stursberg, Diefenbaker: Leadership Gained, p. 137; Robert Bothwell, The Big Chill: Canada and the Cold
their aid budget to subsidize wheat farmers. Rather, it institutionalized the previously ad-hoc nature of disposing of agricultural surpluses through "food aid."

From 1950 to 1963, Canada had spent $423.3-million on the Colombo Plan. Of that amount, 48% went to capital aid projects, but an equal percentage was for commodity aid. Technical training accounted for the remaining 4%. Once $175-million in special wheat grants, loans and credits to India and Pakistan outside the regular Plan contribution were added, commodity aid was far and away the largest chunk of Canadian spending.123 Canada was no world leader in the overall figures either. The more activist Kennedy administration pushed Canada to increase its aid spending. US foreign aid administrator Frank Coffin told the House of Representatives that Canada was "far behind the leaders in aid to the developing countries." In 1961, it spent 0.19% of its gross national product on foreign aid, well behind France at 1.7%, West Germany at 0.83%, the United States at 0.73%, Britain at 0.66%, the Netherlands at 0.62%, and Japan at 0.48%.124 The United States spent far more on aid in hopes of winning friends. In Indonesia, for instance, Dean Rusk called development aid the "most important prop in maintaining our influence."125 Only in 1965, after the Pearson government doubled aid in two years, did Canada rise to the average of developed country donors.126 Canada’s aid programme emerged from the Diefenbaker years less humanitarian then ever, even while the myth of Canada as humanitarian aid donor continued to grow. Howard Green declared Canadian relations with Indonesia “excellent” in an address to parliament, citing aid as an important aspect of Canada’s good relations with all of non-communist Asia.127 Yet Canadian aid to Indonesia was insubstantial, and there was little evidence of Indonesian interest in Canada.128 Green and others exaggerated the warmth of relations, internalizing the idea of Canada as a peaceful donor with a special sympathy for less developed countries. In fact, there was less and less Canadian sympathy with countries like Indonesia, which announced in 1963 that it would remain in the Colombo Plan but stop accepting aid from Commonwealth countries.129 Canadian sympathy for Asia became

125 Secretary of State Dean Rusk to US Ambassador Howard Jones, 18 March 1963. John F. Kennedy Library (JFKL), National Security Files (NSF), Box 114, Indonesia 3/63-4/63.
129 Benedict Anderson to George Kahin, circa 30 Nov. 1963. CUA, Kahin papers, Box 3, Anderson.
increasingly selective, turning to those countries most willing to follow in the Western development model.

**Good and bad aid recipients: the Malaya-Indonesia pair**

Diefenbaker’s cabinet and officials shared the existing view of the Colombo Plan as a bridge between the West and Asia. Previously policymakers had grouped Indonesia with India, Burma and sometimes Ceylon as part of a set of “Asian neutrals.” A new categorization was emerging in the later St. Laurent years which took hold fully under Diefenbaker’s rule. On the one side, there were those countries that had taken the evolutionary path to independence within the Commonwealth. They remained loyal to parliamentary institutions, the association’s bonding glue now that the common allegiance to the British Crown was eroding. On the other side were the states that had chosen leftist, neutralist, self-reliance-driven strategies, ranted about colonialism while downplaying Soviet misdeeds, experimented with extra-parliamentary systems, and resorted to unilateral nationalizations. In short, those states most like Canada deserved Canadian sympathy and support; the others were benighted countries which deserved only tolerance. The paired set of Malaya and Indonesia exemplified the division. The departmental monthly *External Affairs*, for instance, praised “the rewarding result of an inspiring human experience, that of nation building” in Malaya, which “illustrates once more the vitality and constructiveness of democratic institutions and confirms the flexibility of the federal form of government.” The same issue lamented the troubles of Indonesia, suffering from sectionalism “aggravated by a unitary rather than a federal structure of government.” Meanwhile, the higher priority given to Malaya by the Conservatives was shown when the new government overturned Pearson’s decision not to name a resident high commissioner to Malaya. External Affairs had intended to give Canada’s ambassador in Jakarta dual accreditation to Malaya, seeing Saigon and Rangoon as higher priorities for new missions than Kuala Lumpur. On urging from Minister without Portfolio J.M. Macdonnell, who represented Canada at Malaya’s 1957 independence celebrations, and George Drew, the former Conservative leader now serving as high commissioner in London, the Diefenbaker cabinet decided Canada would not go unrepresented in the newest Commonwealth member’s capital. Arthur Menzies, a consummate insider as head of the Far East Division at

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131 Pearson to Australian Foreign Minister R.G. Casey, 12 April 1957; London telegram 1500, 20 June 1957; memorandum for the Minister, 19 July 1957; FE Division to acting USSEA, 15 Aug. 1957; J.M. Macdonnell to
External Affairs, was named to fill the new post, where he quickly praised the new government for having “a freshly minted, faintly green but modestly constructive appearance.”

Newton in Jakarta was spared the job of dual accreditation, but made a point of taking morning coffee daily with the Malayan ambassador next door.

The best evidence of the emerging image of Malaya as constructive and Indonesia as troublesome was provided by Diefenbaker’s 1958 world tour. In 1954, St. Laurent had selected Britain, France, Germany, the Vatican, Pakistan, India, Ceylon, Indonesia, the Philippines, Korea and Japan as the itinerary for his own world tour, with a deliberate decision to make India the centrepiece of the journey. Diefenbaker used that trip as a template for his own foray, but adamantly insisted that he would travel only to NATO and Commonwealth countries. He refused, for instance, to visit the truce commission in Saigon as St. Laurent had visited the troops in Korea. He inscribed his government’s priorities through the course of his journey: Britain, France, Germany, Italy and the Vatican, Pakistan, India, Ceylon, Malaya, Indonesia, Australia and New Zealand. With the exception of a grudging two-hour stop-over in Jakarta, non-Commonwealth countries in the Colombo Plan area had been eliminated in favour of newly-independent Malaya and the antipodean pair of Australia and New Zealand.

In a four-day visit to Malaya, Diefenbaker attended a cabinet meeting, met the full range of national leaders, toured tin and rubber operations and went fishing with the Prime Minister, Tunku Abdul Rahman (known almost universally by his title of nobility, the Tunku). He announced $500,000 in Canadian aid while speaking of his conviction that “here in Asia the Commonwealth has a vital appointment with destiny.” Malaya was for him “an experiment for other nations to see what can be achieved under our system of government and democracy.”

High Commissioner Menzies thought the best effect of the visit had been to raise Canada’s profile. “It certainly helped
to put Canada on the map, in the press, and in the cinemas all over Malaya!”

Diefenbaker enthused about Malaya in a CBC broadcast reporting on his trip:

In Malaya, we saw at first hand the struggle of the little nations of Asia against communism being waged on a still active fighting front. This is one of the vital battlegrounds of the drive of international communism for the hearts and minds of the Asians. Malaya seems a long way off to most of us, but I can assure you that the results of the struggle now going on in Malaya will affect the lives of Canadians for many years to come.\(^\text{137}\)

By contrast, the Prime Minister had resisted visiting Indonesia, despite pressure from the Indonesian government. He finally agreed to an Indonesian suggestion that he stop for long enough to refuel in Jakarta on his flight from Malaya to Australia.\(^\text{138}\) Diefenbaker offered only to meet any Indonesian leaders who would come to see him at the airport.\(^\text{139}\) He refused to stay to lunch, even with Sukarno. “We are somewhat concerned over apparent tendency of the Djakarta stop to turn into something resembling official state visit,” External Affairs cabled the embassy in Jakarta. “Visit was agreed upon rather reluctantly on insistence of Indonesians here.”\(^\text{140}\) In the end a compromise saw Diefenbaker stay for two hours instead of one, long enough to drive into town for “a brief but vigourous pow-wow” with Prime Minister Juanda and foreign ministry officials. An unimpressed Sukarno took a rest cure in Bali.\(^\text{141}\) McKinney, still in charge of the Jakarta embassy, was to have briefed Diefenbaker on the flight from Singapore, but this was cut to a few minutes when Diefenbaker used the time to take a nap. “Typically, he threw a scare into McKinney just as the aircraft was circling the Jakarta airport,” according to Basil Robinson, the External Affairs liaison officer who came along for the trip. “Pointing below, he said the place was full of communists, and pretended that he would not leave the airport as provided in the program. Of course, he relented, but....”\(^\text{142}\) Diefenbaker arrived insisting Sukarno was a communist, and spent much of his hour-long talk with Juanda on the same topic. “Mr. Diefenbaker somewhat overwhelmed his quiet host with forthright advice on the proper way to


\(^{142}\) Robinson, Diefenbaker’s World, p. 80. Ellipsis in original.
run the country, and on the need to avoid Communism in any shape or form,” Newton recalled.\(^{143}\) Diefenbaker also recommended Canada’s “open door” policy on foreign investment to his hosts, stressing that “United States capital was not as avaricious as it was made out to be in other parts of the world; otherwise Canada could not have survived as an independent state and he had no worries whatsoever about Canadian survival even with an extremely liberal policy towards foreign investment.”\(^{144}\) Newton reported that Diefenbaker had arrived with a headache and left with a smile — one that must have broadened when he was informed of the favourable reaction in the Indonesian press to his brief stop.\(^{145}\)

The visit may have temporarily improved Diefenbaker’s view of Indonesia, but Canadian policymakers’ overall image of the country remained negative. Juanda complained about the way the Western press showed Indonesia in a poor light. Indonesia was remembered for the unilateral seizure of Dutch businesses which recalled Egypt’s nationalization of the Suez canal, for sabre-rattling over West New Guinea, and for fiery denunciations of Canada’s “imperialist” allies. Malaya was the opposite: “moderate,” pro-Western, still anti-colonial yet in a “responsible” fashion. Its anti-communist credentials were impeccable, the government having resisted (with help from British forces) a Communist insurgency by continuing the colonial state of emergency until the “clearcut victory for the Federation against Communist terrorists” in 1960. Malaya could now turn to constructive economic development, Diefenbaker wrote in a message to the Tunku.\(^{146}\) It rejected not only communism, but also non-alignment. “The Federation of Malaya does not belong to this neutral category,” the Tunku declared on a 1960 visit to Ottawa. “Malaya has a policy which is independent, and it is certainly not neutral. We know which side we are on; we belong to the Free World.” He also spoke in terms that validated the premise underlying the Colombo Plan: “It is our argument that if we uplift the standard of living in Malaya we are providing the best possible answer to the insidious threat of Communism.”\(^{147}\) Malaya agreed to remain in the sterling area, for which it earned more dollars than any other country, and in 1959 was the first Asian country to remove restrictions on imports from dollar countries.\(^{148}\) Born amidst

the anti-communist Emergency, the Federation retained a strong anti-communist character. "If we value the Malayan way of life," the Tunku said, "we must make up our mind to defend our society with determination and positive action against the menace of Communism.... There is no question of our adopting a neutral foreign policy when we are at war, and we have been at it for the last ten years."  

Malaya did not join SEATO, and British and American officials agreed not to press the point, but it did sign a defence agreement with Britain and then agreed to host troops from Australia and New Zealand as part of a Commonwealth Strategic Reserve. It voted in agreement with SEATO states at the UN 82% of the time in 1957, and 88% of the time in 1963. As an alternative to SEATO, the Tunku called for a Southeast Asian Friendship and Economic Treaty (SEAFET) that would lean to the West, initially inviting Burma, Thailand, Laos, Cambodia and South Vietnam and then asking Indonesia to join. Indonesia and the other neutrals remained aloof, and the result was an Association of Southeast Asia (ASA) made up of Malaya, Singapore, Thailand, and the Philippines. The ASA had little substance and faded away slowly, but in 1967 Suharto’s Indonesia agreed to join those same countries to form the Association of Southeast Asian Nations (ASEAN), integrating Indonesia into the region and providing a united barrier of states to the perceived threat of Vietnamese expansion.

Malaya soon became a Canadian favourite, being offered as much aid as it could use despite limited capacity to absorb funds and its possession of the highest standard of living in South and Southeast Asia. When the annual Colombo Plan budget was upped to $50-million in 1959, cabinet decided, in essence, to transfer aid from the non-Commonwealth countries to

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154 “Developments in Malaya in 1956,” undated DEA memorandum. LAC, RG25, vol. 6864, file 4457-D-40 [1]. Malayan officials told their Canadian counterparts that their prosperity was no reason not to extend aid. "In response to our comments concerning the relationship of these request to the requirements of the non-Commonwealth countries in the area, the Malayan answer was that just because one of the countries in South-East Asia had got its head and shoulders out of the mud while other countries were still up to their necks in economic difficulties, this was no reason for refusing the help the man who was half-way out to get all the way out." Extract from report of the Canadian delegation to the Colombo Plan conference in Singapore, Oct. 1955, Documents on Canadian External Relations (DCER) 1955, p. 550-67.
Malaya. "Malaya had successfully resisted communism," the record of Diefenbaker's remarks to cabinet ran, "and deserved assistance because he believed that 'if Malaya goes, everything goes.' During his visit there the previous fall, the Malayans had indicated that they did not have a 'gimme complex,' contrary to other Colombo Plan countries." Thus Malaya was awarded $1.8-million in aid while Indonesia received half that, and the total for all non-Commonwealth countries was slashed from $2-million to $1.5-million between them.\textsuperscript{155} The following year External Affairs recommended Malaya's share be cut to $1-million in order to free up funds for the new India-Pakistan Indus waters scheme, but cabinet ordered Malaya aid doubled.\textsuperscript{156} A.E. Ritchie, a top External Affairs official, lamented "some prejudices on the subject of Indonesia hereabouts which need to be reduced to proper proportions."\textsuperscript{157} But the cabinet was clear in where its aid priorities lay: India and Pakistan first, Ceylon and Malaya next, and only scraps for the rest.

\textbf{Commercial flowerings}

Despite the usual view of the guided democracy years as a dark time for foreign investors, the seeds of the investment boom of the Suharto years can be traced to this period. Canadian policymakers looked at the Indonesian investment situation in terms of Canada's own economic development and were bewildered at Indonesian suspicions of foreign investment. A number of companies, however, saw Indonesia in this period as a promising commercial opportunity. Bata Shoes, for instance, had 3,000 employees in its Jakarta plant and began construction of a second Indonesian factory in Medan in 1958. Bata had been founded as a Czech firm in 1894, and by the 1930s was the world's largest shoe exporter, with branch plants in more than 30 countries including the Netherlands East Indies. Thomas J. Bata, son of the founder, moved to Canada after the Communist take-over in Czechoslovakia and made the town of Battawa, Ont., into his new corporate world headquarters. By 1958, Bata had more than 50 plants in 35 countries, an annual global turnover of about $250-million, and a thirst to expand in almost any non-communist country. Bata produced mainly for local markets, calling itself a "multi-domestic" rather than a multi-national enterprise. In Indonesia, it seemed, political events did not shake the company's

\textsuperscript{155} Cabinet conclusions, 4 June 1959. LAC, RG2, A-5-a, vol. 2744, 1959/06/04.
determination to go on expanding: its colonial-era operation continued and the company decided
to expand to Medan even as the area was considered a war zone.158

The choice of George Heasman, head of the Trade Commissioner Service, as Canada’s
first Ambassador to Indonesia had symbolized the hope for prosperous commercial ties. Instead,
they were few and tentative. Bata’s interest was unusual. By the time the Canadian embassy was
opened, there were two Canadian exporters and four firms with commercial representation in
Jakarta. Others had also shown interest, led by Massey Harris and the Bank of Montreal.159 On the
whole, however, foreign private investment was minuscule. By 1953, Western Europe had joined
North America to become a net capital exporter, but global foreign investment still came to only
about $1.5-billion, with Colombo Plan member countries receiving just $50-million in foreign
investment. Like other countries in the area, the Department of Finance wrote, Indonesia suffered
from unstable conditions, weak government, lack of domestic markets, shortage of power and of
trained workers, exchange controls, and budgetary uncertainties. It had been hit hard by the
decline of rubber and tin prices, and as a result faced deficits, inflation and a serious loss of
foreign exchange, all of which meant foreign capital was leaving the country rather than arriving.
Indonesia had done little to seek foreign investors and remained suspicious of foreigners in
general. “Until some degree of political maturity and stability is attained it is most unlikely that
the present outflow of private capital will be reversed.”160

By 1957, Canada-Indonesia trade was close to $1-million each way, still short of pre-war
levels (in 1941 Canadian exports to the Netherlands East Indies exceeded $3.6-million and
imports were almost $4.6-million). Canada continued to sell mostly manufactured goods,
especially automobiles and parts, and newsprint paper. Imports were almost all raw agricultural
goods including palm oil, black tea, crude rubber, spices, vegetable fibres and cigar leaf. Indonesia
maintained a favourable overall trade balance, but only through a complex system of import
controls that was particularly severe against dollar countries. If the Indonesian government

Australia, MS6150. Unlike the major shoe multinationals in Indonesia, Bata continues to have a reputation as a
producer of inexpensive shoes for the domestic market. See for instance Alexander Cockburn & Jeffrey St. Clair,
“Take This Prize and Shove it: Dita Sari Says No to Reebok,” Counterpunch, 6 Feb. 2002.
159 The early exporters were Cockshutt Farm Equipment of Brantford, Ont. (tractors and agricultural equipment) and
CAE of Montreal (radio telephones). Cockshutt, Merck Pharmaceuticals, Quaker Oats & Canadian Industries Ltd.
had commercial representatives in Jakarta. Annual report by the Jakarta trade commissioner, n.d. [1954], LAC, RG
continued to encourage more production of export goods and simplify controls, a Trade and Commerce briefing paper suggested, trade could increase, but it was unlikely to ever reach large proportions.\textsuperscript{161} Canada's commercial secretaries sent discouraging report after discouraging report. “Foreign loans and credits are sought after but foreign investment is not wanted,” one noted. “The Indonesians look upon it as ‘economic colonialism.’”\textsuperscript{162}

Indonesian governments had been considering foreign investment bills for some time, and one was actually drafted under the Ali Sastroamijoyo government. In 1958, the Juanda cabinet introduced what the Canadian embassy called “a dusted off version” of that draft, which was grudgingly passed by parliament and signed by Sukarno. “In brief, it could be said that both supporters and opponents of the bill agreed that foreign investment was basically an evil, and were only divided over the issue of whether it was a necessary one or not,” the embassy reported. The bill, meanwhile, was “construed not so much to attract foreign investment as to control it.”\textsuperscript{163} The Indonesian suspicion of foreign investment mystified Canadian policy makers, who had yet to be bitten by the economic nationalist bug. Both the St. Laurent and Diefenbaker governments saw foreign investment as a fairly uncomplicated positive, and pointed to the Canadian experience with US investment as proof. “Although it would probably not be worthwhile to make an issue of this question,” in the words of one despatch to Jakarta, “if you are approached concerning this matter you should emphasize the important part which foreign capital has played in Canadian economic development.”\textsuperscript{164}

Instead of foreign investment, Indonesia turned increasingly to production sharing, asking foreign companies to draw up contracts along lines recently developed in Argentina: the government owned the resources, while the foreign company supplied the capital and expertise.

and was paid back with a share of the production, whether that was oil, fish, or another product.  

"Their preference for this type of arrangement," the Jakarta embassy reported, "is based on financial as well as political considerations: it not only allows them to evade the necessity for direct foreign investment of the traditional kind, which is politically impossible, but it also eliminates the burden of fixed interest changes in years of relatively low foreign exchange earnings."  

Although Indonesian officials pitched production sharing, they were faced with a new and less sympathetic Canadian ambassador. Where Newton had been charmed by Indonesia and attempted a minor charm offensive of his own, he was replaced in 1961 by the much less sympathetic J.P. Sigvaldson. One of Sigvaldson’s subordinates in a previous post remembered him as "a big, stolid, Icelandic-Canadian, [who] was honest, blunt, conscientious, and intelligent but rather plodding."  

Ottawa’s new man in Jakarta did not necessarily pioneer a less sympathetic line, but he did reflect the Canadian government’s increasing disenchantment with Sukarno’s Indonesia. "In the realm of economics," Sigvaldson commented, "many Indonesians still live in a socialistic dream world of their own creation and most of them still think of all forms of Western investment in terms of past experience with the Dutch. In short, the Indonesian climate of opinion in regard to all large scale foreign aid appears to be equivocal while private capital investment from abroad is most suspect of all."  

Indonesia’s original Five-Year Plan, developed at the National Planning Bureau in the early 1950s, was shattered by the civil war. It had reflected the hope of planners happy to see Indonesia develop in the Western image. Guided democracy did not abandon planning, despite its greater emphasis on confrontation diplomacy. A team of Sukarno loyalists developed an Eight-Year Development Plan, approved in 1961, which aimed ambitiously at attracting foreign capital to the tune of 30-billion rupiah annually. It was divided into A projects, considered as development, and B projects, export-driven industries designed to raise the capital for the A projects. That meant the question of foreign investment arose: production sharing was an effort to evade the issue. In the Plan’s words: “The government will plan a form of economic cooperation..."
with foreign enterprises, with the understanding that our extractive industries, oil refineries, and other enterprises will have to be directed by Indonesians. In implementing this economic cooperation we will not surrender our independent policy. Those foreign groups which offer us the most favorable conditions will be chosen to cooperate with us.”

Canada was one model for the Plan’s vision of development driven by natural resource export earnings: after all, the Canadian economy had grown 50% in 1945-50, aided by a 40% increase in US investment. In Sigvaldson’s assessment, the theme of Canada as a model for Indonesian development showed itself again. “The Indonesians expect to find in the Canadian experience of relatively recent industrial development more that is useful to them at this stage of their history than they can find in the older industries of Europe, and, to some extent, in those of the U.S.A.,” he wrote. Canadian companies had an opportunity, if they moved quickly.

The ones that moved were exporters such as de Havilland of Canada, and oil companies keen to exploit the untapped resources of Sumatra. Canada, still developing, had few of the large established companies of the United States and Europe. Its multinationals were mostly corporations like Inco, formed to mine Canadian nickel, largely US-owned, and headquartered in Canada to evade US anti-trust laws. The Canadian companies which played the largest role in Indonesia were subsidiaries of foreign companies, branch plants, or companies that were Canadian in domicile but American in their sources of capital. The Canadian economy was more and more integrated into a continental framework under the Liberals. For all their nationalism in other areas, the Conservatives accepted economic continentalism and the gospel of free enterprise. Canadian economic nationalism lay in the future.

The Case of de Havilland

Although a government headed by men like corporations lawyer Louis St. Laurent and businessman C.D. Howe could hardly be called one that neglected business, the Department of External Affairs tended during the Liberal years to scorn trade promotion work as a crass activity


unbecoming diplomats. The Diefenbaker government set about changing that attitude. George Hees, Minister of Trade and Commerce from 1960-63, recalled all of Canada’s trade commissioners for a pep talk in Ottawa, telling these “poor relations” that they were the key to Canada’s overseas connections since the country was so reliant on trade. “As a builder, as a great Canadian, as a war minister,” Hees said, C.D. Howe had excelled. “But he wasn’t a salesman. He never sold anything in his life. He didn’t understand the importance of selling. He didn’t realize that selling is the key to the whole industrial picture because you can’t make anything until you can sell it — and then you can make more of it. And sell more, and employ people. The prosperity of the country depends on salesmanship.”

