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POLITICS

Heinz's career as a public intellectual, which had begun in Sydney on his arrival in Australia, continued when he moved to Canberra. There he joined the ALP, after meeting the requirements for Australian citizenship. Though he was to resign from the ALP in 1972—over its policies on the Vietnam War and, more immediately, its decision to recognise Communist China—his association with the party was always controversial. Declining affiliation with either the party's Left or Right, he preferred to be regarded as a moderate or non-aligned member. He opposed the powerful communist involvement in the trade unions; he also opposed the influence of elements of the Catholic Church on the Right of the ALP. Above all, he stood for the application of democratic principles in politics and was opposed to totalitarian methods, whichever quarter promoted them.

His support was, however, often requested by different groups in the party, who sought access to his sharp intellect and wanted to draw on his extraordinary energy. In December 1951, for instance, he was invited to attend a conference in Moscow sponsored by the Australian Peace Council. He declined, informing the organisers that he was unable to spare the time and in any case was too busy to prepare an address. While he made it clear that 'these are conclusive reasons for my inability to assist you', he added that 'I am very sceptical of the *bona fides* of the sponsors of this Conference. We are all for peace—including the Kremlin and the State Department. But I see no reason to believe that a Conference such as the proposed Moscow Conference would serve any other purpose but to strengthen one side, and I believe unbalance the worse side in the world struggle for power.'

In Canberra, Heinz soon established a branch of the Fabian Society, as he had done earlier in Sydney. Twenty-five people turned up to the inaugural meeting in October 1951, among them Allan Fraser and his fellow Labor politician Kim Beazley senior. John Burton, the Secretary of the Department of External Affairs under Evatt and later Labor candidate for the House of Representatives, was also present, as were Joe Burton and Fin Crisp from CUC. Geoffrey Sawer, the Professor of Law at the ANU, addressed the meeting on 'The Australian Constitution after fifty years'.

One of the major reasons for Heinz's disagreements with the ALP, even before he joined it, was its economic policy, which often conflicted

with his own adherence to the economics of Keynes. Unlike many of his contemporaries, Heinz quickly saw the inconsistencies between the party's support for nationalisation and direct controls on the one hand, and the economics of Keynes's *General Theory* on the other. Here Heinz's views coincided closely with those of contemporary British social democrats, such as Anthony Crosland and Hugh Gaitskell, who were in the process of revising the British Labour Party's commitment to nationalisation and other outdated socialist dogma.

Heinz was particularly critical of Labor's failure to promote policies aimed at containing inflation. Rather than diminishing inflation, he thought the policies associated with Evatt (who succeeded Chifley as party leader when the latter died in 1951) would augment it. He never concealed his view that the Menzies government was likely to do better than Labor when it came to containing inflation, but Labor would do better than the government when it came to effecting a more even distribution of income and wealth. He never shed his support for greater economic and social equality, even after he formally broke with the Labor Party.

His position on these matters emerged from an article he wrote for a publication called *Voice*¹⁴ in the run-up to the 1955 federal election. Under the title, 'Menzies and Evatt on economic policy' (1955), Heinz concluded

A Labor victory would almost certainly mean rather more inflation and rather worse balance of payments trouble than a return of the Menzies Government. An anti-Labor victory would almost certainly mean still more inequality in coming years. But it would not be unreasonable to assume that, whereas a Labor Government would soon be compelled by events to tackle the economic problems of internal and external balance, a fairer social policy would probably have to await the removal of the anti-Labor Government at the next election.

'That is why,' he said, 'with many misgivings, I shall vote Labor.'

He was never afraid to condemn the trade unions when they acted irresponsibly to exploit the prevailing state of over-full employment. Equally, he reprehended the eagerness of Evatt to expand government expenditure when there was excess demand; at such times, there was clearly a need for wage and expenditure restraint. Heinz saw his role in the party primarily as an advocate of a more rational approach to economic

policy. Whenever he criticised the party's leadership, which he often did when Evatt was its leader, it was usually because of its failure to adopt responsible economic policies. This was to be the essence of his critique of the leadership of the party presented in 1956 in his Chifley Memorial Lecture.

During the years immediately before this lecture, Heinz began to think seriously about the deficiencies of the party's economic policy and how he might set about educating its leaders. He informed Kingsley Laffer in April 1953 that he was 'quite out of sympathy on current economic policy with Evatt and Co'. He agreed to write on the shortcomings of Labor's policy in a chapter for the book *Policies for Progress* (1954), edited by Geoffrey Serle and Alan Davies for the Fabian Society of Victoria.