Salesmanship was also the stock in trade of C.H. “Punch” Dickins, a rugged Albertan bush pilot who was the first to deliver air mail to the Northwest Territories and after the Second World War became sales manager for de Havilland of Canada. De Havilland moved from Britain to Canada at the same time. In 1946, de Havilland developed the Beaver, a rugged aircraft designed for northern conditions and landing on short, makeshift runways (or even, with its wheels replaced by pontoons, on water). Founder Sir Geoffrey de Havilland opened a new manufacturing base in the Toronto suburb of Downsview in 1954 after winning a hard fight to sell 750 Beavers to the US military. A larger plane, the Otter, followed in 1958. Both found ready buyers in the US Army, which also contracted for a new design, the Caribou. They would soon find buyers in Indonesia too, but were only able to consolidate the Indonesian market with help from Colombo Plan money. A Canadian government much concerned with employment issues wanted to back up de Havilland’s Indonesian sales campaign, but that imperative clashed with the opinion of the Netherlands and Australia, highly suspicious of aircraft sales to Sukarno’s Indonesia. Although new attention to export promotion was a hallmark of the Diefenbaker government, it was not enough in this case to outweigh the demands of alliance politics.

One of Indonesia’s main needs was transportation. If remote areas were to be “opened up,” then aircraft were the fastest way to do it. Air travel could make connections where there had been none before, weaving together remote areas and making people feel connected, part of one Indonesian nation. The Canadian experience was a natural trailblazer for this venture, and the planes that had been used to open the Canadian north proved suitable for the outer islands of Indonesia as well. “These Otter planes, named after a Canadian amphibian animal, can land and

take off from small, inexpensive air strips, or even from rivers and lakes, and thereby, through intra-island and other communications, can assist you to bring your people closer together and realize your aim of unity in diversity," Ambassador Newton said in his 1960 Canada Day radio address. Yet Indonesia lacked the hard currency to buy Otters. Embassy thinking, therefore, turned to a possible Otter donation under the Colombo Plan. Indonesian officials began to express interest in de Havilland aircraft in 1957, when the chief of staff for the national police inquired whether they might be available under the Colombo Plan for “anti-smuggling operations.” Many in the outer islands were exporting their agricultural products without paying the export taxes upon which government revenue rested. It was arguably a contribution to the Indonesian economy, or at least to the central government, to help stop this illegal export trade. The Canadian embassy recommended agreeing on the grounds that Indonesia’s police, “who compare to our R.C.M.P.,” deserved support. After all, Indonesia had lost Rp. 15-billion ($1,200-million US) to smuggling between 1950 and 1955. “Approval of funds to purchase the Otter aircraft, as requested, would help convince the Indonesian authorities that Canada is sympathetic to their problems and is willing to back up its pronouncements under the Colombo Plan in a formal manner.”

The police approach was a rarity in coming through government channels. De Havilland created most of the interest through its own aggressive marketing, with the Indonesian air force (Angkatan Udara Republik Indonesia, AURI) among its targets. In 1958, an Indonesian air force mission visited Downsview and decided to buy de Havilland planes. They wanted twelve, but could only afford two (an order still worth $300,000). The contract was eventually signed between de Havilland and the Indonesian supply mission in New York City, and attention turned to getting Ottawa’s approval at a time when Western arms supplies had dried up amidst hopes that civil war would topple the Sukarno regime. “Although there is no doubt the Indonesian authorities were to some extent encouraged to buy these aircraft by Canadian officials,” a Far East division memorandum noted, “it also seems apparent that the Indonesian Air Force is aware that the
acquiescence of the Canadian Government to the export of aircraft to the Indonesian Air Force might be difficult to obtain at this time.” On balance the memorandum recommended allowing the sale but delaying it for a few weeks, “until it is quite certain that the Sumatran rebels have been crushed militarily.” Sidney Smith approved the sale after being advised the planes had little military application and this deal was “a most attractive commercial transaction for deHavilland [sic] of Canada” which might lead to further orders. He similarly agreed to Ford Canada’s sale of 168 three-ton trucks to the Indonesian navy, worth more than $435,000 and a boost to employment. Although the sale came amidst the civil war, and Australia and the United States argued against it, the employment argument was what convinced Diefenbaker to issue the necessary approval after a three-week delay to mollify the Australians. The last Conservative government, headed by R.B. Bennett from 1930-35, had presided over the massive unemployment of Canada’s Depression years. Diefenbaker “always had a keen sensitivity” about unemployment, Finance Minister Donald Fleming recalled. “He was determined that the party was going to have a different image from the one that was attached to it in and after the Bennett days.”

Unemployment had hit 8% by 1960. Jobs in the Toronto aircraft industry were an Achilles heel for the government, which had begun to slide in popularity when it canceled the contract to produce Avro Arrow fighters for Canada’s air force, throwing thousands out of work.

When the Otters were delivered in late 1958, with Canadian chargé McKinney present, AURI chief of staff Suryadarma “made quite a show of the occasion” featuring a band and guard of honour, some 100 air force officers, and the Secretary-General of the foreign ministry. The planes went up on a display flight (one piloted by the only Indonesian qualified, the other by a de Havilland test pilot) and Suryadarma spoke of buying more planes if these ones worked out well. Overall, McKinney wrote, the transaction “seems to have been a happy one from every point of view.... In any case a good start in exploiting the market has already been made and, in retrospect, it seems a little ridiculous that objections should have been raised at one time against the sale of

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185 Smith, Rogue Tory, p. 325, 390-1.
these aircraft to Indonesia. The Otter is just not a very warlike ‘bird.’”

It was, however, important to Indonesian development plans in the island of Kalimantan (Borneo). Otters were a crucial piece of government plans to develop the forested interior, which had no roads and where villages were accessible only by air. Palangkaraya, the newly-built capital of Central Kalimantan, could now be reached in hours instead of three days overland. Authorities planned to build thirty more airstrips using free local labour. That could mean more sales, McKinney felt. In fact, “seldom in the history of aviation have two small, relatively uncomplicated and inexpensive aircraft received such publicity and high-level attention as these two Otters. This augurs well for the possibility of selling more of them to Indonesia should the present pair perform satisfactorily.”

The Otters were on display again on Sukarno’s eastern Indonesia tour in 1958, when the President and his entourage were ferried by Otter, ten at a time, on the hour-and-half flight from Banjarmasin to Palangkaraya. “I basked in the general approval of the party,” Newton reported, adding that the flights had given invaluable free advertising for Canadian-made aircraft among the elite and “the isolated brown citizens” of “this primitive island of Kalimantan.”

Indonesian Foreign Minister Subandrio made a formal request for a gift of Otters under the Colombo Plan in January 1959. The Indonesian government had previously hoped Canada would fund equipment for Jakarta airport and road-building equipment for North Sulawesi. To get Otters, it abandoned those requests. The airport equipment was charged to a loan from the US Export-Import Bank intended for aircraft and parts, while the USSR stepped in with $2-million worth of road-building equipment, taken from an earlier loan for development projects in Kalimantan. Comparing the remoter Indonesian islands to Canada’s north, Newton recommended that the government agree to give some Otters as aid and offer credit for Indonesia to buy more. Giving Otters to Indonesia, he thought, would help knit the country together, building a more united Indonesia which was in Canada’s interest, tangibly show Canada’s interest with an “impact” aid package, and also create badly-needed jobs in Toronto. Otters had been good for Canada’s

image in Indonesia, and giving more to Indonesia might be good for Canadian employment figures.

De Havilland badly needed more Indonesian sales. The US army had completed its purchasing plans for Otters and Beavers, meaning that unless new buyers were found "the company was faced with large-scale lay-offs commencing in the fall of 1959," Trade Minister Churchill told cabinet. Other ministers mentioned that the sale was risky because of the "shocking condition" of the Indonesian economy and because Indonesia "had behaved badly towards the Dutch, who were after all Canada's allies in N.A.T.O." The main issue, however, was that Australia "lived in perpetual fear" of a communist Indonesia and might object. Accordingly the sale of up to 16 Otters was cleared with Australia (which raised no objections) before being approved, along with additional export credit insurance to allow the Indonesians a three-year payment period. Indonesia ordered two planes later in 1959, and cabinet approved giving Indonesia three more under the Colombo Plan (the only non-wheat capital aid for Indonesia under the Diefenbaker government), bringing the total Canadian supply of Otters to seven. It proved impossible to get the aircraft to Indonesia in time to present them formally at the Jogjakarta conference, but they came soon afterwards and the Indonesian government obligingly arranged a ceremony for the occasion.

In 1961, de Havilland applied for permission to sell twelve of its new Caribou aircraft along with spare parts to Indonesia, a deal worth $15-million. With the confrontation over West New Guinea getting hotter by the day, this was a much more controversial item. Where the Beaver and Otter had been designed for the Canadian north and bought incidentally by the US military, the Caribou was specifically designed to suit the purposes of an army. A twin-engine transport with rear loading, the new plane could carry 32 troops and paradrop them into battle zones. "In its military role," the company's sales brochure noted, "the Caribou is designed to operate from short, improvised air strips in close support of the Army in forward battle areas — carrying out aerial supply dropping, movement of men and materials, and casualty evacuation." The programme nearly bankrupted de Havilland until the US army finally agreed to buy 165 planes and other
countries followed suit. In the meantime, the company was desperate to make sales, and Indonesia looked like a promising market. De Havilland also made a proposal to the Indonesian government to build a factory to make Otters in Indonesia under license, which would involve the sale of 15 Otters in component form for teaching on-site assembly, plus eight Otters to AURI for flight training, at a total cost of more than $1.4-million.

Although a "sale of this magnitude would be of considerable importance to the De Havilland Company," External Affairs decided the Caribou might enhance Indonesia's military capacity for an attack on West New Guinea, despite a National Defence opinion that "the Caribou is a fine aircraft for light transport work from primitive landing fields and for 'island hopping' in and around Indonesia" but "poses no significant military threat to Australia or New Guinea." The Department recommended refusing a permit, and Howard Green agreed. Since 1947, Canadian military exports had required government permission under the Export and Import Permits Act, a process formalized in 1954 to require permits from the Ministers of External Affairs, Trade and Commerce, and National Defence for sales to sensitive areas including Indonesia. Thus Green's veto killed the sale. Despite this, de Havilland re-applied to sell six Caribous for aerial survey work. This was specifically framed as a development project. The Trade and Commerce Department recommended the sale, worth $4-million, but Green again declined it and even added Indonesia to the list of countries requiring ministerial approval for the sale of replacement spare parts. Under-Secretary Norman Robertson, who shared Green's commitment to global disarmament, advised him that the Caribou was a military plane and even the Otter had military uses. After all, Robertson argued, the US had sent twenty-one Otters to Vietnam for use against Viet Cong guerrillas.

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De Havilland began a furious lobbying campaign, which to the company's misfortune came against the background of escalating Indonesian-Dutch tensions over West New Guinea. Dickins pointed out that the Otters had been a big success in Indonesia, with Indonesian officials brought to Toronto every seven to eight months. "A tremendous amount of good will has been built up for Canada, and Indonesia does need aircraft like the Beaver, Otter and Caribou," he wrote to Trade Minister Hees. The Eight-Year Development Plan included provision to develop an aircraft industry, with de Havilland a leading competitor but facing stiff competition from German, Polish and American manufacturers. There was currently $1.6-million available in Jakarta to pay for the de Havilland proposal for an Otter factory, but the funds would only be there for a short time. De Havilland had planned its 1962 production based partly on sales to Indonesia, and would have to lay off 80 workers if the government refused permission. "Canada has the opportunity to keep Indonesia trading with us," Dickins wrote, "but unless immediate action is taken it is certain that the pact will be signed with Poland and this business lost forever to Canada." However, concern for the opinion of Canada's Dutch allies trumped the commercial argument in this case, and both Green and Diefenbaker blocked the sale.

De Havilland still had hopes for the Otter factory after Indonesian authorities accepted its $1.6-million proposal for eight Otters in year one and seven in year two, these to be shipped in parts and used in Borneo, out of range of West New Guinea. Dickins wrote a plea to Green for the necessary permission:

> The Otter aircraft does not have the speed, range or equipment for military use and can easily be destroyed by rifle fire in the event of anyone being foolish enough to use it under combat conditions.... We also believe that it is essential to maintain our connections with Indonesia to prevent all of this business being diverted to Russia and her Satellites and permanently lost to Canada. The present proposal will mean several millions of dollars per year for the next ten years in the purchase of materials, equipment and components. This will enable us to keep our Otter production of components and spares going and maintain employment of approximately 200 persons.

He added a note of agreement with Canada's refusal to place an embargo on Cuba, and suggested that Indonesia was in the same boat. Canadian trade helped these countries avoid dependence on

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204 Dickins to Ross Campbell, special assistant to Howard Green, 1 March 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [6].
the Soviet Union. Hees wrote to Green saying he had not given de Havilland a firm refusal in case the West New Guinea situation improved, preferring to “keep the door open a crack.” But Green remained adamant, replying that “not only had the situation not improved, but as a matter of fact, it is extremely serious at the moment. I believe no encouragement should be given now to DeHavilland [sic].” The Prime Minister was again consulted and again backed up Green. Only after agreement was reached over West New Guinea did Green’s “no” falter. De Havilland’s Ottawa representative wrote to say that the company had been stalling all Indonesian orders but needed permission to supply $434 in spare parts to avoid losing the Indonesian market altogether. This tiny sale received ministerial approval. Once the Netherlands ended its request to allies for an arms embargo on Indonesia, Green approved the sale of eight Otters, the first installment on the fifteen-Otter contract, and for de Havilland to pursue negotiations to sell 25 Caribous to Garuda Indonesian Airlines. De Havilland finally signed its Otter contract with Indonesia in the first days of 1963. Despite the delays, Indonesia had chosen to wait for de Havilland to gain permission rather than opting for the Polish aircraft offer. Canada had prioritized relations with its allies over sales in this case, but only barely.

The Case of Oil

Canada’s place in the expanding Indonesian petroleum sector mirrored Canada’s place in the world industry. The companies concerned were small ones, existing on the fringes of a business dominated by American companies and largely owned outside the country. The Alberta oil patch started to boom when the Leduc field south of Edmonton came onstream in 1947, but Canada’s oil sector fast became an adjunct of the US industry: by 1960, it was 89.8% American-owned. The global oil market was growing fast, with smaller independent companies making

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206 Hees to Green, 9 March 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [7].
208 R.B. Bryce, clerk of the Privy Council, to A.E. Ritchie, 3 April 1962; Ritchie to Bryce, 4 April 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [7].
inroads into the control of the "seven sisters," the oil majors who controlled most of world production.\textsuperscript{213}

The world oil boom did not leave Indonesia unaffected. Oil had long been Indonesia's second-largest export after rubber. Before the Second World War, the Netherlands East Indies ranked fifth among world oil producers, with 3\% of the total global production — enough to account for a quarter of the colony's exports. Three companies dominated: Royal Dutch/Shell, formed at the turn of the century specifically to pump and market Indonesian oil, and two American joint operations, Stanvac (owned by Standard Oil of New Jersey and Mobil) and Caltex (owned by Standard Oil of California and Texaco). Stanvac's Sumatra refinery was the largest in the Far East. Independent Indonesia saw oil production more than double in the 1950s, mostly on the strength of new Caltex production, to reach 31.4\% of total exports, but Indonesia still fell to 12th place among world producers, at just below 2\% of world production.\textsuperscript{214} In normal conditions, Caltex expected Indonesia to supply Australia, New Zealand, the Philippines, Japan, Thailand, Indochina and even China if it entered the world market.\textsuperscript{215} The Eight-Year Plan made oil exports the key to development, looking to increased oil exports for three-quarters of its $2.5-billion foreign exchange cost, compared to just 12\% from the declining rubber industry.\textsuperscript{216} The oil sector was thus ripe for investment. At the same time, Jakarta was trying to reduce the dominance of the three big oil companies that controlled 85\% of Indonesian production.\textsuperscript{217} Thus, it sought new contracts more favourable to the government, drawing on the advice of a Canadian expert supplied through the UN Technical Assistance Administration. To increase leverage against the powerful trio of oil majors, it began negotiations with independent oil companies.

The main Canada-based independent was Asamera Oil, formed in 1957 out of the assets of the New British Dominion Oil Company. New British Dominion, a Calgary-based firm with

\textsuperscript{213} Italian oil man Enrico Mattei coined the term "seven sisters" to describe the big oil companies that controlled most of the world trade between them until the 1950s. Anthony Sampson, \textit{The Seven Sisters: The great oil companies and the world they made} (London: Hodder & Stoughton, 1975).


\textsuperscript{216} Pertamina, p. 173-4; Robison, \textit{Rise of Capital}, p. 79.

\textsuperscript{217} "Indonesia: Petroleum Industry," Dept. of State briefing paper, 1 Feb. 1957, NA, RG59, Misc. lot files, Lot file 61 D 85, Subject files relating to Indonesia 1954-8, 1-A Briefing papers for Ambassador Allison 1957. The rest came mostly from a joint Indonesian-Shell company which was renamed Permindo in 1958 and reverted to Indonesian government ownership on termination of its contract in 1960. Pertamina, p. 119-23.
interests in oil and gas wells in Alberta, British Columbia and Montana, agreed to a stock-swapping alliance with two companies able to offer access to Indonesia, both controlled by Anthony M. Diamantidi, a Greek financier with a chequered past who had married into the Dutch-Indonesian Baud family conglomerate.\textsuperscript{218} To New British Dominion in 1957, however, Diamantidi appeared as a white knight offering new capital and new opportunities overseas. In exchange for exploration rights in South Sumatra, it handed 3.5-million shares over to Baud Corp. NV of The Hague and Jakarta. Another 500,000 shares went to Diamantidi’s Sea Oil and General Corp. of New York, which had exploration rights in four separate parts of Indonesia. The resulting company became Asamera, still based in Calgary and mostly under Canadian directors but largely foreign-owned.\textsuperscript{219} External Affairs suspected an American petroleum geologist who had left Stanvac to form his own company of being behind the new company, which even if only nominally Canadian might soon become the largest Canada-based investor in Indonesia.\textsuperscript{220} With the shelter of a Calgary head office, Asamera avoided the actions against Dutch interests that came several months later. Canadian diplomats lent some help to Asamera representatives but avoided implicating Canada too closely with them, for fear that Canada might be embarrassed with its allies if Asamera competed with the three majors.\textsuperscript{221} During the revolution, independence fighters had taken over oil fields in North Sumatra owned by Shell, and these “laskar minyak” (oil guerrillas) had continued to operate them afterwards, despite protests by Shell to the Indonesian government.\textsuperscript{222} In July 1957, Asamera gave Jakarta a memorandum of intent to take over the former Shell fields and spend $10-million rehabilitating them, in exchange for permission to establish a 50-50 joint company with the Indonesian government to explore other areas in Sumatra. However, the fields instead passed to army control amidst the anti-Dutch economic actions.\textsuperscript{223}

\textsuperscript{218} Diamantidi’s first North American venture came in 1954, when he tried to get permission to export 120,000 tons of rubber from Indonesia for foreign currency, in exchange for his efforts in trying to obtain a $50-million loan from the United States to Indonesia. State Department officials looked askance at the shady deal worked out with Finance Minister Ong Eng Die, a corrupt member of the Indonesian National Party (PNI) business empire. Memorandum of conversation, Diamantidi with Francis Galbraith and Philip Haring of Philippine and Southeast Asian affairs, 13 Dec. 1954; Galbraith to Cumming, 29 Dec. 1954. NA, RG59, Indonesia desk, Cumming Hugh S. On Ong and the PNI business complex, see Robison, \textit{Rise of Capital}, p. 48-50.


\textsuperscript{222} Pertamina, p. 67-77.

\textsuperscript{223} Memorandum of intent by Sea Oil and New British Dominion Co., 10 July 1957. NA, RG59, Records of the Bureau of FE affairs, 1957, Lot 59 D 19, Box 2, MC - commercial firms.
While the economic actions drove business confidence about Indonesia sharply downwards, Asamera continued to be enthusiastic. Company president T.L. Brook, a well-regarded Calgary oil man, invited Ambassador Heasman to become president of Asamera’s Indonesian subsidiary, while several oil executives made phone calls to C.D. Howe asking him to press Heasman to take the job. (Heasman declined, not wanting to get involved in a tangle with Shell over disputed oil rights in North Sumatra or to stay in Indonesia.)

A trio of Americans headed by General Thomas B. Wilson spent much of February 1958 in Jakarta, where they appeared to have better connections than the embassy. Brook insisted “this is a Canadian enterprise,” but the Department of Trade and Commerce disagreed strongly, reporting that Diamantidi held the majority of Asamera stock, while more than 17% of shares were American-held and just 7% belonged to Canadian investors. Asamera representatives in Jakarta, McKinney reported, were

... a very mixed bag indeed and certainly not noticeably Canadian. [Andrew] Alexeiev, the resident representative in Djakarta, is a British naturalized White Russian. Diamantidi, the man with the money, is some sort of Greek-Swiss combination, very much at home in international finance and investment and has other oil deals cooking in Asamera’s name in the Middle East. General Wilson, who seems to represent the New York interests, has had previous connections with Indonesia through United States Army procurement work during the Korean War.... The above may give you some idea of the kind of people who are waving the Canadian flag in Djakarta and who have now begun to argue that Asamera’s Alberta registration should entitle them to official support vis a vis the Indonesian Government.

In Ottawa, Asamera enlisted the tacit support of cabinet minister Douglas Harkness, Calgary Conservative MP Arthur Smith and Senator John Connolly, who would become majority leader in the Senate from 1963-68, but Sidney Smith backed his department’s refusal to intervene on Asamera’s behalf with the Indonesian government. Brook continued his campaign for government endorsement. In identical letters to Diefenbaker and other ministers and Senators, he praised Canada’s Colombo Plan efforts but said Indonesia also needed foreign investment capital. Brook reported that the Indonesians Asamera had dealt with were “very friendly, extremely

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honest, and entirely dedicated to the betterment of their country with little or no regard for their own personal advancement.... Surely we must have a fraternal bond with these people."²²⁹

Although this letter gained nothing more than polite acknowledgments from the Canadian cabinet ministers who answered it, Asamera used these to show its status in Jakarta.²³⁰

In Indonesia, Diamantididi was quite happy to arrange for bribes to be paid to the PNI in order to secure parliamentary approval of Asamera exploration contracts.²³¹ It even hired Tom Atkinson, a British ex-soldier who had served Indonesia in a number of positions, including as speechwriter to Sukarno.²³² Chaerul Saleh, the Minister of Mining and Basic Industries, called the company "a band of adventurers" and wanted to break off dealings with them, but Asamera's chances of an Indonesian contract remained alive through the support of the army, and especially of Col. Ibnu Sutowo.²³³ As operations deputy to armed forces chief Nasution at the time of the anti-Dutch actions, Ibnu was entrusted with control of the former shell fields in North Sumatra in 1957, the same year the army took on a major role in the economy as custodians of the former Dutch businesses. To run the fields, he formed the National Oil Company (PT Perusahaan Minyak Nasional, Permina). Permina became one of three national oil companies, the others being Pertamin, formed from the assets of Permindo in 1961, and Permigan, established later the same year to run small wells in central Java.²³⁴ Permina teamed up with Refinery Associates of Canada (Refican), a subsidiary of a California company based in Toronto for tax purposes. Refican owner Harold Hutton recalled that "Indonesia was suspicious of foreigners and big foreign companies. They wanted to try it on their own and I encouraged them. Evidently, I was the first foreign oil man to believe an all-Indonesian oil company could succeed." That meant profits for his officially Canadian company, which signed a deal to sell Permina oil in December 1957 and managed to arrange an oil sale to Japan in May 1958. Shell threatened to sue Refican, but gave up the plan, apparently in exchange for army protection from industrial action against its other, more profitable operations. Refican was soon selling a million long tons of oil a year for the army's oil company.