This chapter explained that there were limits to what could be achieved if the party won office again, because its agenda would be constrained by the availability of resources. In a full employment world, firm choices had to be made between competing political ends. As he put it, 'the first task of democratic socialists today is to get clear in their own minds what they can and cannot hope to achieve.' Excessive demands would clearly give rise to inflation, would impair the economy's productive efficiency and would create all sorts of arbitrary injustices to different social groups. Then, in an effort to regain stability, governments would introduce direct controls, which would further erode productivity and inhibit economic growth.

The purpose to which democratic socialists should work, Heinz maintained, was 'to keep the economy balanced between the twin evils of inflation and deflation'. Getting the balance right was 'an almost impossibly delicate task', but the ALP should not underestimate the evils of inflation. Nor should it put its faith in direct controls as the major weapon to combat inflation. Instead, the government's budget, aided when necessary by the credit policies of the central bank, should be the major instrument for keeping inflation down. As for the nationalisation of the means of production, distribution and exchange—and particularly the nationalisation of banking—he now believed that it was 'not essential to an effective policy for full employment'.

This appeared to be a major apostasy on his part, for scarcely six years before he had informed Mary Walsh, among others, that bank nationalisation was essential to keep full employment intact. But what had changed in the meantime was the realisation that belief in a postwar slump was false; by 1953, it seemed that full employment had become a permanent state of affairs.

As well as seeking to persuade the party to jettison its traditional dependence on direct intervention in the economy, Heinz set out to encourage the ALP to adopt measures that would improve industrial productivity. This was critical, since he was adamant that future advances in living standards among lower-income groups would depend much more on the efficient use of resources than on the redistribution of current income. Instead of replacing productive private enterprises with inefficient public ones, democratic socialists should strive to make private enterprise function more efficiently and responsibly. To achieve this, encouragement should be given to raising savings and increasing investment, improving management practices, restricting monopolies and monopolistic practices and enhancing the skills of the nation's workforce.

Though Heinz expressed these views with his usual confidence and clarity, he realised that many in the ALP would find them unacceptable. He did not find it easy to come out as boldly as he did against such cherished Labor principles as nationalisation and direct controls—particularly when he had himself supported them earlier. Nor did he relish censuring the economic orthodoxy of the party and the poverty of its current leadership. He was aware that friends would take him to task. When he wrote to Geoffrey Serle to say that he would write a chapter for *Policies for Progress*, he confessed that

I am no more happy about the whole business than I was when I last wrote. The reason is simply that I do not know at the moment where I stand on some of the central issues. I feel extremely uncomfortable about, or have actually come to reject, some of the socialist ideas which I took for granted three or five years ago; but just how far I have progressed towards Babbitry I do not know. I have the gravest doubt whether this is a fit state of mind in which to write an inspiring socialist manifesto, or even a modest contribution towards clarification of socialist thinking. However, I am determined not to let you down and propose today to start the job.

Later, he admitted to Serle that he had intended to be deliberately provocative, because 'unless we are prepared to say this sort of thing, the book is not worthwhile. But you and others may well disagree.'

Of Heinz's friends, one who immediately detected a shift of political ideology was Gerald Firth, by this time Professor of Economics at the University of Tasmania, to whom Heinz had sent a draft of the chapter

for critical comment. After reading it, Firth replied: 'I don't think you are any longer a "socialist", except in the very peculiar sense that "we are all socialists nowadays". I think it ought to be published, but I shall be very surprised if the Fabians will swallow it.'

Heinz snapped back: 'What I have said seems to me to follow logically and inescapably from one premise: rejection of revolution. Democratic socialism implies gradualism, respect for the interests of the non-working classes, and a compromise between freedom and efficiency; from all this, all else follows.' And, for good measure, he informed Firth 'that the Melbourne Fabians have swallowed the Chapter with mild enthusiasm'. But Firth remained unconvinced that Heinz could still call himself a Labor man. Such scepticism seemed to be confirmed a few years later when, after reviewing Heinz's book on *The Australian Trading Banks*, Firth wrote to him saying that '[p]age 199 leads me to fear your impending conversion to the Liberal Party',¹⁵ to which Heinz replied: 'I am afraid my prejudices are too deeply rooted to fear any prospect of a conversion to the Liberal Party.'

There was talk of a sequel to *Policies for Progress* in late 1956 and early 1957, but it did not eventuate. Heinz was not enthusiastic about it, but the themes that he had adumbrated in the book were developed further, and with much greater publicity, in his Chifley Memorial Lecture. The ALP Club at the University of Melbourne was the sponsor of the lecture. Heinz was invited to speak on the subject of 'Socialist economic policy'.

Delivered in Melbourne on 27 July 1956, the lecture was the third in the series; Evatt had given the first. Copies were sent in advance to all the major Australian newspapers and to members of the federal parliamentary press gallery, with an embargo to be observed until the time of delivery. Hearing of the controversial nature of the lecture, the Federal Executive of the ALP asked Heinz for a copy a week before it was due to be delivered. He reluctantly agreed, but only on the understanding that the embargo would be preserved until the lecture was given.

Choosing as his title 'The Labor Party and economic policy' (the change of name from the one that the original invitation had proposed is significant), Heinz used the lecture to launch a blistering attack on the party's leadership. He drew a sharp contrast between the quality of Ben Chifley's tenure of the party leadership and Evatt's. This attack on Evatt was to attract strong criticism from many quarters and for a while Heinz's membership of the ALP was threatened.

The lecture began with the assertion that, in the 'ten years since I came to Australia, I have encountered no other public figure for whom I can feel the same unreserved admiration than I did for Mr Chifley', who

...combined in a remarkable way the qualities we should want to see in a leader of the Australian Labor Party and the Australian nation. Personal integrity, firm leadership made palatable by personal modesty and homely courtesy, a sense of solidarity with working people so natural and inborn that he found no difficulty in adopting a wider national outlook, a broad humanitarian idealism tempered by commonsense but not by mere party-political expediency, a strong sense of responsibility about principles and affairs coupled with engaging willingness to take neither himself nor other personages too seriously.

Even if there was an element of exaggeration in Heinz's singling out of these characteristics of Chifley's character, a good deal of care went into his selection of them. They were meant to supply a sharp contrast with Evatt.

Heinz was to return to the central theme of failed leadership in the concluding paragraph of the lecture, in which he said that

The Australian Labor Party cannot expect more than perhaps once in a generation to find a leader of the stature of Ben Chifley. It does not need a leader who, like Chifley, happens also to be a first-rate expert on technical matters of economics and finance. What it does need is a leadership which counts among its members, some at least who are technically competent to make judgments on matters of economic policy; a leadership which is prepared to make the intellectual effort to develop the Party's economic policy and re-assess it in the light of changing knowledge and circumstances; a leadership which, on Chifley's principle that 'an informed public opinion is vital to the welfare of a democracy'...makes it one of its major responsibilities to explain its policies and the need for them to the people; and a leadership which stands by its principles.

Labor, in short, had to define what it stood for. Some might consider the ALP's objectives to be fairly similar to those held by the current government,

such differences as existed being simply of degree. To be sure, the ALP had a greater commitment to income equality and social welfare than the government parties, but whereas the government's economic policy was marked by clarity, Labor's economic policy was decidedly opaque. It needed urgently to clarify its goals and to understand that there were alternative means of achieving them.

Above all, it had to learn that the world had changed profoundly since the 1930s. Then, mass unemployment and falling living standards were the predominant economic problems. Now, inflation had replaced unemployment as the pre-eminent economic difficulty. This elementary fact of economic life had to be comprehended by the party—but there had been other changes as well. For example, only a few gaps now remained to be filled in the social security system; nationalisation in Britain and other countries was no longer considered to be the cure-all for the problems of capitalism; the Australian Constitution imposed strict limits on what could be nationalised; the instability of the American economy posed a much smaller threat to the international economy than it once did; and the incompatibility of socialism and democracy had clearly been revealed by the experience of the Soviet Union and its satellites.

The problem, for Heinz, was this

...these changes have as yet hardly caused a ripple on the surface of traditional Labor thinking in this country. Paradoxically, it is the Left that has become the stronghold of conservatism within the Labor Movement, content to repeat the old slogans, fearful of departures from the beliefs of its fathers.

In contrast with the conservatism of the Left, Heinz argued that '[s]uch fresh thinking as has been done in the last few years has come almost entirely from right-wing Labor men and has, for that reason alone, been condemned out of hand by the Left'. He had

...little sympathy with the Industrial Groups [which had been promoted and supported in the trade unions, especially by the Catholic Right of the party, to combat communist influence], and would strongly oppose many of the policies of Mr Santamaria [the founder of the Catholic Social Studies Movement], with

their glorification of the rural life, [which] seem to me to be more concerned with the fundamentals of his church and religion than with the fundamentals of the Labor Party.