²²⁹ Brook to Diefenbaker, 26 Nov. 1959. LAC, RG25, vol. 6789, file 1529-40 [2.2].
²³⁴ Pertamina, p. 133-5, 184-5. The three companies were eventually merged into one, Pertamina, which behaved as a virtual state within a state under the leadership of Ibnu Sutowo. The company's financial collapse in 1975, under a
In 1961 it signed another contract to sell petrochemical plant equipment worth $4-million to Permina.\textsuperscript{235}

The emergence of Japan as a major oil market was an important boost to Indonesian oil planning. When the United States government, supported by some of its major allies, was backing the PRRI rebellion in 1957-58, Japan sided with the central government, signing a reparations agreement that saw money start to flow to Sukarno’s government less than a week after the anti-Dutch actions. The Japanese government canceled Indonesia’s trade debt, agreed to $223-million in war reparations to be delivered in the form of Japanese products and technical services, and provided a $400-million loan/investment credit.\textsuperscript{236} The annual $20-million reparations payment was enough to cover 16\% of the annual budget of the Eight-Year Plan. “The settlement provided Sukarno with a new foreign ally and a source of foreign exchange and patronage,” according to Jean Bush Aden, and made anti-Dutch economic actions possible. Japanese Prime Minister N. Kishi approved the reparations deal, then a larger credit arrangement for Permina oil in 1960.\textsuperscript{237} By 1962, Permina was producing 9.4-billion barrels of oil a year in its joint venture with Japanese interests and Japan was buying 87\% of Indonesian crude oil exports.\textsuperscript{238}

In 1960, Indonesia finally passed its first Oil Law, advanced by Minister of Mining and Basic Industries Chaerul Saleh and signed by Sukarno under his emergency powers. Chaerul Saleh had made his name in Indonesian politics as one of the young radicals who had tried to force Sukarno to declare independence at gunpoint before he was ready. Exiled to Europe, he returned in 1956 after a rapprochement with the President, who saw him as a development-minded leader with revolutionary credentials, a suitable face for the guided democracy regime’s new approach to national development. Chaerul rose quickly; some even saw him as a possible successor to Sukarno.\textsuperscript{239} Although Prime Minister Juanda represented the old face of development planning, he proved adaptable enough to move with the times. Juanda told US Ambassador Howard Jones that Indonesia continued to welcome foreign investment, “but not on the old basis. Instead, Indonesia


\textsuperscript{237} Aden, \textit{Oil and Politics}, p. 181, 192.


would retain ownership of resources and contract the work of exploiting them to foreign companies as part of a cooperative joint venture.\textsuperscript{240}

As Canadian Colombo Plan mining expert G.V. Mueller wrote, the production sharing scheme was attractive mostly to smaller companies who did not yet have Indonesian operations.\textsuperscript{241} Asamera was just one of these minors making inroads both globally and in Indonesia. Producing countries were also becoming more assertive, led by Venezuela and the other producers who formed the Organization of Petroleum Exporting Countries (OPEC) in 1960. Developing countries went on to assert the principle of sovereignty over their natural resources at a 1962 conference in Cairo.\textsuperscript{242} Indonesia joined OPEC in 1962, but had already begun inviting oil independents to negotiate. Unocal and Pan-American International Oil (a subsidiary of Standard Oil of Indiana) led the US companies; there were also German, Italian and Japanese firms interested.\textsuperscript{243} Refican signed the first production sharing contract in June 1961, and Asamera followed later the same year. These independent companies had little interest in the question of oil ownership, as long as they could retain sufficient management control and tap any oil they discovered.\textsuperscript{244} Asamera was able to undertake secret preliminary talks with the Indonesian government's Oil Bureau using the Canadian diplomatic bag in which it agreed to a production-sharing deal.\textsuperscript{245} Asamera was also willing to depart from the 50-50 production-sharing principle and accept a 60-40 split in Indonesia's favour, as long as there would be no additional taxes taken from its 40% share. Brook thought these were still better terms than those offered by the Alberta government.\textsuperscript{246} Gradually, Brook was able to wrest control from Diamantidi, the major shareholder, who he called the leader of a group of "international crooks."\textsuperscript{247} Asamera won the contract of work to explore an area near Palembang adjoining existing Shell and Caltex fields, along with the Langsa block in Aceh. Like Refican, it teamed up with the army-run Permina. The company was successful enough to attract more capital in Calgary. In September 1962 Asamera Indonesia became a common venture among Asamera (45%), Refican (10%) and two other Calgary companies. Brook claimed the enlarged company used mainly Canadian capital, but

\textsuperscript{240} Jones to Rusk, 22 Aug. 1960. NA, RG 59, file 611.98/1-660.
\textsuperscript{244} Alexeiev to Brook, 5 March 1960. LAC, RG 25, vol. 7889, file 14405-J-10-40.
Asamera was still considered American enough to be exempted from rules governing foreign companies on the American Stock Exchange.\textsuperscript{248} The company found natural gas in Aceh in 1962.\textsuperscript{249} It parlayed this lucrative find into corporate respectability, but in the process aggravated tensions in north Aceh through the creation of wealthy enclave economies which delivered little profit to local people. Although the wells are tapped out, North Aceh is now a separatist stronghold. Asamera was eventually absorbed by Gulf Canada and is now a small part of the ConocoPhilipps empire.\textsuperscript{250}

In June 1962, Pan-American became the third oil independent to sign a production-sharing deal, and the first to team with Pertamin, the Indonesian state oil company controlled by the Jakarta civilian bureaucracy. By bringing Standard of Indiana into the picture, the agreement increased the pressure on Shell, Stanvac and Caltex to come to production-sharing deals.\textsuperscript{251} Shell, the senior major in Indonesia, was already reacting to nationalist pressures by changing its structure. Shell’s Indonesian subsidiary became PT Shell Indonesia in 1960, complying with Indonesia’s new petroleum law, which required oil companies to be run out of Indonesian head offices. The usual terms of Shell holdings were 60% ownership by Shell Transport and Trading, 40% by Royal Dutch. To shelter PT Shell Indonesia from anti-Dutch reprisals, the new company was 100% owned by the British partner.\textsuperscript{252} In 1962, PT Shell became a wholly-owned subsidiary of Canadian Shell Overseas of Toronto (the main holding company for Western hemisphere operations), providing further shelter in anticipation of anti-British actions by Indonesian groups opposed to the formation of Malaysia out of Britain’s Southeast Asian colonies.\textsuperscript{253} When the big three oil companies faced tough negotiations with Indonesia in 1963, however, the major Canadian involvement was not on the side of Shell, but in the person of a UN technical advisor to the Indonesian government. James T. Cawley, on leave from his post as Saskatchewan’s deputy minister of natural resources, arrived in 1961 on a two-year assignment to build up Indonesian

\begin{footnotes}
\footnotetext[249]{Alex Hunter, \textit{“The Oil Industry: The 1963 Agreements and After,” Bulletin of Indonesian Economic Studies 2 \textit{(Sept. 1965), p. 278.}}
\end{footnotes}
petroleum engineering expertise and advise the government on petroleum, reprising previous postings to Pakistan and Burma.\textsuperscript{254}

Indonesian negotiations with the three companies dragged on between 1960 and 1963. Eager for a fast settlement, Chaerul Saleh convinced Sukarno to enact a presidential regulation requiring agreement by 15 June. Indonesian crisis diplomacy had convinced the Kennedy administration to intervene and force a settlement in the West New Guinea crisis in 1962; Chaerul Saleh's move was an effort to win the same result. The Kennedy administration wanted to see Indonesia's economy stabilized, and had already sent an economic experts team to see how that could be done in the context of the Eight-year Plan. The US government tried to put together an aid package through its own cash and the International Monetary Fund; Sukarno agreed that with his major political goals (national unity, internal security, and control of West New Guinea) met, it was time to turn to economic needs.\textsuperscript{255} When the Indonesian government delivered its "ultimatum" requiring the three big oil companies to come to terms on a 60-40 production sharing contract and turn over distribution and refining assets to the government, the companies asked for Washington's help. "We agree scheme seems absolutely unprecedented and we do not see how private oil company could operate under these conditions," Under-Secretary of State Averell Harriman cabled Jones in Jakarta, suggesting that the Indonesians "give very careful consideration to economic consequences for the whole stabilization program if they pursue unreasonable demands which would force oil companies out of business."\textsuperscript{256} Sticking points included Jakarta's demand that the companies continue financing refining and marketing (service stations) assets after the government took them over, and the companies' demand for free use of locally-generated rupiah and insistence on the concept of "fair value." Indonesian negotiator Hanafiah, according to Shell's minute of one meeting, made the "somewhat sinister remark that the Government has to draw the line some time! In this context Hanafiah made an oblique reference to 'your financial position' which we took to be a veiled threat regarding a definite demand for inward remittance of our foreign currency proceeds over the past two years."\textsuperscript{257} In another meeting with Shell's chief

\textsuperscript{256} Harriman to Jones, 6 March 1963. JFKL, NSF, Box 114, Indonesia 3/63-4/63.
\textsuperscript{257} Minute by Shell on a meeting with government negotiating committee, 27 March 1963. LAC, RG25, vol. 6789, file 1529-40 [2.2].
negotiator, Chaerul Saleh stressed the importance of the service stations question to the government when he implied that Shell was deliberately creating long queues to fill up, and this had to stop or "he would throw our senior personnel into jail for a week (he assured me that I would be excluded from this measure as a personal friend), and keep them on salt and water, no matter how illegal such an action might be and despite any protests from the embassies." Jakarta brought in oil experts from Romania under a $50-million Romanian credit to ensure production would continue if the companies pulled out. Chaerul Saleh was unmoved by bluster from the oil companies, saying he had smaller firms ready to sign on the same terms.

Behind Indonesian tactics, American officials believed, was the hand of the UN expert, Cawley, whose Saskatchewan natural resources department had tangled with some of the same issues of control over oil. "There is some suspicion," wrote N.R. Chappell, Canada’s energy counselor in Washington, "that some of the demands on the U.S. and British companies may be generated by Mr. Cawley which include suggestions for blocked currency accounts and various administrative and other measures which would appear to carry the PanAm pattern of 60%-40% a considerable piece beyond these ratios in favour of Indonesia." There were complaints over Cawley’s advocacy of prairie-style “checkerboarding” and public ownership in his Pakistan and Burma postings. "In fact, it is my impression that Mr. Cawley has earned, whether it is deserved or not, the undying anathema of the international oil companies operating in Southeast Asia and Indonesia," Chapell concluded. Canadian diplomats scrambled to stress that Cawley was an independent advisor and had nothing to do with the Canadian government. Although Canada declaimed all responsibility for him, embassy officials did meet with Cawley. They reported that he was “an expert ... who has a clear grasp of principles, who has an extensive knowledge of the oil industry, and who possesses technical qualifications of a very high order. It may probably be safely assumed, therefore, that it is primarily Mr. Cawley who is providing the ammunition and calling the shots for the Indonesian side.” Those shots were meant seriously. Cawley said there

was no plan for the government to nationalize Shell, Caltex and Stanvac, but “made rather sinister references to the Government’s ability to maintain the upper hand.”

Even under pressure from US Ambassador Jones, Sigvaldson maintained a judicious neutrality. While “Jones explained his efforts to warn Chaer Saleh and Subandrio that nationalizing or unfair treatment of companies would end all hope of obtaining some 100 million dollars USA aid,” Sigvaldson defended Cawley’s stance and professionalism even while reiterating that he was not a representative of Canada. He resisted Jones’ pressure to arrange a private meeting between Cawley and the recently-arrived oil adviser to the US embassy. This position was backed up by Ottawa. Jones arranged this meeting himself, telling Sigvaldson that an emotional Cawley appeared on the verge of a nervous breakdown. Cawley himself said he had advised the government to break off talks if no deal was reached, and had drafted regulations to govern companies that had not signed a contract by then. For its part, the State Department was considering pressure to have Cawley recalled to New York for “consultations.” As Cawley extended his time in Jakarta rather than return on schedule to Saskatchewan, Jones came to believe that the Canadian, with a “fanatical gleam in his eye” and an ingrained bias against the oil companies, had been behind the 1963 Indonesian hardball tactics all along.

The oil companies refused to yield, counting on the US government to back them up rather than see talks fail. The State Department was not only interested in helping Stanvac and Caltex, but also wanted to avoid the “dangerous strategic setback for US” that would result if oil companies were forced out. Since Indonesia lacked the foreign currency to pay immediate compensation, an oil company pull-out would trigger the Hickenlooper amendment, which barred aid to countries expropriating US investments. That threat had teeth: Ceylon had already lost US aid for taking over American-owned refinery interests. The State Department worried that cordial US-Indonesia relations would be shattered and hopes for stabilization of the Indonesian economy destroyed, with only the USSR left to pick up the pieces. Jones resisted orders to “pull up the heavy artillery” by threatening Sukarno with an end to all US aid, enraging White House planners,

264 Jakarta telegram, unnumbered, 8 April 1963; DEA telegram E-610 to Jakarta, 10 April 1963. LAC, RG25, vol. 6789, file 1529-40 [2.2].
266 Chappell to Stoner, 26 April 1963. LAC, RG25, vol. 6789, file 1529-40 [2.2].
267 Jones to Rusk, 27 May 1963. JFKL, NSF, Box 114, Indonesia 5/63.
268 Rusk to Jones, 18 March 1963; Rusk to Jones, 18 May 1963. JFKL, NSF, Box 114, Indonesia 3/63-4/63; Pertamina, p. 192.
who ordered him to obey instructions. When offered a meeting with a presidential oil envoy, Sukarno jumped to agree. Indonesian pressure tactics had succeeded in bringing the US government into the picture and getting the speedy deal Jakarta wanted. The oil impasse was finally broken at talks in Tokyo in May 1963 involving Sukarno, Chaerul Saleh, Foreign Minister Subandrio, and a US government team led by presidential envoy Wilson Wyatt, on terms that made all sides happy. The Indonesian government gained the control and increased income it sought. The oil companies gained, for the first time, secure tenure of their existing concessions and the right to new exploration areas. In sum, "the foreign enterprises surrendered their old concession rights, and agreed gradually to hand over their distribution and refining facilities in Indonesia, in return for the assurance of a further twenty-year period of development of their old oil fields together with the prospect of longer contract periods in adjacent new exploration areas." Shell fears that it would have to sign a less favourable agreement were set aside when it gained the same "astonishingly favourable" terms as the US companies.

Commercial efforts by de Havilland and Asamera laid the groundwork for considerable expansions after the end of Sukarno’s government. Their successes would not have been possible without their persistence through the guided democracy years, which appeared to them not as a dark time for Western investors, but as an opportunity to make money in a challenging market. Non-governmental actors were as important as governments in the conduct of Canadian-Indonesian relations. Both de Havilland and Asamera were integrated into North American networks, rather than being entirely autonomous Canadian actors. A Canadian public diplomat, J.T. Cawley, continued the tradition of Canadian advisers playing important roles consistent with the Indonesian government’s chosen policy while at the same time helping to shape that policy. Cawley, like Benjamin Higgins and Nathan Keyfitz before him, was an international public servant trying to help Jakarta pursue an independent strategy towards foreign oil companies, the same job he tackled normally for the government of Saskatchewan.

The Canadian government proved willing to provide limited assistance to the well-connected corporations beginning their voyages into Indonesia. Cabinet authorized export credit

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269 Jones to Rusk, 19 May 1963, Rusk to Jones, 21 May 1963, JFKL, NSF, Box 114, Indonesia 5/63; memorandum of telephone conversation, George Ball with Rusk, 19 May 1963, JFKL, George Ball papers, Box 5.
270 Jones to Rusk, 26 May 1963, Jones to Rusk, 27 May 1963, JFKL, NSF, Box 114, Indonesia 5/63.
insurance to de Havilland rather than face the political troubles posed by job losses in the Toronto aircraft industry, and Calgary-based politicians provided some help to Asamera despite the reluctance of the Department of External Affairs to have any association with the shady company. Diefenbaker and his cabinet colleagues were part of the Canadian consensus supporting Colombo Plan aid, but in tougher economic times, they saw no reason why aid should not also help Canadian wheat farmers, one of the Prime Minister’s own core constituencies. The Conservatives were more business-minded than their predecessors, with no qualms about commercializing the Colombo Plan to help sell Canadian wheat and planes. At the same time, they were more loyal to their European allies and Commonwealth partners. Dutch and Australian pressure ultimately outweighed the government’s concerns with employment. Political imperatives still held primacy over trade; Ottawa continued to operate within the scope of alliance politics.
Chapter 6
Canada, Alliance Politics and the West New Guinea Dispute, 1957-63

Canada had a special position in Asia.... Canada had been most helpful in achieving the settlement between the Dutch and the Indonesians in 1949 and it was one of the few countries which might be listened to by both parties concerned.

— L.N. Palar, Indonesian Ambassador in Canada

In my opinion, any third party nominated by Cdn Govt for negotiations between Netherlands and Indonesia would be assuming thankless and frustrating task. It is difficult to see negotiations succeeding, let alone getting underway, when both parties appear committed to policies which basically are incompatible.

— C.P. Hébert, Canadian Ambassador in the Netherlands

Canadian diplomats had been very active during the decolonization of Indonesia, searching for solutions in order to extricate their Dutch allies from a difficult situation that threatened the unity of the North Atlantic alliance and the Commonwealth, two associations that lay at the heart of Canada’s postwar foreign policy. When the Netherlands finally recognized Indonesian independence in 1949, it had been in part the result of Canadian action at the United Nations. The Indonesian independence settlement, however, had left the status of one area unresolved: the Netherlands retained control of West New Guinea (also known as West Irian). The dispute over control of this last remnant of empire became the dominant factor in Indonesian-Dutch relations. On a number of occasions, there were efforts to draw Canada once more into a mediating role in this second Indies decolonization issue. Canada, however, stood in a different place than it had a decade before. Where Louis St. Laurent’s Liberal government had been working deliberately to claim a more active global role, John Diefenbaker’s Conservatives were a less confident government leading a less confident country. Indonesian Ambassador L.N. Palar sought Canadian mediation on several occasions but was rebuffed each time. Officials in the Department of External Affairs were sometimes willing to consider involvement, but any tentative moves in this direction were blocked at the ministerial level.

Diefenbaker’s government, like St. Laurent’s, viewed West New Guinea through the prism of alliance politics, but put more stress on NATO and the Commonwealth, and less on the UN. The government’s priorities lay elsewhere, and there seemed little to be gained by intervening in the conflict. Ottawa’s relations with the United States and Britain deteriorated over issues closer

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1 Minister’s interview with Indonesian ambassador, memorandum by John Holmes, 10 Dec. 1957. Library and Archives Canada (LAC), RG 25, vol. 6148, file 50409-40 [2.1].
to the heart of the Prime Minister and his cabinet, especially nuclear weapons and Britain’s bid to enter the European Economic Community. That meant the government was less willing to risk good relations with its major allies over a peripheral issue, even one that might threaten the peace of Southeast Asia. Ottawa seemed even more concerned to avoid any action that might offend the Netherlands and its main supporter, Australia. Within the Commonwealth, Canada took its lead from Britain and Australia, not from India. It came closest to involvement when Malayan Prime Minister Tunku Abdul Rahman tried to mediate, but even then it ultimately stood aloof.

Basil Robinson, the liaison officer between the Prime Minister and the Department of External Affairs, recalled a clash between the two over Diefenbaker’s speech to the 1960 UN General Assembly. In the wake of an aggressive address by Soviet leader Nikita Krushchev, the Department had offered a milder draft in which Canada’s voice would be raised for conciliation. Diefenbaker demanded a tougher line, including condemnation of Soviet “colonial” rule over the “captive nations” of Eastern Europe. When the speech was done, he asked Robinson’s opinion. "I said it was on the rough side and that he would please the U.S. but forfeit the role of peacemaker to the U.K.,” Robinson noted in his diary. “He took the word ‘arrogant’ out at one point but showed no special worry at being deprived of the peacemaking role.” Many of Diefenbaker’s officials found this an unfortunate abandonment of the Pearsonian legacy. “From the point of view of the Department of External Affairs, the speech disposed entirely of any surviving naive hopes that Canada under Diefenbaker might still play a role of peacemaker in East-West or UN affairs,” Robinson wrote. So too with West New Guinea: the Diefenbaker government had no wish to play peacemaker. It continued to look at the islands of Southeast Asia as peripheral, seeing them only through North Atlantic and Commonwealth lenses. Behind this cautious attitude was a change in Canada’s international presence. The powerful and influential Canada of the immediate postwar years had faded into a country in economic trouble. Diefenbaker is often portrayed as an indecisive leader, and on many issues he was. Yet it was not his government alone that was more uncertain, it was Canada as a whole. The accession of Lester Pearson to the Prime Minister’s office in 1963 did little to reverse things. The diplomatic self-image of a golden age of Canadian

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diplomacy was giving way to the theme of decline. Instead of a nimble Canada offering creative
solutions to its more ponderous allies, Diefenbaker's government railed against the country's
lessened circumstances but seemed powerless to change them. With the election of John F.
Kennedy as President in 1960, the United States took over what Canadians had begun to conceive
of as their own global mission of mediation.

**West New Guinea on mental maps**

The main countries concerned in the West New Guinea dispute all viewed the area from a
different standpoint and on different mental maps that did a great deal to shape their policies.
More than just spatial imaginings, these mental maps plotted complex images of peoples and
nations at different stages of evolution, as adults and children growing up within the family of
nations. The indigenous Papuan population of West New Guinea appeared to Western
policymakers in particular only as people living in an earlier stage of human development, not as
candidates for self-determination. US President John F. Kennedy rejected comparisons to West
Berlin, saying "that's an entirely different matter.... those Papuans of yours are some 700,000 and
living in the Stone Age." White House national security staffer Robert Komer dismissed self-
determination for "a few thousand square miles of cannibal land." The Papuans were imagined
only in tropes: Stone Age, primitive, remote, inaccessible. "Discourses about cannibalism function
like Orientalism," as Eben Kirksey has pointed out. These discourses define the other, making it
almost impossible to see them as subjects of their own history. Cannibals could not even be
considered as a people who might become independent, at least not for many years. A Papuan
independence movement flowered in the early 1960s and tried to establish international
diplomatic networks along the lines of those created by the Indonesian revolutionaries in the late
1940s. The movement was unable to gain much success, because its country remained largely
invisible on the mental maps of Indonesians and Western countries like Canada.

Indonesian nationalism emerged as a future-oriented concept, as befits a movement that
had invented not only the name Indonesia, but also the very idea of an Indonesian nation. In 1945,
nationalists had argued over the extent of the nation, eventually accepting it as coterminous with

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5 Walt Rostow, deputy national security adviser, to President John F. Kennedy, 10 Sept. 1961, *Foreign Relations of
the United States (FRUS) 1961-3*, vol. 23, p. 423; Robert Komer, national security staff, "Why Trusteeship won't
work," memorandum to Rostow, 17 Feb. 1961. John F. Kennedy Library (JFKL), National Security Files (NSF), Box
205; J.H. van Roijen oral history, JFKL.

6 Italics in original. Eben Kirksey, *From Cannibal to Terrorist: State violence, indigenous resistance and
representation in West Papua* (M. Phil thesis, Oxford University, 2002), p. 25
the Netherlands East Indies.\textsuperscript{7} West New Guinea had a large place in the Indonesian nationalist imagination as the home of the notorious Boven Digul prison camp, so remote that it needed no guards or perimeters — those who escaped were sure to be killed by disease, animals or native tribes. These leaders continued to see the indigenous Papuan population as hostile tribes writ large. The myth of Boven Digul grew with time. In 1957, Sukarno (whose own exile was to less remote Banda) recalled all of West Irian as “the martyr place of the struggle for independence.”\textsuperscript{8} At the same time, however, Indonesian nationalism reached into the pre-colonial past for models of ancient glory. While Sukarno’s Indonesia was building a nationalism oriented to a glorious future global role, the glue for this new nationalism was being supplied increasingly by recalling a glorious past, which was then equated on maps with the extent of Indonesia’s territory. Edward Said calls this “reinscription,” the emotional need to find pre-colonial traditions, “the rediscovery and repatriation of what has been suppressed in the natives’ past by the process of imperialism.”\textsuperscript{9} Indonesia would quickly be conflated with old pre-colonial empires, particularly with the Java-based Majapahit empire. Nationalists laid increasing stress on the \textit{Negarakertagama}, an ancient poem that spelled out Majapahit's extent. The invented tradition that Majapahit was an earlier Indonesia was pushed by historian-politicians like Mohammad Yamin, who called Majapahit “the last sovereign Indonesia-wide state.”\textsuperscript{10} The poem had only been rediscovered at the turn of the century and popularized through a Dutch translation and maps in Dutch schoolbooks before being adopted as an emblem of past greatness by nationalist leaders.\textsuperscript{11} Nevertheless, the idea of past glories mapped onto the rhyming-off of lands in the \textit{Negarakertagama} served as a powerful reinforcement for the struggle for West Irian, a struggle to complete independence on the map.\textsuperscript{12}

\begin{itemize}
\item \textsuperscript{7} A majority had argued it should also include Malaya, North Borneo and Portuguese Timor, while Hatta had suggested there was no need to include West New Guinea, which had its own right to self-determination. \textit{Background to Indonesia’s Policy towards Malaysia: The territory of the Indonesian state, discussions of the Badan Penjelidik Usaha Persiapkan Kemerdekaan Indonesia} [Preparatory Body for Indonesian Independence] (Jakarta: Department of Information, 1964).
\item \textsuperscript{10} Mohammad Yamin, \textit{A Legal and Historical Review of Indonesia’s Sovereignty over the Ages} (Manila: Indonesian Embassy, n.d. [1959]). See also Yamin’s comments on the \textit{Negarakertagama} in the 1945 debates over Indonesia's territorial extent, in \textit{Background to Indonesia’s Policy}. On imagined traditions, see Eric Hobsbawm & Terence Ranger, eds., \textit{The Invention of Tradition} (Cambridge: Cambridge University Press, 1983).
\item \textsuperscript{12} See for instance references to Majapahit in \textit{The Truth About West Irian} (Jakarta: Ministry of Information, 1956), which also invokes the Hindu epic Ramayana, equating its “snow-covered mountains” with West Irian.
\end{itemize}
With Majapahit defined as an earlier Indonesia, the continued presence of the Dutch on the sacred national territory was all the more intolerable. The exclusion of one part of the old Dutch East Indies represented a standing threat to the unity of the whole.\footnote{Arend Lijphart, “The Indonesian Image of West Irian,” \textit{Asian Survey} 1 #5 (July 1961): 11.} With the weight of Majapahit added to the inheritance of the Indies, the separation of any part of Indonesia could be viewed as the mutilation of what Thongchai Winichakul has called the “geo-body” of the nation.\footnote{Thongchai Winichakul, \textit{Siam Mapped} (Honolulu: University of Hawaii Press, 1994).} Thus Subandrio at the UN rejected “the Netherlands’ concept of self-determination” as an “amputation which the Dutch are performing on our national body.”\footnote{Subandrio, \textit{An opening address to the UN Political Committee to the UN Political Committee on November 20, 1957} (Jakarta, Ministry of Foreign Affairs, [1957]), p. 8.} If traditional Javanese power was indivisible, with no allowance for alternative power centres within the realm, as Benedict Anderson argues\footnote{Benedict Anderson, “The Idea of Power in Javanese Culture,” in Anderson, \textit{Language and Power: Exploring Political Cultures in Indonesia} (Ithaca: Cornell University Press, 1990).}, this became true of modern Indonesia too. Any other administration inside the map of Indonesia, whether Dutch or Papuan, was an added threat to national unity. Without control of the entire geo-body, including West New Guinea, there was a sense of incompleteness and vulnerability. Government publications quoted Dutch officers making remarks like “as long as Irian is in our hands, it will be a pistol pointing at Indonesia’s chest” and evoked the threat of continued Dutch subversion efforts linked with separatist movements like the Republic of the South Moluccas.\footnote{Subversive Activities in Indonesia: The Jungschleager and Schmidt affairs (Jakarta: Ministry of Foreign Affairs, [1957]), p. 76.} Sukarno tried to explain why the passion for West Irian burned so brightly during his 1956 US tour, saying Indonesians felt “incomplete and unprotected without Irian.”\footnote{“The Era of Asian and African Nationalism,” address by President Sukarno to the National Press Club, Washington, 18 May 1956. LAC, RG25, vol. 7751, file 12371-40 [1.2].} The geo-body of what was sometimes poetically called \textit{Tanah Air Kita}, our land and water, might even include the sea lanes between Indonesia’s islands under the \textit{Wartawan Nusantara}, the archipelagic principle. Sukarno, whose political raison d’être was to conjure Indonesian unity from diversity, said: “Men cannot be separated from place .... Even a child if he looks at the map of the world can see that the Indonesian archipelago forms one unity.”\footnote{“The Birth of Pancasila,” speech of 1 June 1945, in Sukarno, \textit{Toward Freedom and the Dignity of Man} (Jakarta: Department of Foreign Affairs, 1961), p. 11.} He popularized the slogan “from Sabang to Merauke,” an assertion of territorial unity from one end of the Indies to the other. That slogan made the map of Indonesia, including West Irian, into a logo. The map of West Irian, too, became a symbol for the struggle to regain the territory. “West Irian” \textit{batik} cloth sold in Java
featured maps of Irian in yellow on a blue background. Anderson has pointed out that the Papuans themselves were soon imagined as "Irianese," a new word named after the map, therefore "imagined in quasi-logo form: ‘negroid’ features, penis-sheaths, and so on." A people who were peripheral geographically came to be seen as embodiments of an earlier, primitive state — Indonesians now, and therefore Indonesians throughout all history. "This is a great undeveloped, impenetrable area of towering mountains and vast swamps," Sukarno said. "The inhabitants are dark-skinned Papuans. Their tools are stone axes, shells, and sticks. Their weapons are bows and arrows. They exist in primitive Stone Age conditions." Supporters sometimes attended his speeches on West Irian dressed in blackface to resemble their "Irianese brothers." Subandrio spoke of grandiose development schemes and the need to get Papuans "down out of the trees even if we have to pull them down."  

Indonesians also felt a sense of entitlement in foreign policy: they were the largest country in Southeast Asia, and had won their independence early and through their own efforts. Indonesian foreign policy under parliamentary democracy had been non-aligned, but cautious. Even when Prime Minister Ali Sastroamijoyo pushed a more assertive policy and convened the Bandung conference, Indonesia remained deferential to India and respectful in tone towards the great powers. The rupture of 1957-59, when parliamentary democracy toppled amidst martial law, economic actions against the Dutch and US-backed regional rebellion, saw a transition into a new foreign policy style. Indonesia was threatened by hostile forces trying to destroy its unity and territorial integrity, to split the national geo-body apart. Since 1954, there had been a feeling that SEATO was encircling Indonesia. "If we look at the map," Foreign Minister Subandrio said, "it will be clear to us that we live in a SEATO and Commonwealth area and atmosphere. They want to isolate Indonesia." The regional rebellions and the aid given to them by SEATO members seemed to prove that fear real. President Sukarno’s voyagings gave reality to the sense of Indonesia as a global power. This culminated in his 1961 address to the United Nations, "To Build the World Anew," which offered Indonesia and its national ideology of Pancasila as a model for

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22 This point has been made about the peripheral regions of Japan by Tessa Morris-Suzuki, "The Frontiers of Japanese Identity," in Stein Tennesson & Hans Antlov, Asian Forms of the Nation (Richmond, UK: Curzon, 1996), p. 62-4.  
the whole world. Meanwhile, his domestic travels also were an effort to weave together the country, as if he were a needle pulling the threads of unity through the national fabric. Global and national travels were linked in the way the President was accompanied by a coterie of foreign ambassadors, carefully chosen to evoke a balance of international forces.

Although foreign policy was fluid and evolved over time, the period from 1959-63 can be treated as a unit. Before 1959, parliamentary democracy’s assumptions were dominant: Indonesia still lived in Syharir’s “sphere of influence of Anglo-Saxon capitalism and imperialism,” but remained non-aligned and found strength for that position in the Asian-African world. After 1963, the logic of confrontation with Malaysia led Indonesia out of non-alignment and into a systemic challenge that took it out of the UN and into alliance with China. During the intervening years, however, the foreign policy of guided democracy stressed dynamism and balanced great powers to attain Indonesia’s goals of completing the revolution spatially (by regaining West Irian) and spiritually (by returning to the ideals and style of the independence struggle). The new Indonesian ideology was framed within a global context. Since Sukarno had no interest in revolutionary social change within Indonesia’s borders, the continuing revolution could only be expressed through foreign policy. Sukarno’s international rhetoric, Franklin Weinstein wrote, “constituted a way in which a basically conservative elite could provide the illusion of revolutionary progress, without risking its own position in a real internal revolution.”

In concrete terms, Indonesian revolutionary diplomacy used the new appearance of national strength skillfully in pursuit of the claim to West Irian, playing superpowers against each other, always with the “maintenance of a mood of crisis ... boldness of posture, readiness to take risks, swiftness of adaptation to setbacks or challenges and, once again, unpredictability.” Indonesia under guided democracy departed from its traditional interpretation of non-alignment to one of actively courting all major powers in an effort to play one against the other in order to

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28 Sukarno’s 1958 trip through the Moluccas, for instance, asserted national unity in a remote, neglected and potentially rebellious region. The trip had many purposes, Canadian Ambassador Theodore Newton reported, but high among them was “a dramatization of the struggle for West Irian through well-reported speeches delivered on the spot to the adjacent islanders.” The Presidential Molucca Trip and Official Indonesian Policy, II, Jakarta letter 612, 19 Dec. 1958. LAC, Theodore Newton Papers, MG31 E74, vol. 3, file 7.
escape client status. Non-alignment on the Indian model had stressed conciliation, but Sukarno countered at the Non-Aligned conference in Belgrade in September 1961 with his concept of the “new emerging forces” (NEFO) pitted against the “old established forces” (OLDEFO) of colonialism.\(^{31}\) This mental map dividing the world into NEFOs and OLDEFOs was a direct challenge to the Bandung mental map of three worlds. Asia and Africa, along with the Communist states, were new. Europe was old. North America occupied an ambiguous state (as did barely-noticed Latin America). To the PKI, American capitalism and imperialism were parts of the OLDEFOs.\(^{32}\) Sukarno, on the other hand, often seemed to imply that the United States was a NEFO, if only it would act that way. Sukarno directly rejected the gradualist view of decolonization, saying “we cannot wait for the process — the slow process — of evolution. We must seek to speed up evolution. We must seek explosive evolution!”\(^{33}\) This pitted him directly against the Dutch plans for a gradual devolution of power to a reliable Papuan elite, and also ran counter to Canadian ideas that slow and steady evolution towards independence was best.

The Diefenbaker government put the emphasis more on the Commonwealth, but there was a new Commonwealth emerging. The independence of Ghana and Malaya in 1957 signalled a wider association where Ottawa listened a little less to India, a little more to the more pro-Western voices in Pakistan and Malaya, and deferred more on Southeast Asian matters to the regional Commonwealth power, Australia. Where Australian Foreign Minister R.G. Casey had admired Pearson, he found Diefenbaker “rather naive on international matters.”\(^{34}\) Diefenbaker burned his fingers in the early months when he served as his own Secretary of State for External Affairs, rashly promising to divert 15% of Canada’s trade to Britain and signing the North American Air Defence (Norad) agreement without much thought. His sentimental attachment to the Commonwealth was genuine: Diefenbaker was a worthy heir to the Canadian imperialists who saw their country’s glory as inseparable from the glory of the British Empire. He saw his sweep to power, in the words of his biographer Denis Smith, as “a kind of restoration: of respect for parliament, the monarchy, and the British connection, a restoration of all those traditions he

\(^{30}\) Legge, *Sukarno*, p. 373.


\(^{32}\) D.N. Aidit, *Politik Luar Negeri dan Revolusi Indonesia* (Jakarta: Jajasan Pembaruan, 1965).

\(^{33}\) “Your Frontier-Posts are in Asia!” Speech by President Sukarno to the World Affairs Council of Northern California and the Asia Foundation, San Francisco, 1 June 1956. LAC, RG25, vol. 7751, file 12371-40 [2.2].

\(^{34}\) R.G. Casey diary, 11 Sept. 1959, National Library of Australia (NLA), MS6150.
believed the Liberal party had let slide towards oblivion.” Although as Smith wrote he could
sometimes sound like a “colonial sales agent, hawking the same old imperial dream from British
North America,” he was also a strong nationalist. Diefenbaker’s Commonwealth vision was a
natural mental map for one who had grown up steeped in a Canada still loyal to the Empire, but it
was not mere sentimentality. Canadian prosperity seemed threatened: the loss of Britain as a
market for Canadian wheat, for instance, could be devastating to prairie farmers. Canadian
governments had often seen Britain as a counterweight to avoid over-dependence on the United
States (and vice versa). Britain was now weaker, but a more integrated Commonwealth still
seemed a viable counterweight.35

Diefenbaker’s 1958 world tour inscribed this updated Commonwealth on the new
government’s mental map. This world-view had room for Malaya, but less for Indonesia except as
a troublesome component of the Colombo Plan area. As between the Netherlands and Indonesia,
there was little contest. Canada was inclined to favour the Dutch, given the two countries’ close
ties. As one memorandum from the European division in External Affairs noted:

Apart from the New Guinea problem, the general principles of Canadian policy with
regard to the Netherlands naturally revolve about our concern for the continued safety
and well-being of one of Europe’s oldest and most stable democracies. Our common
membership in NATO is a most important aspect of our relationship with the
Netherlands. Often Canada and the Netherlands have had very much the same point of
view on NATO matters, and to a lesser extent on United Nations matters and their
delegates, consequently, have kept in close touch. 36

West New Guinea came up in parliament for the first time in December 1957 when opposition
leader Pearson asked whether Canada would be making representations to Indonesia over the
threats to peace and security raised by actions against Dutch interests.37 There was nothing here of
the merits of the case, only of how it would affect larger issues of concern to Canada. Pearson’s
Dutch sympathies were as clear as those of the government he was questioning.

The US government’s desire for a friendly Indonesia was more muted in Ottawa. Indonesia
being of less direct interest, the Canadian government sought a middle path between those of its
Dutch and American allies. West New Guinea itself was all but absent from mental maps. There

35 Denis Smith, Rogue Tory: The life and legend of John G. Diefenbaker (Toronto: Macfarlane Walter & Ross, 1995),
p. 269, 422; John F. Hilliker, “Diefenbaker and Canadian External Relations,” in J.L. Granatstein, Canadian Foreign
Policy: Historical Readings (Toronto: Clark Copp Pitman, 1986); Granatstein, Canada, p. 44-5; Arthur Andrew, The
Rise and Fall of a Middle Power: Canadian diplomacy from King to Mulroney (Toronto: Lorimer, 1993), p. 52-3;
Robinson, p. 4-14. On the earlier imperialists and their Canadian nationalism, see Carl Berger, The Sense of Power:
studies in the ideas of Canadian imperialism, 1867-1914 (Toronto: University of Toronto Press, 1970).
was perhaps nowhere more remote and of less interest to Canadian policymakers. The popular image of West New Guinea was formed by missionaries and journalistic portrayals. Several dozen Canadians were among the staff of four US-based evangelical missionary societies operating in the territory, and officials thought two Canada-based Protestant mission societies might also be operating there. Journalistic portrayals only underlined missionary tropes of primitive cannibals. A typical front-page report by William Stevenson in the *Toronto Star* opened this way: “Bashful natives peer from behind the giant banyan trees along the coast of Dutch New Guinea, while civilization in the guise of U.S. oil explorers and colonialism in the guise of Asian nationalism thrust jungles and mountains into the bewildering circus of a world crisis.”

Most famously, West New Guinea claimed the life of Michael Rockefeller, son of New York Governor (and foremost among one of America’s most famous families) Nelson Rockefeller. These attitudes found their way into the diplomatic imagining of West New Guinea. An early Canadian memorandum overviewing the issue called the territory “one of the least-known areas in the world.... Civilization is still in a very primitive stage. Head hunting, for instance, has not been totally suppressed. Totemism is general, and the various tribes regard themselves as descendant from some animal or plant which they refuse to eat and avoid looking at.” The exercise of “democratic process” among “the headhunters of New Guinea [was] out of the question.”

Only as a diplomatic bone of contention could West New Guinea register; its people were barely there at all, too primitive to be actors in their own destiny.

**Alliance politics, arms sales, and the military threat to New Guinea 1957-59**

Indonesia brought its fourth consecutive resolution on West New Guinea to the UN in December 1957. As it had done every year, the Canadian government voted in opposition. Escott Reid, one of the members of Canada’s General Assembly delegation, pressed for a more flexible position in which Canada would try to bring the two sides together, but External Affairs told him this was inconsistent with cabinet’s instructions that “the Delegation should not support the

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Indonesian claim which is not based on sound arguments of racial affinity or historical right.” Canada continued its policy of abstaining on the issue of adding West New Guinea to the agenda, but voting on the Dutch side on the substance, both out of alliance solidarity and a conviction that the Dutch position was superior. Policymakers saw Indonesia as having no valid claim to West New Guinea. They accepted the Dutch reasons for holding on to one corner of their old empire: the Papuans were racially different from Indonesians, and needed years of tutelage before they could even consider independence. Decolonization might come in the form of union with Indonesia, or in the form of an independent Papuan state, but it would not come for many years. The Dutch, in the meantime, painted themselves as good colonial rulers, like the Australians who administered the eastern half of the island of New Guinea, and in any case far more qualified to rule than the Indonesians, who seemed to have their hands full with their own country. Indonesia was increasingly portrayed as a spoiled child. Canada’s ambassador in the Hague wrote that “the Dutch through long training look on the Indonesians as naughty, perhaps very naughty now, children whose actions cannot always be anticipated nor treated as those of an adult.”

India’s Ambassador to Indonesia spoke of Indonesian leaders’ “almost childlike confidence” that the US would come to their aid by forcing some sort of talks. Palar in one meeting “almost suggested that the Indonesians had to commit economic suicide in order to satisfy their own sense of self-respect.... emotions in Indonesia ran too high on West New Guinea at the present time to allow dispassionate discussion....” The word “emotional” was a code word, suggesting child or woman. And diplomats knew the word’s power, as this excerpt from the final report on the 1957 UN agenda item indicates: “The Australian position was also ably presented although an unfortunate reference to the understandable but dubious ‘emotional reactions’ of Indonesia’s allies on this matter contributed to a still more heated emotional reaction by many Arab-Asians.”

The firestorm around Indonesia’s unsuccessful UN resolution in 1957, and threats of a “different course,” made the West New Guinea issue a military concern. The Netherlands government proposed information-sharing on subversive military activities in the region with the

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Southeast Asia Treaty Organization (SEATO) in October 1957. It made similar requests in NATO. But the need to keep Indonesia and particularly its army locked into the Western sphere clashed with this call for NATO solidarity. They also clashed within the Commonwealth, which while not a formal alliance was treated in similar ways by Canadian policymakers. The Canadian response was to avoid taking a side. Ottawa was not neutral between Indonesia and the Netherlands, but it tried to take a middle course in NATO between the Dutch and the Americans, and in the Commonwealth between the pro-Dutch Australians and the pro-Indonesian members in Asia. In light of the 1957 anti-Dutch actions in Indonesia, the Netherlands called an emergency meeting of the North Atlantic Council. The Dutch representative requested “complete solidarity between NATO-partners,” calling this “the acid test of what NATO co-operation really means.”

Most of the Europeans proved amenable to the Dutch approach, but the British government thought a joint NATO approach ill-advised. Ottawa agreed, instructing its NATO delegation to say Canada supported the Dutch case on West New Guinea but thought it

...undesirable to draw a clear line of demarcation between the ‘haves’ and have nots,’ between the Asian-African group and the Western allies.... We should like to think that at least some NATO powers are in a position to maintain some lines of communication with the African-Asian nations. This consideration is particularly important in respect to India, which could be the most likely intermediary between the Dutch and the Indonesians.

Officials wanted NATO to avoid offending Asian neutrals, and so wanted the alliance to stick to its own area and avoid colonial entanglements.