Still, there were progressive forces present in the party, among them Lloyd Ross¹⁶ and Laurie Short.¹⁷ Heinz believed that their 'ideas on industrial and economic affairs should be considered on their merits, regardless of alignments in the internal Party dispute'.

Applying his critique specifically to Labor's economic policy, Heinz argued that while inflation had been the country's leading economic problem since World War II, Labor's response was blunted by its abiding fear of unemployment. As to economic policy instruments, the party

...had done little more than advocate direct controls, which it knew to be impracticable without prior constitutional reform, and had made political capital out of the unpopularity of other measures to deal with the situation, such as tax increases and cuts in government expenditure. On banking and monetary policy, Labor's sole contribution since Chifley's death has been to demand cheap money and condemn credit restrictions. Its contribution to the problem of raising productivity has been confined to (often justified) resistance to proposals from the anti-Labor camp and half-hearted talk about nationalisation of industry.

Having dealt with domestic macroeconomic policy, Heinz then turned to economic development. Here, he enjoined the party to take up the cause of developing regions and countries. This was an issue that was already stirring in his imagination and was to dominate his attention from the 1960s. In the Chifley Lecture, he asserted that the development of Australia's territories was 'a field in which Labor could make a great contribution if it bent its energy and mind to it'. He pointed out that Eddie Ward, the current leader of Labor's Left in the Federal Parliament, had exhibited (when he was the Minister for Territories in the 1940s) a willingness to promote policies aimed at improving standards of living in Papua New Guinea and other Australian territories. Since 1949, however, Heinz observed

I can scarcely recall an instance when Labor has betrayed the slightest interest in their problems. It has even left it to Tory back-

benchers like [W.C.] Wentworth to expose the Menzies–Fadden Government’s neglect of the potentialities of the Northern Territory and New Guinea. To make use of the potentialities of the Northern Territory, and to build up the economy of New Guinea in a way which will advance the welfare of the native people, will cost money and energy. If Labor is the party of progress, here is an opportunity to show how progressive it is.

Heinz had hoped the lecture would stimulate debate in the party and lead to fundamental reform. He knew that his analysis would be controversial. Indeed, he intended it to be so. He assumed that his critics on the Left, including those who supported the present party leadership, would condemn the lecture root and branch. But he expected that after the dust had settled, a calmer and more dispassionate debate would follow and the party would eventually move in the direction that he was advocating. In the event, though there were some concessions in Labor’s economic policy over the years, Labor was never to absorb the essential drift of Heinz’s analysis.

The reaction to the Chifley Lecture was swift and furious. Dr Jim Cairns, newly elected to the federal seat of South Yarra, in suburban Melbourne, led criticism from the political Left. Few came to Heinz’s aid; some who did, including External Affairs Minister R.G. Casey, were more of a hindrance than a help.

Future Cabinet Minister John Button, a former president of the ALP Club at the University of Melbourne, and in 1956 an industrial relations lawyer with an office in the city’s Australian Council of Trade Unions building, wrote to Heinz soon after the lecture with an assessment of trade union reaction. ‘I have been in a good position to assess their reactions,’ Button told him, ‘and generally speaking it has not been favourable. And their criticism runs along the lines voiced by Jim Cairns, whose attitude disappointed us a little. The [Victorian] State Secretary [of the ALP], Jack Tripovitch, informed me that there had been a number of complaints to him, based wholly of course on the press reports.’

The State Executive was shortly to discuss the lecture and Button hoped the ALP Club would not find itself in hot water. One party official had already warned him that ‘the lecture should not be published or else. I suspect this is bluff, however, and whether this is so or not it will certainly have no effect on our decisions.’ Ian Wilson, the president of the ALP

Club, told Heinz that the lecture 'has had quite a heated reaction down here...The State Executive of the Party is not very pleased about it and some efforts were made to discourage us from printing it. However, they seemed to have cooled down.' He mentioned that the State Executive had been 'egged on a bit by Jim Cairns', and that the references in the lecture to the reformist activities of Short and Ross were responsible for most of the negative response.

As might be expected, the newspapers generally supported the position that Heinz had taken in the lecture. *The Age* called it '[o]ne of the most thought-provoking and constructive examinations of present Labor party policy to be made in recent years...Professor Arndt...said a number of things which are, no doubt, unpalatable to large sections of the party's supporters. Nevertheless, he reflected a view which has been growing in the minds of many during the seven years the party has been on the opposition benches' (*Age*, 30/7/56).