Amidst this storm, Ambassador Palar proposed in December 1957 that Canada might help mediate, perhaps in tandem with India. Using much the same language as Canadian officials, he said that NATO should not move in an anti-Asian direction as this would drive Indonesia towards communism. Palar cannily pointed to Canada’s role at the Security Council in 1948-49, when he had been the Republic’s UN representative. By recalling the central Indonesia-related event in the diplomatic memory of Canadian officials, he hoped to gain a similar Canadian involvement once
again. The idea of a Canadian-Indian team was equally designed to appeal to officials’ desire for bridges to Asia and the idea of a “special relationship” with new Delhi, while ensuring that Canada’s pro-Dutch leanings would be balanced by Indian anti-colonial sympathies.\(^{52}\) Palar also appealed on several occasions to the integrity of Canada’s own national geo-body, comparing the Dutch presence in West New Guinea to a hypothetical British decision to keep northern areas outside Canada until the Indians and Eskimos could be consulted. Canadians would have felt angry at this shattering of their country’s territory, he suggested.\(^{53}\) Although there was a new Canadian government, Palar had every reason to think that its policy towards Indonesia would remain unchanged. That was the message he took from a meeting with Diefenbaker and the new Secretary of State for External Affairs. “The PM and I,” Sidney Smith wrote after meeting Palar, “said we regard the Indonesians as our friends as we do the Netherlands.”\(^{54}\)

External Affairs considered mediation carefully. In a long letter to Terry MacDermot, Canada’s High Commissioner in Canberra, Far East division chief Arthur Menzies said the department mostly sympathized with Australian security concerns and thought the Dutch best-placed to supervise Papuan decolonization, while considering Indonesian nationalists to be “beating the drums on West New Guinea in order to keep alive the revolutionary spirit in Indonesia and postpone the serious business of getting down to work in building a new nation.” Menzies and others, on the other hand, “thought that it would be useful to try to liquidate in Asia those relatively unimportant vestiges of empire that could be pointed to by Asians as evidences of a continuing colonial mentality on the part of the West.” Given that West New Guinea seemed likely to ultimately go to Indonesia, Menzies saw reasons to search for compromises able to “further Indonesian co-operation with the West and prevent them from drifting further into an area of communist influence.” Mediation by Canada had something to recommend it, but it would require reversing the position just taken at the UN and the new government might not wish to get into a situation involving close friends the Netherlands and Australia.\(^{55}\) Still, officials did take some tentative mediating steps. They asked the Netherlands to consider “pour parlers,” talks about talking, on the model of French-Algerian discussions (a step that also recalled General McNaughton’s March 1949 suggestion of informal Dutch-Indonesian preliminary talks). Dutch


\(^{53}\) Livingstone Merchant, US Ambassador in Ottawa, to Secretary of State Dean Rusk, 10 Jan. 1962, JFKL NSF Box 205a.

\(^{54}\) Memorandum to the minister, 4 Oct. 1957. LAC, RG 25, vol. 6148, file 50409-40 [1.1].

officials refused to consider talks as long as Indonesia spoke of the goal being transfer of West New Guinea to their control, however. Another possible channel for informal talks opened when an Indonesian trade union tried to use British, American and Canadian labour officials as a means for talks through the International Confederation of Trade Unions, but this non-state diplomatic track also proved abortive.

The Netherlands formally requested NATO consultations on arms sales to Indonesia in January 1958. The US, Britain, France, Germany, Greece and Norway canceled prospective military sales in response. Canadian officials declined to promise formal consultations, but informally agreed to consult the Dutch on any arms sales that might affect them. Encouraged by all this, the Dutch asked their allies for an Indonesia arms embargo in March. Indonesia had traditionally bought few arms overseas, depending primarily on European sources, with Italy the most successful in making sales to the Indonesian market. In 1956, Jakarta spent 22% of its budget on defence compared to the world average of 33%. By 1958, however, the Indonesian government had embarked on a military buildup, driven by the need to defend itself from regional rebels and their overseas supporters. When the United States declined to provide arms, Jakarta turned to Czechoslovakia and Yugoslavia for military jet fighters, bombers and transports. Yugoslav supplies proved especially valuable in the civil war. The USSR offered a $100-million line of credit when Sukarno visited in 1956, and extended another $17.5-million in 1959. Indonesia also moved closer to China and North Vietnam.

American, British, and Australian government hopes had rested on the anti-communist rebellion of 1958. By May of that year, the rebellion had clearly failed, and the United States

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embarked on a new Indonesia policy designed to maintain cordial relations with Sukarno, while building up pro-American, anti-communist forces at the centre. Overwhelmingly, that meant the army under the leadership of General A.H. Nasution. US Ambassador Howard Jones recalled later: “It was Sukarno’s determination to obtain West Irian that was responsible for his dissatisfaction with us, for his turning to the Soviet Union for military assistance, for his welcoming the political support of Peking, even, to some extent, for his growing fondness for the PKI, which had proved the most able and enthusiastic adherent of the cause.” The army under Nasution offered an alternative anti-communist force. The British were equally impressed with Nasution. Canadian Ambassador Newton reported that virtually all positive developments in Indonesia “seem to have been in varying degrees attributable to the strength and organizing skill of General Nasution, Central Military Administrator, Minister of Defence and Chief of the Army Staff. For, in his hands, the army emerged as the one institution which was relatively united, relatively free of corruption, and possessing a morale so high that this was obvious to the casual observer in the streets.” Newton was much taken with Nasution, “the healthy and handsome embodiment of the Conservative military best which the East can offer.”

Indonesia appeared to be drifting towards communism, with the army the best anti-communist hope. It had taken a share in power with martial law and the nationalization of Dutch businesses in 1957. Between 1957 and 1966, the army was essentially engaged in a very slow coup that ended in complete control of the government. Canadian policymakers, like their British and American counterparts, welcomed this as the best way to “save” Indonesia from communism, and thus made few protests as Sukarno and Nasution dismantled parliamentary democracy. “It would appear that the Army has taken over the Government and that the Commanding General Nasution is in reality the head of the Government,” retired diplomat T.C. Davis wrote in 1959. “I would think that the change has been a good one and that now real and great progress can be made in the restoration of the country.” This simultaneous advance of the army and the Communist party, and the desire to back the non-communist force, formed the background to a fight between Washington and the Hague inside NATO, one that Canada tried to straddle. The United States

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began a "token" arms supply to Indonesia on 22 May 1958, agreeing to part with $500-million worth of small arms, radio equipment and aircraft spare parts. The Netherlands protested stiffly against the US resumption of arms sales, prompting Canadian concern of a breach between its allies. The US had made a policy decision that an arms embargo could weaken General Nasution and other "moderates," but was willing to confine arms to those that could not be used against West New Guinea. More importantly from the Dutch perspective, Secretary of State John Foster Dulles continued to order occasional warnings against the use of force, warning that if Indonesia did attack, the US might come to the aid of the Netherlands. Armed with this assurance, Foreign Minister Joseph Luns continued to pursue a hard line on West New Guinea, confident of US support if push came to shove. Ottawa was also willing to caution Indonesia against using force, but in the mildest possible way: John Holmes mentioned it to Palar at an Ottawa cocktail party.

Canadian officials, in tandem with American and British counterparts, were moving towards a willingness to look for solutions to the West New Guinea conflict in order to halt Indonesia's leftward drift. By 1958, the Department of External Affairs was ready to recommend abstaining if Indonesia brought another resolution to the UN, since continued support for the Dutch was considered to be pushing Indonesia into the arms of the Soviet Union. Indonesia's decision not to seek a UN vote relieved the government of this decision. "It seems a palpable fact of the present situation that the ramifications of the West New Guinea dispute run counter to almost every worthwhile Western objective in Indonesia," chargé d'affaires Russ McKinney reported from Jakarta. "Our interest in a non-Communist Indonesia is compromised at every turn."

Despite Dutch and Australian protests, the informal arms embargo was crumbling. Another US-Indonesia arms agreement was signed in August 1958. The British government agreed to sell Gannett planes in December, over strong denunciations from Luns at the NATO council. France then released a hold on a proposed sale of helicopters, and Japan agreed to sell

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10,000 parachutes.\textsuperscript{76} The Diefenbaker cabinet, too, proved willing to sell some arms in order to boost employment at home. It authorized de Havilland to sell Otter aircraft of borderline military utility in April 1959, after first clearing the sale with the Australian government (see chapter five).\textsuperscript{77} With its Commonwealth feeling, cabinet considered Australia to be the main country worth consulting on Indonesian affairs. Australia’s position was that some limited arms sales should be made, to encourage Indonesian rapprochement with the West, but there should be no competitive rush back in by NATO states, and care should be taken not to increase Indonesia’s capacity to launch an attack on West New Guinea.\textsuperscript{78} Ottawa permitted the sale of de Havilland Otters and Ford trucks, but declined export permission for equipment seen as having a direct military application, such as parachutes from Irvin Air Chute of Fort Erie, Ontario. This distinction was in keeping with Australian requests and with the policy of the US and Britain.\textsuperscript{79} Australian Foreign Minister Casey said he would resent any trusteeship proposals coming from a western country “such as Canada.”\textsuperscript{80} The hardline Australian attitude was another check to action by Canada: offering any sort of mediation could offend not only a NATO ally (the Netherlands) but also a Commonwealth partner.

Dutch plans for their colony were, however, shifting as they began to search for ways to rid themselves of the problem. In early 1959 they announced “experimental” elections in one region and stressed the great interest shown in West New Guinea by foreign mining companies.\textsuperscript{81} From the Hague, Canadian Ambassador C.P. Hébert reported that “the Dutch could be willing to give up New Guinea cheerfully if an ‘honourable’ solution for the future of the colony could be found.”\textsuperscript{82} Australia was also weakening under the pressure of American and British policy. “It has seemed to me during my brief stay here,” Newton wrote in one of his first ambassadorial despatches from Jakarta, “that much worried Australian thinking is merging two issues regarding Indonesia which ought to be kept in separate context and which are only peripherally interrelated.

\textsuperscript{78} Cabinet conclusions, 24 March, 2 April, and 7 April 1959. LAC, RG 2, A-5-a, vol. 2744.
One is the possibility of the Indonesian Government going Communist, and the other is the West New Guinea issue." Indonesia was not going to allow the PKI to take power, he wrote — indeed their vote was proportionally no higher than the Communist vote in France or Italy. Despite a striving for non-alignment, "the Indonesian is subconsciously more likely to be more neutral toward Western civilization than to that of the Communist countries." Thus most Western thinking about Indonesia was wrong and needed adjustment. So too with West New Guinea, an "emotional crux" for Indonesians. 83 Canberra had previously pursued an independent policy of pro-Dutch partisanship on the West New Guinea issue, bolstered by a promise from Dulles to back Australia "right or wrong." 84 The Australian cabinet in 1959 finally accepted the logic of the new British and American policy, that a non-communist Indonesia was more vital to Australian security than West New Guinea. 85 Cabinet then succumbed to a charm offensive by Foreign Minister Subandrio, whose goal was to convince Australia that it should disqualify itself as a principal party to the West New Guinea dispute. 86 In this, he succeeded: Australia stepped back from the front lines in 1959 when Casey signed a joint communiqué with Subandrio promising that "if any agreement were reached between the Netherlands and Indonesia as parties principal, arrived at by peaceful processes and in accordance with internationally accepted principles, Australia would not oppose such an agreement." 87 The joint statement caused a firestorm of public protest: the Sydney Morning Herald, for instance, accused the government of having "made an appalling mistake and grossly betrayed a friend." 88 In assessing the visit as a success, Newton credited the facts of the situation and Subandrio’s success in crafting a "more mature Indonesian line" characterized by "elements of restraint and sophistication that we could hardly have hoped for a year ago." 89 Subandrio portrayed himself effectively as an anti-communist leader who leaned

86 Typical newspaper headlines on Subandrio’s visit were “The Persuasive Dr. Subandrio,” Daily Mirror, Sydney, 11 Feb. 1959, and “Dr. Subandrio is Friendly Envoy,” The Age editorial, 12 Feb. 1959, both in Foreign Minister Subandrio’s Visit to Australia and New Zealand (Jakarta: Ministry of Foreign Affairs, [1959]).
to the West, cultivating excellent relations with Western diplomats, including all three Canadian ambassadors during this period. Australian withdrawal from the front line of the West New Guinea battle removed a major barrier to Canadian involvement, and opened the possibility that there might be some form of mediation from within Commonwealth channels.

Tangling with the Tunku: the Commonwealth and Malayan mediation efforts, 1960-61

In April 1960, the Netherlands government announced a ten-year plan for West New Guinea, aiming at eventual self-determination. Although there was no actual target date for independence (beyond promises that it would be within “less than a generation”), the terms of the debate shifted from Dutch colonialism versus Indonesian anti-colonialism, to what sort of decolonization should take place. Despite its change of policy, the Dutch government (supported by public opinion) stubbornly refused to let the territory fall into Indonesian hands. To back the self-determination plan, military reinforcements were needed. The government amended its military service law to allow conscripts to be sent overseas, sent troop reinforcements, dispatched the country’s only aircraft carrier and two destroyers to West New Guinea the next year, and created a Papuan Volunteer Corps to help the Dutch army and police forces. The plan rested on Australian cooperation in accelerating independence for its own Territory of Papua and New Guinea, a suggestion entirely unwelcome to Canberra. The Australian view, Territories Minister Paul Hasluck noted, was “the slower the better ... If you rush into political change before you have social change, your political change doesn’t mean a thing.”

As the Netherlands embarked on a real decolonization plan that drew harsh Indonesian objections, Canada and other Commonwealth countries were forced to confront the issue more...
directly. Within the Commonwealth, New Zealand took the most pro-independence position, advancing a plan for a single united New Guinea state to be formed from the Dutch and Australian halves of the island. Prime Minister Walter Nash proposed speedy self-determination for both halves of New Guinea at the SEATO ministerial meeting in June 1960.\textsuperscript{95} The New Zealand government then took a policy decision to push for an independent, united New Guinea state, and Nash carried a brief to this effect on his world tour in August 1960. The brief pointed to the irreconcilable positions of the parties concerned and cited the Cyprus precedent, in which clashing British, Greek and Turkish positions had been resolved through a new independent state.\textsuperscript{96} But Australia, driven by its gradualist policy for its own half of New Guinea, was unresponsive, and the United States failed to offer any support on the grounds that an independent New Guinea would be an expensive liability.\textsuperscript{97} Malaya, more concerned with the stability of the region, offered a mediation plan designed to save Dutch face while still transferring West New Guinea to Indonesian rule. Canadian policymakers avoided direct involvement, but were forced to give some consideration to the question of self-determination for the Papuans and the effect that the dispute might have on the Commonwealth and on NATO. The commentary for Canada’s delegation to the 1960 General Assembly tried to balance alliance solidarity with the need to avoid issues pitting the West against Asia. The Canadian position was that “the Netherlands administration should continue until West New Guinea is capable of self-determination.” Approved instructions in case the issue reached the floor were to “avoid taking the initiative and [to] oppose any attempt to involve the United Nations in a mediatory role which, at this time, would be unlikely to have useful result.”\textsuperscript{98}

On 17 August 1960, Sukarno severed diplomatic relations with the Netherlands.\textsuperscript{99} Indonesian anger over the visit of a Dutch fleet is often described as a fit of pique or an attempt to divert attention from Indonesia’s domestic troubles. Certainly, it provided a focus on which all Indonesian political forces could be brought together. Yet a broader understanding would take Indonesian mental maps into account. Although the fleet was diverted around the Cape of Good Hope and Australia to avoid passing through Indonesia’s claimed territorial waters, it still

\textsuperscript{95} Wellington telegram 75, 22 June 1960. LAC, RG 25, vol. 6148, file 50409-40 [4.2].
\textsuperscript{98} FE draft commentary for UN delegation, 19 Sept. 1960. LAC, RG 25, vol. 6149, file 505409-40 [5.2].
\textsuperscript{99} Sukarno’s speech is “The March of Our Revolution”, in \textit{Toward Freedom}. The diplomatic note is on file at LAC, RG 25, vol. 6149, file 50409-40 [5.1].
appeared as a foreign colonialist force slicing through Indonesian waters en route to the stolen West Irian, and evoked the sense of vulnerability so present in Indonesian geopolitical imaginings. Admiral Arleigh Burke, the commander-in-chief of the US Navy, did not help when he said in answer to a question asking whether the US sought a base in West New Guinea: "Sure, any base any place in the world." His offhand remark drew an angry protest from Jakarta.

Rising tensions drew the attention of Tunku Abdul Rahman, Prime Minister of the Federation of Malaya. As the Tunku wrote in a letter to Sukarno offering to mediate, the dispute was threatening world security and the tranquillity of Southeast Asia. In many ways Malaya was well placed to mediate. It was a pro-Western state, resolutely anti-communist and best known at the UN for its joint sponsorship of resolutions against China’s occupation of Tibet. At the same time, it had remained aloof from SEATO and made good relations with Indonesia a top priority. The two countries signed a treaty of friendship in 1959 endorsing the Bandung principles and recalling their close ties of ethnicity, language and religion. As the storm over Dutch naval deployments raged in May 1960, the Tunku was in the Hague. In a joint communiqué, he said he was “satisfied” that the Dutch would “avoid incidents with Indonesia.” The Dutch were extremely pleased with the visit. They were presumably even happier when the Tunku denied press reports that he was not happy with their self-determination plan. In September, the Malayan government launched a bid to resolve the dispute. The Tunku proposed that the Netherlands transfer West New Guinea to the UN as a trust territory, with the condition that it would be handed over to Indonesia at a time to be determined by the Trusteeship Council. Juanda Kartawijaya, the former planning chief who served as acting President during Sukarno’s frequent absences from the country, accepted the offer of mediation. However, he pointed out that a standard trusteeship would be very hard for Indonesia to accept since it would mean surrendering a sovereign right over part of its national territory (wilayah kedaulatan). All efforts should be made to ensure that a solution was compatible with “the national struggle to restore West Irian to the Indonesian national space” (perdjoeangan mengembalikan Irian Barat kedalam wilayah kekuasaan Republik Indonesia). So the best solution would be to find a way for a special UN

commission to accept administration in order to smooth the transfer of administration from the Netherlands to Indonesia within one year. If that was impossible, Juanda wrote, then Indonesia could accept a trusteeship, as long as it was explicitly for the purpose of transferring the territory to Indonesia, and as long as the trust-period was for one year or less.106

Malayan diplomats told Arthur Menzies, now Canadian high commissioner in Kuala Lumpur, that the mediation effort was designed to pick up on signals that the Hague might accept trusteeship in order to ensure West New Guinea was transferred to Indonesia. The Tunku worried that if this could not be achieved quickly, the result would be a communist Indonesia.107 Given Indonesia’s military strength, he thought Indonesian rule of West New Guinea was the only possible outcome. General Nasution had told him “militarily it would be impossible for the Dutch to put under control the West Irian people’s resistance. — And in an eventual clash with Indonesia, we’ll always be able to deploy our crack troops with a strength twice, thrice, as well as four times that of the Dutch.”108 Thus the Tunku planned to make a solution for West New Guinea the central focus of his October 1960 trip to Canada, the United States, the UN and Britain. The conflict, he declared in Ottawa, “must be settled, otherwise if no positive efforts are made hostilities may well break out, causing considerable disturbance and disruption to the peace of the whole of South East Asia and the world. I view this situation with serious concern because it is so near to my country.”109

The Tunku’s bid inevitably became a matter of Commonwealth concern. The Australian government was doubtful of his efforts, which it saw as a way to smooth an Indonesian take-over. Prime Minister Robert Menzies wrote to the Tunku saying Juanda’s reply “amounts to a suggestion that you should lend your good name and prestige to a device for using the high moral reputation of the United Nations for the surreptitious transfer of the people of West New Guinea from their present internationally protected status to an unprotected and colonial status under Indonesia. This would make a mockery of the Charter and I am sure you would not countenance it for a moment.”110 New Zealand rejected the Tunku’s plan as it stood while feeling it was important not to say “no” to him outright. Nash personally added to a government position paper

that “a UN trusteeship should have as its ultimate objective real independence of indigenous people, after a reasonable period of assistance and tutelage.”

High Commissioner Menzies had warned that the Tunku would try to involve Diefenbaker, “in whom he has great confidence.” By this point, however, Canadian officials had come to accept the Dutch case for self-determination under Dutch tutelage, so close to Canada’s own experience of decolonization. One departmental briefing note in connection with the Tunku’s plan stated baldly: “Canada believes that the wishes of the people of New Guinea should be of paramount concern in determining the future of the territory.” Meanwhile the accession of Howard Green as Secretary of State for External Affairs in May 1959 gave firm political leadership to the Department of External Affairs. Green knew little about foreign affairs when he took office — he had not left North America in 40 years — but was able to provide leadership and clout. In opposition, Green had been described as “a man who stalked the halls of Parliament Hill with a Bible in one hand and a stiletto in the other.” Despite an interest in foreign aid, Green narrowed the priorities of Canadian foreign policy to a tighter focus on the Commonwealth and the North Atlantic world, above all on issues of the cold war, disarmament and Commonwealth relations. “The Canadian Government recognizes Dutch sovereignty over the territory and has been concerned that the wishes of the people of West New Guinea should be of paramount concern in determining the future of the territory,” Green wrote in a memorandum to Diefenbaker. “Current Netherlands (and Australian) policy seems to hold the best promise of achieving this objective.” There was even less chance, now, of Canadian officials offering to mediate. Instead, Canada would be loyal to its friends. The government was willing to listen to the Tunku’s ideas, but was unlikely to make any real commitment to them.

West New Guinea was the sole subject of the Tunku’s meeting with Diefenbaker in Ottawa on 20 October 1960. The Malayan leader advanced a three-point plan: West New Guinea would become a UN trust territory jointly administered by Malaya, India and Ceylon, with the proviso that it would be handed over to Indonesia when circumstances were favourable. Meanwhile, Indonesia and the Netherlands would re-establish relations and Dutch investments would be returned. But he almost immediately began to alter his plan on the fly. Keen to disabuse

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114 Robert W. Reford, Canada and Three Crises (Toronto: Canadian Institute of International Affairs, 1968), p. 123.
115 Smith, Rogue Tory; Robinson, Diefenbaker’s World; Hilliker, “Diefenbaker.”
his hosts of the idea that he was backing Indonesia, the Tunku “pointed to the words ‘when circumstances are favourable’ in part (a) of his proposal and made the off-hand comment that he did not think circumstances would ever be favourable.” In any case, he said in an apparent acceptance of the principle of self-determination, “the people would have to decide for themselves.” He added that he had been having second thoughts about Ceylon, and in the middle of reading turned to his aide and said “We will cut that out, yes?” A cautious Diefenbaker undertook only to have the matter looked into.117

West New Guinea was still on the Tunku’s mind at the November 1960 Commonwealth meeting in London. In a talk with British Prime Minister Harold Macmillan and others, he pointed out that using India and Malaya as trustees allowed for a longer trusteeship while avoiding the taint of European colonial rule. The idea of a one-year trusteeship ending in transfer to Indonesia was “unacceptable to UK” since it ignored self-determination and the UN Charter. Under this influence, the Tunku revised his plan once more, saying trusteeship could continue until the Papuans had a chance for self-determination. It need not necessarily lead to Indonesian rule.118 His plan was still driven by a fear that the communists would “go in” if there was any fighting, and this could threaten Malaya’s “peace and prosperity.” Self-government for the Papuans might take 15 to 20 years because of the primitiveness of the people. “Many are still cannibals and wild people, and the Dutch have not done anything to educate them,” he said.119 Yet he was also giving way to Western objections. As his distance from Indonesia increased, it seemed, so did the Tunku’s willingness to tinker with his ideas and weaken the commitment to an Indonesian takeover. By the time Dutch government heard the Tunku’s press comments in London, it had abandoned its initial suspicion and even sent a special plane to fly him to talks in the Hague, at which it offered to submit to UN scrutiny.120 The Dutch told their allies they would accept a trusteeship leading to self-determination with at least one Western trustee.121 “Ironically,” Hébert commented, “a development the Dutch initially viewed with deep mistrust — the mediation efforts of the Tunku — redounded to their credit.”122 The Indonesian government, on the other hand, was not at all pleased at the alterations to the Tunku’s plans. Subandrio declared that any

solution that did not allow for transfer to Indonesia within two years was simply not worth discussing. His blunt language angered the Tunku, whose account of his talks in New York and The Hague concentrated on justifying his statements and criticizing the negative Indonesian reaction. Sukarno replied with a conciliatory letter, thanking the Tunku for at least bringing the issue to greater world attention.\footnote{123} In this sense, the Malayan mediation effort had given another boost to Indonesia’s goal of forcing international involvement through confrontation diplomacy.

The newly-formed Papuan National Party (Parna), suggested another possible avenue for talks. While much of the emerging Papuan elite seemed content to work within Dutch plans for eventual independence, Parna galvanized the left wing of the emerging elite to push for more rapid self-determination, and began to inject itself into the international debate. The party called for tripartite Papuan-Dutch-Indonesian talks, a plan one Dutch official dismissed as “naive and infantile.” An eight-man Papuan delegation headed by Markus Kaisiepo, “the doyen of the Papuan elite,” deflected questions as to whether they would agree to remain under Netherlands rule by arguing that the ideal solution was an independent Melanesian federation including Australian possessions and the British-ruled Solomon Islands.\footnote{124} There was no follow-up on the tripartite talks idea. Nevertheless, the most unexpected result of the dramatic Dutch announcement of a ten-year self-determination plan was that educated Papuans were asserting themselves, demanding that the promise of self-determination be made real, and trying to become diplomatic actors themselves.

Although the Tunku had announced his efforts at an end on 7 December 1960, he quickly resumed them. He telegraphed Dutch Prime Minister J.E. de Quay to “implore” him to accept a UN investigating commission, to which the reply came that the Netherlands would agree if self-determination was protected.\footnote{125} Inche Senu, the Malayan ambassador in Indonesia, reported that Sukarno remained agreeable to an interim UN trusteeship with Indonesia taking over administration within two or three years.\footnote{126} Further Commonwealth talk on West New Guinea continued in the run-up to the heads of government meeting scheduled for February 1961. Ceylon’s High Commissioner in Malaya, for instance, told Menzies that his government was thinking along the lines of a trusteeship panel of six or seven countries for the whole island,
perhaps including Canada.\textsuperscript{127} External Affairs officials responded once again by considering ways that Canada could help resolve the dispute. The Department’s UN division proposed a joint Commonwealth effort in which Canada would join forces with Britain, Australia, New Zealand, Malaya and possibly Ceylon to achieve a UN trusteeship over West New Guinea.\textsuperscript{128} External Affairs produced a four-page brief on the subject for Diefenbaker to use at the Commonwealth summit. Its tone in introducing the two sides was heavily pro-Dutch, but the merits were no longer front and centre. The crux was the threat of war in the back yard of several Commonwealth countries. External Affairs suggested that Diefenbaker welcome the Tunku’s mediation efforts and endorse “the principle that the population of the territory should have a voice in the determination of their own political future” while adding that “the application of this principle is difficult because of the backwardness of the people of New Guinea.”\textsuperscript{129} The rhetorical commitment to self-determination remained, echoing Diefenbaker’s embrace of this principle in such situations as West Berlin and the “captive nations” of eastern Europe. Yet it was tempered by the continued idea that the Papuans were not yet able to exercise self-determination — even after Papuan political parties had begun to force the pace towards more rapid independence. With the question of apartheid in South Africa dominating the meeting, however, West New Guinea received little attention. Despite some talk of Canadian action on the official level, the government remained unwilling to act.

**Back to the UN, 1961**

Indonesia was playing the superpower game quite successfully, using an ever-closer relationship with the Soviet Union to try to leverage American involvement. Where the United States spoke of neutrality on West Irian, the USSR repeatedly issued statements of support for Indonesia “finally driving out the Dutch colonialists from their territory.”\textsuperscript{130} A delegation headed by Soviet leader Nikita Kruschev toured Indonesia in 1960, signing an additional credit agreement for $250-million.\textsuperscript{131} Indonesia did not “drop into his lap like a ripe mango,” as Ambassador

\begin{footnotesize}
\begin{itemize}
\item[130] USSR-Indonesian joint communiqué, 13 June 1961. LAC, RG25, vol. 6982, file 5495-C-2-40 [2.1]
\end{itemize}
\end{footnotesize}
Newton thought Krushchev had expected. Still, the USSR continued to act as an “an Aladdin’s lamp for [Sukarno] to rub,” in the words of US ambassador Jones. In 1961, Nasution went to Moscow and signed a $400-million arms deal. Nasution recalled that he had originally sought weapons from the United States; when he was rejected, he turned to the USSR. “When I arrived at the Kremlin, Krushchev embraced me. He said, ‘You can have anything you want. I am not afraid of the Dutch.’”

Adam Malik, named ambassador to the Soviet Union in 1959 with a mandate to “exhaust the Soviet arsenal,” said Indonesia would be offered all the arms it wanted: the “sky was the limit.” By 1962, Indonesia ranked number three among recipients of Soviet economic aid after India and Egypt, and was largest non-Communist recipient of Soviet bloc military aid, with credits in excess of US$1.5-billion. Indonesia also strengthened ties with other communist countries. Sukarno welcomed Ho Chi Minh of North Vietnam on a state visit in 1959; in 1960, he was the first foreign head of state to visit Fidel Castro’s Cuba.

While relations with the USSR improved, those with the USA remained volatile. Sukarno made sure American diplomats knew he still worried that they wanted to overthrow him. Non-governmental circles had been calling for US action to resolve the West New Guinea problem for some time. Former Indonesian National Planning Bureau adviser Benjamin Higgins (with his wife and sometime co-author Jean), for instance, argued that in 1958 that the time had come to stabilize Indonesia through extensive development aid. “Our problem now is to bring Indonesia back to a position of ‘neutrality in our favor,’ and the task is by no means hopeless,” they wrote. However, it required attention to the West New Guinea issue, perhaps through a trusteeship. The Kennedy administration that took office in January 1961 was willing to listen to these voices. It viewed neutral governments as potential partners in containment, deserving help in their economic development. In Southeast Asia, Indonesia occupied an important position on American mental

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138 Jones to Secretary of State Christian Herter, 18 June 1960; Jones to Herter, 23 June 1960. NA, RG59, 611.98.
maps. Although not on the front lines like Vietnam, it formed part of the second line of defence. The “loss” of a state in this tier would spell disaster for the “free world” position on the mainland. The administration pursued a two-track strategy: friendship with Sukarno’s Indonesia, coupled with more effort to rebuild American “assets” in the army in the hope that they, rather than the PKI, would succeed Sukarno. Once they had done so, they would ideally govern in tandem with Western-trained technocrats. In order to stabilize Indonesia and make this dream possible, however, the constant irritant of West New Guinea had to be removed.\footnote{140} Direct US military aid of about $20-million a year fell far short of the Soviet contribution, but held enormous symbolic importance. Indonesia was allowed to pay a token sum for US arms (one-thirtieth of the book value in 1959) in local currency, and may not even have paid that in full.\footnote{141} The new line was pushed most firmly by Ambassador Howard Jones, who called for better relations with Indonesia, more support to the army “prior [to the] final showdown” with the PKI, and an intervention to resolve the main obstacle to both goals, the West New Guinea dispute, on terms favourable enough to Indonesia “to assure removal of problem.”\footnote{142}

At a February 1961 NATO meeting, the Dutch again “appealed to those who sold arms to Indonesia even with the best of intentions to recognize their moral obligation” to resist aggression. The Americans countered that any move to a NATO common front against arms sales to Indonesia could be used to Soviet propaganda advantage.\footnote{143} As the year proceeded and NATO countries reported their sales to Indonesia to one another, the Dutch made few objections until an October protest over the use of Danish-supplied weapons by Indonesian infiltrators in West New
Guinea. Dutch pressure was more successful in Ottawa than Washington. Howard Green was establishing a reputation as “a tough and influential peacemonger” though his work for global nuclear disarmament. This combined with his attachment to NATO and the Commonwealth to make him increasingly reluctant to approve any arms sales at all to Indonesia. He ordered that all Indonesia-related export applications be cleared with him personally and rejected even such requests as one from Pratt and Whitney to export spare aircraft parts worth $485. “Do not grant any permits to Indonesia,” Green wrote emphatically on one such request.

Despite the Dutch-American clash over arms, the two governments held conversations over the summer of 1961 which led to the Netherlands adopting as its own some of the State Department’s suggestions for a solution. Most notably, the Dutch offered to “internationalize” West New Guinea by transferring administration directly to the UN, a solution that met the needs of domestic politics by creating unity among all political parties and accommodated policy to American goals, but ignored Indonesian opinion entirely and thus could not hope for UN approval. Clearly, the Dutch had decided to try to shed the New Guinea albatross, and were willing to consider any solution except handing it to Indonesia. “Despite frequent reaffirmations of this [self-determination] policy,” Canadian Ambassador Hébert reported, “I know from personal experience that many influential Dutchmen consider the Netherlands has a tiger by the tail in New Guinea and they would be glad to let go if a face-saving solution could be evolved, even if the solution fell short of full implementation of the present Netherlands plans for the granting of self-determination.” By the end of the summer, Dutch soundings were being made in some twenty foreign capitals. Diefenbaker had avoided any comment when Kennedy raised West New Guinea with him in May, and that remained the Canadian position: “The Canadian Government has always adopted the view that it has no interest in taking any initiative on the

145 Robinson, *Diefenbaker’s World*, p. 112.
147 Memorandum for the Minister, 14 May 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [7].
West New Guinea issue,” Under-Secretary Norman Robertson wrote. In New York, Green expressed sympathy with the Dutch plan, but skepticism over its chance of passing. Ottawa’s sympathies lay almost entirely with the Netherlands, but it had other priorities. Policymakers were seeking the safest ground for Canada, which meant no action at all.

While the merits of the Dutch plan were being discussed, it was left to J.P. Sigvaldson, Canada’s new ambassador in Jakarta, to put the case in cold realpolitik terms. Doubtless the Papuans would be better off under UN rule than Indonesian, he wrote, but what bothers me is what the United Nations would eventually do with the territory. It is difficult to believe that it could ever be a viable state, even with East Irian added. As a Canadian taxpayer (in a very tiny way) I am not enthusiastic about trying to support forever every large or small area in Asia and Africa that wants the status or prestige of independence. If the Dutch are tired of trying to tempt the Papuans down from the tree-tops, I do not see that it matters too greatly, even to the Papuans, whether the job is assumed by the United Nations or by Indonesia.

It mattered a great deal to politically active Papuans, however. In February 1961, elections took place across West New Guinea for a national council with limited powers to advise the colonial administration. Papuans accounted for 22 of the 28 elected and appointed members. This embryonic national parliament almost immediately passed a resolution that the Netherlands was “no longer free” to dispose of the territory without the Council’s consent. By 1 December 1961, a new national flag for Papua was flying officially. Many Papuans still regard this as their independence day. Western governments, however, were more concerned with the threat to the peace posed by the Dutch-Indonesian confrontation. Their commitment to self-determination stopped before it reached the shores of West New Guinea. Kennedy personally ordered a US boycott of the New Guinea Council inauguration to avoid offending the Indonesian government. The US decision to boycott the New Guinea Council was momentous. In effect,
the White House was rejecting the thinking behind the self-determination plan in favour of a
course designed to cool an international crisis and, even more important, stop Indonesia from
“going communist.” The same issues were weighed in Britain, which finally decided it had no
choice but to attend the inauguration.\textsuperscript{156} If the Americans wanted to avoid offending Indonesia,
Prime Minister Harold Macmillan’s government had to be more concerned not to offend the
Dutch at a time when was seeking entry into the European Economic community.

US, British and Canadian missions in Jakarta all offered very similar advice to their
governments: the prime goal was to keep Indonesia out of the communist bloc, and a resolution of
the West New Guinea problem was the only way to achieve that aim. “Although it takes a good
deal of faith to believe Indonesia can be kept permanently out of communist hands, I firmly
believe that every effort should be made to strengthen those who wish to retain real
independence,” Sigvaldson wrote. “Their future influence may depend on their ability to realize an
objective which [the] armed forces and elite have come to accept as necessary to [the country’s]
prestige if not security.” There was still hope, he thought, that Indonesia “could become a barrier
to communist advances in Southeast Asia. If there is a reasonable chance that this might be
brought about, it seems important not to give up Indonesia too quickly.”\textsuperscript{157} Ambassador Hébert in
the Netherlands countered with advice to back the Dutch, saying failure to support their self-
determination plan at the UN “might have long-term consequences for Cda-Netherlands
relationships in political field and, perhaps more important, in economic field where Dutch have
been consistent supporters of Cdn point-of-view within EEC.”\textsuperscript{158}

Dutch hopes for General Assembly approval of their self-determination plan rested on the
belief that Indonesia’s Asian and African friends would defect — they hoped for abstentions
hoped for from such countries as Malaya, the Philippines and India. But Indonesia always insisted
it had 40 solid votes, more than enough to block the two-thirds majority required. Papuan
lobbying was more constrained, as the Dutch government declined to allow its protégés to visit
neutralist capitals on their own.\textsuperscript{159} Papuan diplomats also faced the negative example of the
Congo, where Belgian authorities had withdrawn quickly and with few preparations for

\textsuperscript{159} Canberra telegram 268, 8 Sept. 1961. RG 25, vol. 6149, file 50409-40 [7.2].
independence, opening the door to civil war. Papuan nationalists had to continually explain that they did not wish to become “another Congo” through premature independence, but this left them open to accusations that they were merely Dutch puppets, rather than genuine nationalists. They made well-crafted appeals to Western hopes for better relations with neutral countries. Speaking in English in Australia, Herman Womsiwor promised future racial harmony:

The bridge between Europe and the countries of Africa, Asia, and Oceania, collapsed now in many places, will be repaired.... It is too early as yet, but the time will come when Europe is given a new welcome among the coloured peoples. No longer as their masters but as their friends and confidants.... When this insight is more mature, it will repair the bridge. Not yet now, but that time will come and sooner than one thinks.  

An appeal to Western hopes, however, hurt the chance of Papuan support among neutral states. It was a dilemma they found impossible to overcome. Three New Guinea Councillors (Nicolaas Jouwe, Herman Womsiwor and Nicolaas Tanggahma) came to New York and impressed non-aligned delegations favourably with their calls for decolonization through an independent Papuan state rather than through union with Indonesia. Non-aligned governments were faced with a choice between the principle of self-determination versus solidarity with Indonesia. The Papuan delegation quoted Ghana’s representative as saying “We share your views completely and stand behind you but Nkrumah is a great friend of Sukarno’s and therefore we have to vote against.”

The Malayan delegation indicated at one point that it might abstain, but Australia’s acting high commissioner reported that while Malaya backed self-determination in theory, “they take the position that to insist on its full operation in a country where there are still cannibals would take twenty or more years to see the full process going through, while the risk of war between Indonesia and the Netherlands is around the corner.” Furthermore, they were planning to accept only minimal expressions of self-determination in British Borneo for inclusion in the projected greater Malaysia, and could not easily insist on more in this case. Although Papuan diplomats had not made a dent in the pro-Indonesian bloc, they were able to win the support of the Brazzaville group, composed of thirteen mainly francophone African states, in part by advancing a

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new mental map in which “Dutch New Guinea is New Africa.” In their first joint action at the UN, the Brazzaville countries put forward a resolution combining the Papuan demand for self-determination with an Indian resolution, supported by Indonesia, for bilateral talks with the Netherlands. If bilateral talks failed, the resolution’s terms meant steps towards Papuan self-determination would continue. “This ingenious combination should gain wide support in plenary,” the Canadian delegation cabled Ottawa. Drafted with substantial input from two of the New Guinea Councillors, the resolution was able to gain grudging Dutch backing, but was rejected by Indonesia.

Before deciding on Canada’s position, Green ordered consultations with the Old Commonwealth. His officials reported that Australia, New Zealand, and (with some reservations) Britain all backed the Dutch plan; they recommended Canada do the same. Green agreed to tell the Dutch that in general Canada supported them, but refused to take any active role or allow this position to be conveyed to any other country. The safest stance was to say nothing. “Our concern,” External Affairs noted, “is not with Sukarno’s sensitivities but with avoiding situation in which lines would be hardened between Atlantic supporters of Netherlands and Afro-Asian supporters of Indonesia with possible increased danger of greater communist influence in Indonesia and even of armed conflict.” The Brazzaville resolution appeared to be one way to avoid this. Canada’s UN delegation was inclined to vote for the Brazzaville plan and abstain on the Dutch and Indian resolutions. Officials prepared instructions to that effect, but Green leaned to voting in favour of the Dutch. The Brazzaville draft fell short of the two-thirds majority needed, receiving 53 votes in favour versus 41 against. Canada, the United States, Western Europe, Latin America and the Brazzaville group voted in favour (with four abstentions). From Asia, only Israel, Taiwan and the Philippines joined them. In the other camp were the rest of Asia, the Soviet bloc and seven left-leaning African states led by Ghana (with, again, four abstentions). The Indian draft, backed by Indonesia, received 41 affirmative votes from the same groups, with 40 against.

and thus it too failed. The Netherlands withdrew its own resolution. The Dutch expressed themselves "deeply shocked" that Canada had abstained on the Indian draft, and demanded an explanation.\(^\text{170}\) Robertson responded that Canada thought it inconsistent with views on the conciliatory functions of the UN to oppose even the unhelpful Indian draft, but added that Canada would have voted in favour of the Dutch draft had it come to a vote.\(^\text{171}\) The Dutch government over-rode its ambassador's reluctance and expressed official disappointment, as did Australia.\(^\text{172}\) The Canadian policy of inaction in order to avoid offending either side had managed to offend both. Indonesia and the Netherlands each claimed a moral victory from the General Assembly debacle, and carried on exactly as they had before. But the key outside player, the United States, was beginning to move in a new direction that would place further strains on the alliance system so important to Canada.

**Hot spot: New Guinea talks and struggle, 1961-2**

With the failure of the Dutch UN gambit, the two sides plunged deeper into confrontation. On 19 December 1961, Sukarno stopped just short of ordering an invasion.\(^\text{173}\) Indonesian crisis diplomacy, however, succeeded in gaining the attention of Western governments, along with an American decision that the dispute must be resolved and the only resolution possible was to give West New Guinea to Indonesia. After meeting Sukarno on 8 December, US Ambassador Jones feared an attack was imminent. Kennedy responded with a letter to Sukarno offering to mediate, one which Jones believed had headed off an invasion.\(^\text{174}\) Sigvaldson saw no reason to share this belief, arguing that the real reason for Indonesian restraint was that its forces were not yet ready to attack. The Kennedy intervention had merely given Indonesia an excuse to delay.\(^\text{175}\) Canadians were not told what Kennedy had said, but Jones told Sigvaldson the letter had been very good. “Because of Mr. Jones’ known views, I think there is no doubt that the letter went some distance

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beyond a mere appeal for moderation.” British Prime Minister Macmillan made a similar approach, first inviting Australian Prime Minister Menzies to join him and then going ahead on his own. “In the long run,” Macmillan wrote to Menzies, “British Government do not see how Indonesia can fail to invade West New Guinea if she does not get what she wants.... We do not therefore believe that the status quo can be prolonged for more than a few months at the outside.” Just before Christmas, Macmillan and Kennedy discussed West New Guinea at a summit meeting in Bermuda, agreeing that “the right course would be to do everything possible to prevent the outbreak of hostilities over West Irian and to persuade the Dutch to accept some arrangement which, whether through mediation or otherwise, would enable them to extricate themselves from their present position.”

Keith Holyoake, who had replaced Nash as New Zealand Prime Minister in 1960 and lacked Nash’s commitment to Papuan self-determination, also wrote to Sukarno. In a letter made available to Ottawa, Holyoake appealed for peace and insisted “our sole concern is that there should be an equitable and peaceful solution which takes account of all interests involved including specifically those of Indonesia.” Although Holyoake’s failure to mention self-determination shocked Australian diplomats, the State Department called his message “timely and effective.” Sukarno’s reply was couched in the same friendly but determined tone as his reply to Kennedy. Indonesia, he wrote, was a peaceful nation. “On the other hand I hope your excellency would understand that as Netherlands are preparing with [the] proclamation of so called independent Papua I cannot remain idle but I have to face Netherlands forceful and illegal occupation of West Irian with [the] same military means.” From Canberra, Menzies sent a stiffer letter to Sukarno warning against an attack, and duly received a stiffer reply which Foreign Minister Garfield Barwick called “evasive and almost contemptuous.” Commonwealth diplomacy was not coordinated, but Britain’s habit of keeping the senior Dominions informed meant they were influenced by the new Kennedy-Macmillan line and in some cases dependent on British sources for information. Australia, no longer able to count on its allies, soon ceded its once adamantly position. The US, Britain and even New Zealand had moved to a new policy, and the

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177 Cited in Doran, Western Friends, p. 211-2, 218.
Australian cabinet soon gave way and followed them.\(^{182}\) "No responsible Australian would wish to see any action affecting the safety of Australia on the issues of war and peace in this area except in concert with our great and powerful friends," Menzies told parliament.\(^{183}\)

The Canadian government also expressed itself to Sukarno, carefully doing so in milder terms. An aide-memoire for the embassy to deliver to Indonesian authorities was downgraded to guidance for Sigvaldson to use in a talk with Subandrio. Canada had been watching "with close attention and some anxiety" the deterioration of Dutch-Indonesian relations. It wished to remain friends with both sides, and had no preference as to what form a solution took, but hoped for "peaceful negotiations" and that neither side would "take any steps which could lead to military conflict with all its attendant dangers." As a sign that the Canadian government's main interest was shifting, a reference to the "interests of the indigenous peoples" as a top priority was deleted from the guidance telegram.\(^{184}\) It was only two months since Canada had endorsed self-determination for West New Guinea at the UN. Now that was abandoned as the threat to the peace took precedence. The Canadian government was falling into line behind its allies. When Sigvaldson delivered Ottawa's message, Subandrio replied in familiar terms with little compromise in mind. The Dutch, he said, "always tried to hang on to what they had instead of looking forward to new avenues of cooperation." West New Guinea was vital to Indonesian security and no politician could stay in power if he did not insist on its return. He added that "we would be grateful for anything Canada can do to help."\(^{185}\)

From the Hague, Ambassador Hébert floated a peace plan for a three-way trusteeship over all of New Guinea by the Netherlands, Indonesia and Australia.\(^{186}\) Sigvaldson in Jakarta shared the views of his British and American counterparts that the West New Guinea issue was pushing Indonesia into an "unnatural identification" with communist countries, and risked becoming a satellite. "If that risk is not to turn out disastrously, the wisest and most disinterested influence of

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\(^{182}\) Doran, *Western Friends*, p. 219-24.

\(^{183}\) Cited in Harper, *World Affairs*, p. 61-5: 281-2. The "great and powerful friends" line, suggesting as it did that Australian foreign policy was dependent on that of the US and Britain, drew derision in Australia. Menzies made no apologies for it, however. "It will be a poor day for Australia if, in the name of some theoretical idea about the United Nations, we abandon our lines of communication with, to repeat my own phrase, our great and powerful friends. No country in the world more than ours needs great and powerful friends. I am all for them." Menzies' statement on West New Guinea to Australian House of Representatives, 29 March 1962, NLA, Robert Menzies papers, MS 4936, Box 274, Statement on WNG.


the free world countries will be needed to save Indonesia from herself."

He then proposed joint action to force talks by the trio of countries that still “possess Indonesian confidence in substantial measure” — the US, Britain and Canada. Joint action, however, should be based on the three countries’ common national interest to “do what is possible to maintain and promote conditions which give hope that this populous and potentially important archipelago is kept out of the area of communist domination.” A solution to the West New Guinea dispute would be “more rewarding in the battle with communism than any form of economic assistance is likely to be.” One possible solution could be an Indonesian trusteeship with UN supervision and the promise of eventual self-determination, a plan that might even put Indonesia in the same boat as Australia “in resisting for some years to come the pressure to grant a right to self-determination to a people who are still close to the cave and the tree-tops.”

Livingstone Merchant, the US Ambassador in Ottawa, encouraged Under-Secretary Robertson to assert any influence Canada had for moderation. Robertson called in Palar, who repeated the comment that only Canada and Finland (as abstainers on the Indian resolution) had any right to urge talks. Robertson, speaking personally, suggested a plan by which the Secretary-General would bring the matter to Security Council attention as a threat to peace, and the Council then to instruct him to arrange talks. Although Jakarta was unreceptive, Robertson’s suggestion was welcomed by Dutch Ambassador Tony Lovinck and passed on to an unreceptive Secretary-General U Thant. Thant instead conceded the long-standing demand of Indonesian-backed UN resolutions by writing to Sukarno and de Quay to appeal for bilateral talks.

Tensions rose even higher after a January 1962 naval clash in which an Indonesian ship was sunk and the deputy commander of the navy killed. (Commodore Yos Sudarso was quickly added to the Indonesian pantheon of national heroes.) Pearson led off question period the next day by asking about the clash. Green agreed that it was a serious, and said Canada was pressing for peace talks.

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both countries looked for solutions able to cool the dispute. Now they seemed to be moving that way in official Ottawa too.\(^{194}\) A memorandum by assistant Under-Secretary George Glazebrook was striking for its similarities to memoranda drafted only weeks earlier by the White House national security staff. This is not to suggest American influence, since Glazebrook’s thoughts were evidently original, but rather to note the remarkable parallel thinking that so often went on in the two capitals even at a time when relations between Diefenbaker and Kennedy were at a low ebb. It also recalled the willingness of official Ottawa to think in terms of saving Canada’s allies from the negative consequences of their own policies, expressed during the Indonesian revolution and again in the Suez crisis. Glazebrook called for a realistic decision that self-determination was not possible in primitive West New Guinea. Canada should instead help the Dutch find a means to give way while saving face, introducing “an element of old-fashioned horse-trading.”\(^{195}\)

Glazebrook pursued this line with Lovinck in February 1962. Ottawa recognized the Dutch were committed to self-determination, he said, but suggested that they agree to meet it by accepting Subandrio’s indication that Indonesia would permit a plebiscite after it had gained control of the territory.\(^{196}\) This foreshadowed the eventual compromise reached six months later, but the Dutch were not yet ready to accept it. They ruled out the initiative stating that any agreement in advance to transfer was “out of the question” because of “solemn promises” made on self-determination.\(^{197}\) As in the Indonesian revolution, it would take the addition of US pressure to force a Dutch change of heart.

The Dutch were annoyed with their allies already, and this built to a fury in February when Japan, and then the US, blocked planes carrying their troops to West New Guinea. Although the Dutch were eventually able to replace their Alaska-Japan route with a flight via the Netherlands Antilles, Peru and French-ruled New Caledonia, they felt that the Kennedy administration had abandoned them.\(^{198}\) That meant an increased push for support from the rest of their NATO allies, and especially for an arms embargo against Indonesia. Two Dutch aide-memoires delivered in


February highlighted the need for self-determination and the military forces to defend it.\textsuperscript{199} In April, the Netherlands withdrew two infantry battalions from the NATO command area for use in West New Guinea.\textsuperscript{200} Dutch officials complained that the Indonesian patrol boat sunk in the naval clash was of German manufacture, while the troops on board had been transported by US-made Hercules transports. They asked for a full NATO arms embargo, but the Americans responded that “there is a moral distinction between USA supply of arms to Indonesia for ideological reasons and commercial sales by manufacturers in other countries.”\textsuperscript{201} Belgium canceled planned sales “in [the] name of Benelux and Atlantic solidarity” and Denmark and Britain followed with temporary arms embargoes.\textsuperscript{202} George Ignatieff, now Canada’s representative at the NATO Council, was authorized to say it was government policy not to make sales of operational military equipment to Indonesia, and Green did indeed refuse all permits, no matter how small, until a settlement was reached.\textsuperscript{203} NATO Council reactions to the US stance were highly critical. Belgium’s representative said the US “seemed to be virtually abandoning its old and faithful ally against a country which had certainly not always shown its friendship towards the West.” The Italian delegate thought “the Netherlands[‘] most important ally was appearing to let her down.” There were complaints that the European allies had stood in solidarity with the United States on issues like Cuba, and the Dutch deserved the same sort of solidarity from Washington. On the other hand, the Turkish delegate saw the US position as justified since it “maintained possibly the last bridge between the West and Indonesia.” Ignatieff positioned himself between the two camps, supporting the informal arms embargo but saying it was not the time to criticize American policy.\textsuperscript{204} As relations between the Canadian and US governments deteriorated over the question of whether Canada would station nuclear-tipped missiles on its soil, this was not the right time to antagonize Washington. The Canadian position, as so often, was to seek a middle path during a clash between its allies.

\textsuperscript{200} Netherlands government to NATO Secretary-General, 19 April 1962. LAC, RG 25, vol. 6150, file 50409-40 [11.2].
\textsuperscript{204} NATO delegation telegram 418, 6 Feb. 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [6].
For the United States, deputy national security adviser Walt Rostow responded to Dutch barbs by saying the decision to sell arms to Indonesia had been reached "in the perspective of larger free world interests" in Asia. NATO was "an indispensable element of USA policy" but "would not long survive if areas outside treaty area came under Communist control." A communist Indonesia would outflank mainland Southeast Asia and the US was "not prepared to write Indonesia off as a loss to the free world." US military supplies to Indonesia were meant to avoid the communist penetration of all of Southeast Asia, a higher priority than the local problem of West New Guinea. This did nothing to persuade the Dutch, who complained that the US diversion from an otherwise unified NATO front "seriously affects this basic principle of our common policy with regard to the supply of arms to countries outside the alliance." The Netherlands appreciated that the US had global responsibilities. "However, we fail to see why this responsibility should lead to a policy which is diametrically opposed to that of other NATO members." None of this deterred the Americans.

Kennedy next despatched his brother Robert to Jakarta and the Hague to seek talks. After a successful charm offensive in Indonesia, the Attorney General made it very clear to the Dutch government that the United States would not support its stand. During his visit, the Dutch for the first time declaimed any responsibility for West New Guinea once it had reached independence. De Quay noted in his diary that the Attorney General’s visit convinced cabinet that their plans could not be realized. Self-determination promises were dropped. "We want neither war nor Communism," de Quay wrote. "The rest is all of secondary importance." President Kennedy reinforced his brother’s arguments with Foreign Minister Luns. If Indonesia went to war, he said, it might well go communist, a "disaster for the free world position in Asia [which] would force us out of Viet Nam." West New Guinea had no strategic significance, and

“by concentrating too much on the welfare of the Papuan population we may be forgetting our other obligations in Asia and free Europe.”

Talks seemed more and more likely and discussion was now turning to the question of the third party. Jones reported that Subandrio wanted Canada. “The reasons he gave were that although Cda was close to Dutch she had considerable international stature and had shown herself reasonably objective.” Here was an appeal to the Canadian diplomatic self-image as a mediating power with a special sympathy for developing countries. There was also talk in the State Department of Canada as the possible mediator. Ottawa’s response was chilly. “We do not wish,” External Affairs told Hébert, “to take any soundings or to discuss with any other government the possibility of Cdn participation in the talks.” Under the St. Laurent government, all the talk of mediation might have led to a Canadian role, but Green and Diefenbaker conducted a foreign policy more tightly focused on issues of core concern. They saw little to be gained from becoming embroiled in a thorny dispute in South Pacific waters on which both NATO and Commonwealth countries were deeply divided. Where Pearson might have seen an opportunity to resolve a dispute in which Canada’s allies were at odds, Green saw a dangerous situation. Another factor was press opinion, which was strongly anti-Sukarno. The Edmonton Journal summarized Indonesia’s line as blaming the victim. In effect, the newspaper argued, Jakarta was telling the Dutch: “If you would just roll over and play dead when we put a pistol to your head, there would be no problem and no hostilities.” While conceding that the Netherlands was “manifestly unwelcome” in West New Guinea, the Ottawa Citizen insisted that “to simply hand the territory over to Mr. Sukarno without consulting the people concerned would be going too far.” Since officials saw the only likely resolution to include transfer of administration to Indonesia, there was little incentive for Green to help an unpopular Third World neutral leader win a diplomatic victory over a well-regarded ally. From opposition, Green had assailed Pearson for abandoning Britain and France in the Suez crisis. West New Guinea was on a smaller scale, but raised some of the same concerns. Green preferred silence to disloyalty.

211 Memorandum of telephone conversation, George Ball with Rusk, 22 Feb. 1962. JFKL, George Ball papers, Box 5, Indonesia.
213 “‘Double-Talk’ from Indonesia, Edmonton Journal editorial, 10 May 1962.
Instead, mediation fell to the more activist Kennedy administration. By early March, both sides had agreed to talk in the presence of an American who was officially acting as U Thant’s personal representative. Subandrio said the Dutch had objected to Canada as mediator; Sukarno preferred the US as more able to influence Dutch thinking.\footnote{Ellsworth Bunker, the American diplomat picked as mediator, proposed a formula that married many of the opposing ideas, closely following Tunku Abdul Rahman’s original proposals. The Bunker plan envisioned a transfer from the Netherlands to the UN, an interim UN administration of one or two years, conditional on subsequent transfer to Indonesia, and an eventual act of self-determination to follow. By putting transfer to Indonesia first and self-determination later, a formula already suggested by Subandrio, Bunker’s plan favoured Indonesian demands.} It placed Western strategic interests first, Papuan welfare a distant second. Kennedy and Thant pushed both Sukarno and de Quay to agree. Sukarno did so at once, while the Dutch took five months to do so to his satisfaction.\footnote{The British and Australian governments also endorsed Bunker’s proposals. “History seems to be repeating itself again, the history of the Dutch-Indonesian fight from 1945-49 during the struggle for Indonesian independence,” one Canadian External Affairs officer commented. “Now, as in 1948, world opinion and more importantly, the attitude of the governments of the United States, Britain and Australia have become critical of Dutch policy.”} The British and Australian governments also endorsed Bunker’s proposals.\footnote{The Bunker proposals are printed in the Department of State Bulletin, 25 June 1962, p. 1039-40.}

In another parallel to its revolution, Indonesia combined diplomacy with armed struggle. Through all the negotiations, military operations continued. Indonesia lacked the naval and air power for an attack (it had no long-range bombers or bases close enough to provide effective air cover) but could certainly step up effective infiltrations, so the threat was real.\footnote{By May, Sigvaldson was reporting “a dangerous mood of optimism about a military solution.”} Volunteers poured in from across the country and even from Malaya.\footnote{Most infiltrations were ineffective in military terms, although one large paratrooper drop near Merauke made headlines}
and achieved the initial Indonesian military goal of a *de facto* position on the ground.\(^{223}\) This failed to attract Canadian attention. An approach in Moscow by the Indonesian Ambassador and chief New Guinea negotiator, however, did. Adam Malik told Canadian Ambassador Arnold Smith that the USSR was pushing for an attack although it would do nothing more than supply the weapons, but Indonesia was resisting. Smith counseled patience and restraint. Newfoundland, he said, had remained aloof from Canada for 80 years. Indonesia, too, should wait.\(^{224}\) Smith discussed Malik’s comments with the British and American ambassadors and later informed his Australian counterpart.\(^{225}\) When Hébert asked for permission to pass on the news to the Dutch, Smith demurred, calling it unfair to pass on to Dutch what Malik told him in confidence. “It is good that despite their quarrel with Netherlands some Indonesian leaders feel they can trust some Westerners and I think it would be regrettable if any action of ours should destroy basis for such confidence,” he wrote.\(^{226}\) After consulting the State Department on Malik’s comments, External Affairs was inclined to think that the Soviet interest was not in a war, but rather in a continuation of the dispute which caused acrimony within the NATO alliance.\(^{227}\) Indonesia’s chargé in Ottawa said the Soviets were pressing them to attack, but they would prefer mediation. He repeated the suggestion that Canada might take this on, but was told that Ottawa was deferring to the American lead.\(^{228}\) For their part, the Soviets denied any pressure on Indonesia to attack when American officials breached the subject at the Geneva talks on Laos. Deputy Premier Anastas Mikoyan visited Jakarta in July to strengthen Indonesian resolve, and later said Soviet advisers had been ready to take part in the fighting.\(^{229}\) Days before the final deal was signed, Indonesia took delivery of Soviet-made TU-16 bombers which air force chief Omar Dani said “are capable to strike our adversaries who dare to attack our motherland.”\(^{230}\)

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At a second round of talks at the Huntlands estate in Virginia, Indonesian and Dutch negotiators agreed to a modified form of the Bunker plan, formally signing the deal at UN headquarters on 15 August 1962. "We are ashamed before the world," de Quay told the Dutch parliament, leaving no doubt as to who had won the day. "The Netherlands could not count on the support of its allies, and for that reason we had to sign."\(^{231}\) Officials welcomed the agreement and wanted Canada to say a word of support for the US mediation, but Green ordered them to remain silent.\(^{232}\) All the talk of "solemn promises" to the Papuans had been dropped; Dutch efforts were focused not on protecting the right to self-determination but on avoiding the humiliation of direct transfer to Indonesia. "The Netherlands may accept this plan, for it will not mean a surrender to force, and Dutch honor [sic] will be saved," the Montreal Gazette commented. But a fair plebiscite now seemed impossible: "Once that annexation takes place, by whatever method, it is extremely doubtful if Indonesia will give West New Guinea either a plebiscite or independence."\(^{233}\) The second decolonization of the former Dutch East Indies had preserved the form of self-determination, while sacrificing the substance.

**Canada and UNTEA 1962-63**

With both Indonesian and Dutch troops in West New Guinea, the UN needed a security force to back up its first-ever direct administration of a former colony, the UN Temporary Executive Authority (UNTEA) in West New Guinea. A pro-Western Muslim country, Iran, provided the UNTEA civilian administrator. U Thant planned on asking a single Muslim country for the peacekeeping force. He first approached Malaya, which chose to stay out this time and even issued an official denial that the UN had requested troops.\(^{234}\) The choice then fell on Pakistan, which had forces available.\(^{235}\) The UN force commander, General Inder Jit Rikhye, turned to Canada and the United States for air support. Coastal transport would be provided by American Dakotas, but Otters were superior for inland landings on lakes and rivers. Canada,

\(^{231}\) Text of de Quay's radio-television address, 16 Aug. 1962, LAC, RG 25, vol. 6150, file 50409-40 [12.3].
\(^{233}\) "Really a Victory for Indonesia," Montreal Gazette editorial, 29 May 1962.
Rikhye said, was the ideal country to supply one. Aircraft were crucial in this almost roadless territory, and Otters were already being used in the Australian-ruled half of the island. Although the Royal Canadian Air Force (RCAF) tended to dislike “isolated ‘pocket handkerchief’ commitments of this kind on opposite side of the globe from their normal sources of supply and in terrain which was exceptionally inhospitable,” they were willing to take part so that Canada could continue its support for UN peacekeeping operations. External Affairs recommended agreeing to send one or two Otters. Canada had stayed out of the mediation process, but still maintained a commitment to UN peacekeeping, the Canadian invention embedded in the national diplomatic memory when Lester Pearson won the 1957 Nobel Peace Prize. The Diefenbaker government was just as committed as its predecessor to upholding Canada’s image as a peacemaker. Before bringing the question to cabinet, Green insisted on Dutch approval, which was quickly given with the comment that there was “no more acceptable source from Dutch standpoint for personnel and equipment for UN force than Cda.” Cabinet approved, sending two Otters so that one in working order would always be available to UNTEA.

UN forces in West New Guinea ultimately consisted of 1,522 soldiers from Pakistan, 64 air force personnel from the US and 12 from Canada (four of them officers). The Pakistani contingent was notably inferior in the quality of its arms to Indonesian forces on the ground, who carried modern Soviet supplies. Indeed, UNTEA administrators were almost incidental to the much larger number of Indonesians, and it was Indonesian officials who had the most contact with the Canadian air officers. Indonesia was already beginning to exert effective control. “We often forgot that the administration here was still in the hands of UNTEA,” one Indonesian soldier recalled. “We became quite good at playing hide and seek with this agency.”

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244 Herlina, Golden Buckle, p. 312. For criticisms of UNTEA as pro-Indonesian, see P.W. van der Veur, “The United Nations in West Irian: A Critique,” International Organization 18 #1 (1964); John Francis Saltford, UNTEA and
however, the transfer of power did not take place until 1 May 1963. Sukarno arrived soon afterwards for a triumphal tour of the land for which he had fought so hard but never seen. The trip was a symbolic taking of possession of the territory, a completion of the territorial extent of Indonesia’s revolution. Sukarno arrived for his first visit to his newest province on board his largest warship, the Irian, to accept the title Maha Putera Irian Barat, Great Son of West Irian. Plans were announced for a superhighway, complete with tunnels, running from Sabang to Merauke, a symbolic weaving together of the nation which in practice could never have been built. The land itself began to be renamed to erase the Dutch presence. The capital, once Hollandia, now became Sukarnopura. A mountain named for Queen Juliana was rebaptized Mandala after the military command for the West New Guinea campaign; Mount Wilhelmina, named for her mother, became Mount Trikora; and an offshore island took the name of martyred naval officer Yos Sudarso. “Certainly neither President Soekarno nor other Indonesians in his party gave any indication that they regarded the final status of West Irian as something yet to be determined,” Ambassador Sigvaldson reported to Ottawa after the triumphal visit.

In the circumstances only an optimist could believe that the Indonesians will hesitate before long to go through the motions which will finally incorporate West Irian into the Republic of Indonesia. Whatever the moral issues, I find it difficult to believe that it would be in anyone’s interest to insist on too meticulous an observation of Western ideas and procedures in regard for a plebiscite for determining the ultimate future of the territory.

With the West New Guinea crisis apparently resolved, NATO members began to hope for renewed arms sales. The Netherlands asked that embargoes remain in place until the end of 1962, but Britain and Denmark planned to resume sales sooner. Green was now prepared to authorize de Havilland to proceed on prospective sales and let Pratt and Whitney export the spare parts required to keep Indonesian aircraft operational. On Portugal’s request, NATO members agreed to continue informing each other of “significant” arms sales to Indonesia, but the Dutch were happy to let their allies make sales by the end of November.

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245 Van der Veur, “Political,” p. 72.
249 NATO delegation telegram 2586, 6 Nov. 1962; NATO delegation telegram 2786, 27 Nov. 1962; NATO delegation telegram 2853, 4 Dec. 1962. LAC, RG25, vol. 2202, file 11044-AY-40 [7].
With the end of the UN administration, Indonesia tried to obtain UNTEA’s two Canadian Otters, which the RCAF determined were surplus. Iskandar, the Minister of Air Communications, spoke with Sigvaldson about getting the Otters and several more, and offered to come to Canada. The ambassador requested funding for him to visit, saying “Iskandar is best type of Indonesian.” But Ottawa was in little mood to be making gifts to Indonesia. The August 1962 settlement raised hopes that Indonesia would turn away from confrontation and a Soviet-sponsored arms buildup, towards friendlier relations with the West and a greater stress on economic development. Sukarno recognized the need to prioritize development in his independence day speech a day after the West New Guinea deal. He signed an economic stabilization plan sponsored by Premier Juanda in May 1963, and agreed to a deal with US oil companies allowing them to begin new exploration. British plans to merge their North Borneo territories with Malaya and Singapore into a new country called Malaysia, however, once again raised Indonesian fears of encirclement by SEATO and colonial powers. By the end of 1963, Sukarno had opted for “confrontation” with Malaysia rather than a return to the Western orbit. He began to preach an “era of confrontation” of the new emerging forces against the old established forces. Howard Green had little patience for Indonesian adventurism towards a Commonwealth country and no inclination to provide any new aid to Jakarta. Arthur Menzies, who had returned from Kuala Lumpur to head the Defence Liaison (1) division at External Affairs, drafted a memorandum to cabinet recommending the Otter gift. He thought the time was auspicious to return to the pre-confrontation days of 1959 when Canada had given three Otters to Indonesia, and added that de Havilland thought the gift could be a loss leader for future business worth $22-million. However, Green refused to make the pitch to cabinet. If Indonesia wanted the Otters, he thought, they could pay a fair price for them. Failing that, the Otters should be given to India rather than Indonesia, which might use them against Malaysia in the future. But Indonesia lacked the foreign exchange to make the purchase. “I hope you can grant request,” Sigvaldson wrote, “because I think we have real chance to establish future business connections.”

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251 Sukarno, The Era of Confrontation (Jakarta: Ministry of Information, [1964]).
Robertson pushed Green to reconsider, but the Minister was well into the election campaign that ended the Diefenbaker government's term, and refused to decide without reference to cabinet.\(^{257}\)

Indonesia next offered to buy the planes for $100,000. This offer would have been accepted, but for the confusion in both governments around the transition from UNTEA to Indonesian rule and the April 1963 Canadian general election which returned the Liberals to power. Green approved the offer of $100,000 subject to Trade Minister Churchill's agreement, but Churchill would not agree without a cabinet meeting and none could be convened before the election.\(^{258}\) Post-election, External Affairs and National Defence recommended to their new ministers that the Otters be given to Indonesia "as is," but the new government rejected the advice.\(^{259}\) Menzies reported that Pearson, now Prime Minister, had made the decision. "We do not know what factors were preponderant in his mind but it is to be assumed they were more or less the same as for Mr. Green, i.e. the fear that sale of aircraft could be considered as encouragement to Indonesia at the time when Malaya or at least Malaysia is threatened."\(^{260}\) While the Kennedy administration was hoping to capitalize on post-West Irian Indonesia, Canadian thoughts were already turning to the Indonesian threat to Malaysia. The Kennedy administration may have been making Southeast Asian policy for Southeast Asian reasons, but Canadian policy was still framed in Commonwealth and NATO terms.

There had been several opportunities for Canada to play a mediating role in the West New Guinea conflict, yet the Diefenbaker government declined each chance. Officials made suggestions on several occasions, but on the whole the government avoided involving itself for fear of offending one of the parties on an issue that stirred divisions within NATO and the Commonwealth. Instead, it left the running to the Kennedy administration, declining even to act in small ways that might be helpful to Washington. A growing antipathy between Kennedy and Diefenbaker filtered down to the official level.\(^{261}\) Canada's stance shifted from a pro-Dutch position into complete silence. The outright support for the Dutch position and commitment to self-determination of October 1960 gave way to a greater concern with the possible threat to the

\(^{257}\) Memorandum to the Minister, 11 April 1963. LAC, RG 25, vol. 6150, file 50409-A-40 [1.2].
peace through 1961. By December 1961, the stated commitment to self-determination had been abandoned in favour of a whispered hope for a peaceful solution, one that Ottawa was completely unwilling to take part in. The government had viewed the dispute through Commonwealth lenses, but chosen inaction rather than action. By 1963, it had virtually abandoned the effort to win Indonesian friendship, choosing instead Commonwealth loyalty in the Malaysia dispute. Even with the Conservatives swept from power, Ottawa would continue on that path through the rest of Sukarno’s tenure.
Epilogue

Indonesia had first flickered into existence in Canadian imaginings of the world in 1945-49, but until very recently remained, in the words of a former Canadian ambassador, “a complete blank on almost every Western and Eastern cultural radar screen,” including Canada’s.¹ Policymakers in Ottawa have long treated Indonesia as a far-away trouble spot, giving it only sporadic notice. The bulk of sustained Canadian attention has been non-governmental, often mediated through international networks running through North American universities, businesses or other organizations. In the background, the mental maps of Canadian policymakers situated Southeast Asia as a peripheral region, within the spheres of interest of other powers. The North Atlantic world was at the centre, and Ottawa viewed Indonesia through this glass, darkly.

Canadian policy towards the Indonesian revolution was designed to avoid splits within the emerging North Atlantic alliance. As Indonesia grew into a major international dispute, policymakers realized that they could not ignore it — especially after Canada joined the United Nations Security Council for a two-year term in January 1948. Initially devoting its attention primarily to the reconstruction of Europe and the global multilateral trading system, Ottawa was forced to confront the decolonization issue as European states fought to hold on to their Asian colonies. The Canadian response to decolonization drew on Canada’s own evolutionary path to self-government, preferring non-violent, slow changes that did not break the links between colony and metropole. This preference for a gradual and orderly decolonization conditioned Canadian responses to the Indonesian national revolution. Ottawa was inclined to accept Dutch claims that their policy was to hand power gradually to moderate Indonesian nationalists. Along with existing close ties of sentiment and mutual interest between Canada and the Netherlands, this approach produced a general Canadian sympathy for the Dutch side. After Indonesian nationalists put down a Communist uprising in September 1948, they won American sympathy for their cause. Canadian actions at the Security Council were a carefully calibrated balancing act between Dutch policy, on the one hand, and American pressure for a more rapid transfer of power to those Indonesian leaders seen as “moderate” nationalists, on the other.

Throughout the Security Council debates, Canadian diplomats served what they saw as the country’s major national interests. They acted to save their Dutch allies from international

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isolation, offering an escape route in which the Netherlands lost its colony but saved face and was able to join the North Atlantic Treaty as a member in good standing. Canadian diplomats were also able to prevent a split in the Commonwealth as it negotiated new postwar arrangements for the inclusion of the Republic of India in the association. Finally, through a process of trial and error, diplomats worked out a new role as inventor of formulas to resolve international disputes and developed Mackenzie King’s notion of the Security Council as an arena for international conciliation, rather than a quasi-judicial tribunal. This was the first example of Canada acting as a helpful mediator: a self-perception that quickly became central to the Canadian diplomatic self-image. Policymakers had not acted, however, out of any consideration of the merits of the Indonesian dispute. Their goals were to bolster the multilateral associations which lay at the heart of Canadian postwar foreign policy.

One fear that had motivated Canadian policymakers during the Indonesian revolution was that it might set the newly-independent states of Asia against the European colonial powers, Canada’s allies in the cold war. While they saw NATO as stabilizing the defence of Europe, the existence of a North Atlantic bloc also raised the prospect of North Atlantic solidarity in defence of colonialism. Ottawa concentrated on Europe, but at the same time it did not wish to see Asia “lost” to the “free world.” Consequently policymakers looked for bridges to Asia, finding the most ready one in the new Commonwealth which included India, Pakistan and Ceylon after 1947 (and beginning in 1957, Malaya and an ever-mounting number of African states). Where Canadian leaders had once imagined their country as a linchpin, linking and interpreting between the United States and Great Britain, they now saw Canada playing a similar role between old and new Commonwealth states, even between the United States and Asia. The Commonwealth-sponsored Colombo Plan offered a means to broaden that bridge, as well as the promise that foreign aid might help Asian democracies raise their standard of living and thereby reduce the temptations of communism. The West had a collective stake in the success of development in India, for instance, as a sign that capitalist development could succeed just as well as communist development strategies seemed to be succeeding in China. British and Australian officials saw the Colombo Plan as offering more than just a way to aid South Asia, however. It could be expanded to cover all of the uncommitted countries on China’s southern flank. The Plan area might, in its own way, form a counterpart to US containment efforts in Northeast Asia by underpinning a safely capitalist zone from Afghanistan to Indonesia. It was within this Colombo Plan area that Canada and
Indonesia began to encounter each other directly: they exchanged embassies in 1953 but bilateral relations concentrated mostly on the prospects for economic aid.

Ottawa took no leadership role in the Colombo Plan. It joined grudgingly, mostly out of a desire to help in a British-led anti-communist campaign and to bolster Britain's economic standing, so important to Canada's own trading interests. The hope was that Canadian contributions might convince the US to ante up the larger sums needed. Although the Plan was designed by other Commonwealth members and accepted for anti-communist reasons, it became another constitutive factor of Canada's diplomatic self-perception: Canada was liked in Asia, the argument ran, because it was a non-colonial power that gave aid without strings and avoided military entanglements. The humanitarian rhetoric used to sell the Plan to the general public, drawing on missionary traditions and the growing commitment to social justice within Canada, swiftly gained wide acceptance. Although Canada lagged behind other contributors, Canadians pictured their country as a generous donor to the less fortunate. The self-image of Canada as a humanitarian actor joined that of Canada as an international mediator.

If Canadian ideas of political self-determination drew on Canada's experience of evolution towards independence, views of economic development were also grounded in the country's past. Canadians offered their own country as a model for development and thus failed to understand the economic nationalism that motivated the leaders of Indonesia and many other newly-independent countries. Canada was a wealthy but developing country, its economy experiencing a postwar economic boom based on extensive American foreign investment. Its ability to absorb the flow of capital rested on skills learned from Europe and the US: what was beginning to be called technical assistance. Canadian economic development was occurring within a more integrated continental economy. The oil sector, for instance, was almost from the beginning a component part of the US industry. Canadian businesses and individuals went abroad, more often than not, as part of North American non-governmental networks that blurred their nationality.

There was little distinctively Canadian, for instance, about the first major involvement by Canadians in Indonesia, the National Planning Bureau. This was a United Nations-sponsored project controlled by the Indonesian government, staffed by a team of foreign experts centred on McGill economist Benjamin Higgins. The Planning Bureau's foreign experts were part of a network born in North American universities, inspired by the ideas of John Maynard Keynes, and recruited through an international development bureaucracy beginning to develop within the UN Secretariat. These experts offered Keynesian solutions in which state planning was intended to
balance the economy and create the conditions for a free-enterprise economy beneficial to both domestic and foreign capital. The Planning Bureau failed in the short term, its economic forecasts shattered by civil war and its policy prescriptions unable to command the support of more economically nationalist leaders. However, in the longer term the Planning Bureau was able to nurture a modernizing elite of Indonesian economists who gained the military political patronage needed to implement their plans after 1965.

Another vital component of Indonesia’s modernizing elite emerged from McGill University’s Institute of Islamic Studies. This institute was itself born from North American non-governmental networks. Its scope was defined by its major funding agency, the Rockefeller Foundation, which wanted to increase North American expertise on the Islamic world. It tried to transcend Orientalist dichotomies by offering instead a cross-cultural bridge to understanding, but it was not autonomous from the area studies complex and the foundations that underwrote that complex. Its unique contribution lay in an attempt to “modernize” Islam. McGill became a major centre for the advanced study of Islam that provided an alternative, more Westernized way of approaching the study and teaching of religion. Its first generation of Indonesian graduates went on to reshape Islamic education in Indonesia, making the IIS the model for Islamic education in Indonesia as part of a conscious effort to steer Indonesian Islam away from reliance on the Middle East: a more “constructive” and less “fundamentalist” direction.

The National Planning Bureau’s foreign economists and the Institute of Islamic Studies both located obstacles to modern development within traditional societies. For the planners, countries like Indonesia suffered from technological dualism; the problem was to alter traditional society in such a way that it could experience the benefits of economic development. For the scholars of Islam, the problem was to change Islamic society enough that it could face the challenge of modernity. Indonesia’s experience between 1950 and 1957, however, was one of disillusion. The attempt to follow Western development prescriptions left the country poor. Between 1957 and 1959, Indonesia abandoned parliamentary democracy in favour of a system that drew its legitimacy from appeals to indigenous tradition. Until 1965, Indonesia followed a system of “guided democracy,” combining revolutionary rhetoric with ideas that Sukarno claimed were rooted in Indonesian tradition. Sukarno’s Indonesia left domestic elites to prosper, confining its most revolutionary rhetoric to foreign policy. The historiography of these years generally depicts a radical nationalist regime refusing foreign investment and challenging the West. Yet it is important not to lose sight of the continued efforts to shape Indonesia in the Western image that
took place in this period. Many army officers were trained in the US, where policymakers viewed the army as the best hope for a modern, pro-Western regime in Jakarta to succeed Sukarno. The economists linked to the National Planning Bureau fell out of favour, but most continued to work at the University of Indonesia and to study economics in North America. They maintained close ties to the West and remained available as a potential planning group. Guided democracy did not produce the type of Indonesia which Western nation-builders hoped to see, but it continued to build the technocratic elites necessary for the construction of that vision. While the Sukarno years are viewed as an increasing slide to the left, the period can better be viewed as one in which fortresses were being built within the Indonesian body politic that would emerge later and run the country along more pro-Western lines.

John Diefenbaker’s Canada regarded Sukarno’s Indonesia with suspicion. For the most part, Diefenbaker kept Canada on the foreign policy course pioneered by Louis St. Laurent, Lester Pearson, and their officials. North American networks continued to be influential; Canada continued to be integrated into a continental economy. The Diefenbaker government’s emphasis on the Commonwealth tie was in part a reaction against growing dependence on the US. Policymakers tried to approach Asia almost exclusively through the Commonwealth. Although Canadian foreign policy was constrained in many areas, policymakers had complete control, at least, over what they did with Canadian aid. There, they affixed the Commonwealth stamp more firmly than any other donor country. They dropped any idea of capital aid to Indonesia and other non-Commonwealth countries, in favour of using the Colombo Plan as a massive subsidy for Canadian wheat farmers. In other areas, they did not allow economic motives to predominate. Canadian commercial connections with Indonesia were almost entirely carried out by firms whose nationality was ambiguous at best. Aircraft manufacturer de Havilland, for instance, was a British-owned company producing for the North American market, dependent on sales to the United States. Asamera, the first Canada-based oil company into Indonesia, was a branch plant of the US oil industry. The government refused, even at the cost of potentially large job losses, to allow de Havilland to sell aircraft to Indonesia. It took that decision on the advice of the Netherlands and Australia, evidence of these countries’ continuing ability to influence Canadian policy. Despite the more commercial emphasis of Canadian foreign aid, foreign policy in Diefenbaker’s Ottawa ultimately paid more heed to political considerations and alliance politics.

Alliance politics was also the main determining factor for the second crisis of Indonesian decolonization. As they had in the Indonesian revolution, policymakers sought a middle course
between Dutch and American positions on the decolonization of West New Guinea. The Netherlands by 1960 was determined to see its last Asian colony become a separate country from Indonesia; the Kennedy administration wanted to see the dispute settled in such a way that Indonesia might return to the American orbit. Where St. Laurent and Pearson had tended to offer possible solutions to crises that threatened alliance unity, however, Diefenbaker and Howard Green favoured inaction as the safest course. Thus they resisted opportunities for Canada to mediate the West New Guinea dispute. Canada still viewed Indonesia through the lenses of NATO and the Commonwealth, but it was less eager to inject itself as a helpful fixer. Those efforts were reserved for such disputes as the one over South Africa, where Diefenbaker saw a chance to shine. Canada’s contribution to the settlement that saw West New Guinea transferred through a UN interim administration to Indonesian rule was to take part in the UN authority’s peacekeeping force. Canadian policymakers might have been expected to support the Dutch notion of gradual decolonization to a loyal elite, but mental maps in which New Guinea was impossibly remote, inhabited only by cannibals, trumped the idea of gradual decolonization on the Canadian model. In a 1960 speech, Green rejected the “honest broker” role for Canada that he said was Pearson’s legacy. Ottawa had never been functioning as an honest broker per se. Rather, its actions centred on assistance to Canada’s allies, even if that meant sometimes following an independent course. Indonesia in 1949, Korea in 1951-53, and Suez in 1956 were all examples of Ottawa acting independently in the service of its alliances, in ways policymakers saw as pursuing the collective interest of the Western countries. The fact that Green could reject the “honest broker” mission, however, was powerful evidence of how ingrained the myth of Canada as peacemaker had become. There was never any question as to whether or not Canadian personnel and equipment would go to West New Guinea, because it was accepted without question that peacekeeping was part of what Canada did, even part of what defined Canada.

Indonesia in 1963 stood at a parting of the ways. American strategy under the Kennedy administration had been designed to remove the West New Guinea irritant in the hopes that Indonesia would then return to economic development. Sukarno signaled that would indeed be his chosen path on a number of occasions, including the May 1963 settlement that granted the large oil multinationals security of tenure on their existing concessions and the chance to explore for new petroleum and gas. Jakarta agreed to economic stabilization plans, to be worked out with the

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International Monetary Fund and backed by substantial US aid. Sukarno formally endorsed this course in his March 1963 Economic Declaration. Yet on the death in May 1963 of Prime Minister Juanda, chief of the technocrats as well as a Sukarno loyalist, the government chose a different path. That month, with West New Guinea formally in Indonesian hands at last, Sukarno lifted martial law. Political mobilization began almost immediately. Supporters and opponents of Western-style development clashed, and Sukarno ultimately chose to return to “confrontation” against a new enemy rather than follow the harder technocratic road. The new enemy was “neo-colonial” Malaysia, the product of a union among Malaya, Singapore, and British colonies along Indonesia’s northern border slated for creation in August 1963. Sukarno’s government ultimately opted to support rebels demanding an independent state of Kalimantan Utara (North Borneo). Indonesian ambitions for regional political leadership had combined with Sukarno’s desire to avoid a divisive focus on economic development in favour of a unifying campaign of the “new emerging forces” against colonialism. Until 1963, Sukarno’s Indonesia had been largely successful in its limited foreign policy goals. It had played the superpowers against one another to leverage substantial aid and to gain US support in its quest for West New Guinea; it had risen to a leadership position among the ranks of the non-aligned states, and cultivated good relations with its neighbours. In 1958, elements in the US, Britain, Australia, the Philippines, Taiwan and Malaya had all combined to seek the overthrow of Sukarno; by 1963, Indonesia had escaped from such encirclement and a repeat performance seemed impossible. After 1963, Indonesian “foreign policies became far more adventurous, frenetic, risk-taking and ideology-driven, which was a large part of the reason they failed.”

Malaysia turned to British, Gurkha, Australian and New Zealand forces to help defend itself against Indonesian infiltrations. With Indonesia engaged in a low-intensity conflict against a Commonwealth country, Canada would make no further attempt to avoid taking sides. A slant to favour Malaysia, already strong under Diefenbaker, continued after Pearson became Prime Minister in April 1963. Ottawa avoided direct military involvement, but was clearly a partisan on

the Malaysian side. Under parliamentary pressure, Secretary of State for External Affairs Paul Martin decided not to send Indonesia even its tiny annual $350,000 allotment of wheat. From 1964-66, Indonesia received no Canadian aid. This seemed justified when the British government revealed in 1965 that Indonesia was using Canadian-made Otter planes for military purposes in Kalimantan. Sukarno adopted increasingly anti-Western positions. Within the non-aligned movement, he abandoned the three-worlds model championed by Nehru, preaching instead an “era of confrontation” in which there were just two camps, the new emerging forces against the imperialists. He refused any further aid through the Colombo Plan, then moved against British and American business interests. In January 1965, he pulled Indonesia out of the United Nations and teamed up with China to form an alternative UN based in Jakarta, the Conference of the New Emerging Forces. “What a collapse of world order [Sukarno] represents: and yet I have some hope that still another world order is imperceptibly emerging,” retired Canadian diplomat Terry MacDermot wrote to Australian Prime Minister Robert Menzies. The Western powers watched and cultivated the Indonesian army and technocracy, preparing for Sukarno’s passing.

In October 1965, using the pretext of an abortive coup which he blamed on the Indonesian PKI Party members and supporters, arming anti-communist militias throughout the country which in the next months killed at least 500,000 people. Suharto formally took power on 11 March 1966 with a mandate to restore order, which he consolidated over the following years into a regime called the “New Order.” The technocrats fostered in the National Planning Bureau and the University of Indonesia’s faculty of economics now returned to power, backed by military patronage. When the Muslim Nahdatul Ulama party proved one of the few Sukarno-era forces able to retain its independence, the New Order invited graduates of McGill’s Institute of Islamic Studies to join the new governing group, harnessing their skills against the power of political Islam. The New Order’s major feature was to strengthen the state and try to eliminate popular participation to almost nothing. Civil society’s role was reduced to the implementation of

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7 Theodore Cohn, *Canadian Food Aid: Domestic and foreign policy implications* (Denver: University of Denver Graduate School of International Studies, 1979).
economic development programmes; indeed, development (*pembangunan*) became the regime's main legitimizing factor. Human rights violations were routine, but at least the regime delivered prosperity, its defenders argued. It also took up a more reliable place in the international system, rejoining the UN and promising to abide by its international commitments. The terms of the West New Guinea settlement, for instance, had required an act of self-determination by 1969. In order to show that Indonesia kept its treaties, Suharto announced an "act of free choice" in the territory. However, it was also clear that the exercise was entirely for the benefit of outsiders, a staged exercise in which a small hand-picked group of Papuans were forced to vote unanimously for integration into Indonesia. Canadian diplomats reported the events and the lack of any real choice, but scrupulously avoided any criticism, on the grounds that the area was remote from Canada and any comment could hurt Canadian relations with the Suharto regime.\(^{11}\)

In the pursuit of development, the New Order threw open the doors to foreign investment. Mohammad Sadli, one of the newly-powerful technocrats, recalled:

> When we started out attracting foreign investment in 1967 everything and everyone was welcome. We did not dare to refuse; we did not even dare to ask for bonafidity [sic] of credentials. We needed a list of names and dollar figures of intended investments, to give credence to our drive. The first mining company virtually wrote its own ticket. Since we had no conception about a mining contract we accepted the draft written by the company as basis for negotiations and only common sense and the desire to bag the first contract were our guidelines.\(^{12}\)

Canada joined its allies in celebration at the new regime's course, in large part because those years marked the fruition of many Canadian hopes from the years 1945-63. Canadian investors soon swarmed in. "These are boom times in Indonesia and we're optimistic about our opportunities to share in the development," the Canadian commercial counsellor in Jakarta commented.\(^{13}\) By far the largest investor was Inco, given the contract to develop a nickel mining complex in Sulawesi. Indonesia's invasion of East Timor in December 1975 did nothing to reverse Ottawa's embrace of the New Order.

Indonesia became a country of concentration for Canadian aid. Prime Minister Pierre Trudeau visited Jakarta in 1970, extending a $4-million credit. When Suharto returned the visit in


1975, Trudeau extended another credit, this time for $200-million. Foreign aid signaled Canadian government support for Suharto’s Indonesia, but it also helped to foster the growth of Indonesian civil society. Non-governmental organizations proliferated and began to carry out their own public diplomacy, creating a broad network of linkages to other countries including Canada. It was these forces within civil society that ultimately seized the opportunity of an economic collapse in 1998 to topple Suharto and restore democracy in Indonesia. Although official Ottawa backed Suharto to the end, individual “public diplomats” had forged strong links between Canadian and Indonesian civil society that ultimately proved more important.

The theme of decline pervades the study of Canadian foreign policy. We mourn a lost golden age. Yet that golden age, as generally understood, is a myth. The rhetoric used to justify policies driven by anti-communist internationalism and alliance politics was self-fulfilling. Policymakers were never pursuing “activist utopianism,” in J.L. Granatstein’s phrase. They acted pragmatically more than idealistically; it was their public statements which “were cast too often in the utopian mould and misled,” as John Holmes wrote. When political leaders later spoke of changing Canadian policy away from mediating and towards the national interest, they were not actually calling for a change: “golden age” policymakers had always acted in their interpretation of Canada’s national interest. Rather, the rhetoric of a shift towards foreign policy based on the national interest testified to the power of the Canadian foreign policy myth, one that Ottawa’s policy towards Indonesia had helped to shape. A great deal has been written about “invented traditions” and the way they frequently feed malevolent nationalisms. In hearkening back to a golden age, the Canadian diplomatic self-image is an invented tradition. Yet there has been a positive effect, as thousands of Canadians took it upon themselves to become individual diplomats to the less developed countries, or activists for a better world. It is in the realm of public diplomacy, indeed, that Canadians have tried to live out their diplomatic self-image most fully.

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15 See for instance Andrew Cohen, While Canada Slept: How we lost our place in the world (Toronto, McClelland & Stewart, 2003); Arthur Andrew, The Rise and Fall of a Middle Power: Canadian diplomacy from King to Mulroney (Toronto: Lorimer, 1993).
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