The newspaper noted that after three successive losses, the party had exhibited little desire to review or revise its policies. What Heinz had done was to inject 'fresh, uninhibited thought and discussion'.

An editorial in the *Sydney Morning Herald* supported Heinz's call for a debate in the party, drawing attention to the stagnation of thought in ALP circles compared with the refreshing debate that was taking place in the British Labour Party. The ALP was, according to the *Herald*, 'always distrustful of "intellectuals"', prefers to live in a strange aboriginal dreamtime of its own, where Communists are still good Labor men at heart, where all Americans are reactionary capitalists, where inflation can be cured by higher wages and shorter hours, and where the word "Socialism", undefined, unwanted and—fortunately—unconstitutional, is an inadequate substitute for a political and economic policy'.

Casey (*Age*, 6/8/56) and Cairns (*Age*, 7/8/56) wrote letters to *The Age*, the former supporting Heinz, the latter criticising him. Casey believed that Heinz had made an important contribution to Australian political life—'and not in any narrow political sense' (*Sydney Morning Herald*, 28/7/56). He pointed out that Heinz had the 'advantage of familiarity with European politics', it being a 'deficiency in our political life that such matters as his find little objective public ventilation or discussion'. He offered to donate £5 towards the cost of publishing the lecture. One aspect of Casey's mischief making was a matter that elicited a quick response from Heinz. A deficiency of the lecture, Casey noted, was its failure to support the fight

against communism. Heinz replied that he was tempted to give a simple answer: namely, that his lecture was confined to economic policy. But he admitted that he would be

...less than candid in doing so. Frankly, on this issue I continue to side with Evatt rather than with his opponents. I regard the virulent anti-Communists as almost as much a menace to our national life as the Communists. While I recognise that Russian and Chinese Communism, in so far as it is expansionist, may be a threat to our national security, I cannot persuade myself that there is any practicable alternative to the present regime for the Chinese people; and I do not consider Communism as a significant internal danger in Australia. Since I suspect the motives and detest the methods of the professional anti-Communists, inside and outside the ALP, I had no desire to join them in their agitation.

Cairns, in his letter to *The Age*, claimed that Heinz had not spoken 'as a Labor man but as an academic lecturer without responsibility for the solidarity of the Labor Movement'. To this, Heinz replied that Cairns knew full well that he had been an active Labor supporter since 1949. 'As an academic lecturer and a Labor man', Heinz said that he did 'not accept Mr Cairns's assumption that party solidarity is everything, that all public discussion of the party's policies must be stifled in the name of solidarity' (*Age*, 10/8/56). Another member of the Left, John Burton, attacked Heinz in the *Sydney Morning Herald* for condoning monopolies and opposing the nationalisation of industry (*Sydney Morning Herald*, 2/8/56). To the veteran Labor politician Les Haylen, Heinz replied that Haylen was 'quite wrong in thinking that I sympathise with the rabid anti-Communism of the Right Wing. On all points of principle, which were in dispute in the internal struggle [of the Right and Left in the ALP], my sympathies were, and remain, with the Left, but I am convinced that the Left must re-think its economic policy' (*Sydney Morning Herald*, 30/7/56).

It was reported that Heinz, shortly after presenting the Chifley Lecture, was physically assaulted at a meeting of his ALP branch in Canberra, though some of those present denied that this had occurred. On the contrary, they pointed out that standing orders had been suspended specifically to allow him to explain the nature and substance of the lecture and that his views had been received politely. Even so, it appeared for a while that Heinz might be expelled from the party. Many wanted that to happen, but the

powerful state secretary of the Western Australian branch of the party, Joe Chamberlain, rescued him.

Why Chamberlain chose to do so has been the source of considerable speculation ever since. Perhaps he, like Heinz, wanted a change in the party's leadership. If he did, it is most unlikely that his motives were the same as Heinz's, since Chamberlain was a major figure of the Left and would no doubt have dismissed Heinz's revisionism as unacceptable. For Chamberlain, it was probably all a storm in a teacup. He is reported to have said simply: 'By and large, I have no serious quarrel with the overall objective approach made by the Professor to his subject.' Heinz was later to claim that it was Chamberlain's intervention that saved him from expulsion.

Of all the correspondence generated by the Chifley Lecture, four published letters—two from each man—between Heinz and B.A. Santamaria were by far the most significant. As testimony to their importance, they were published in the *Australian Journal of History and Politics* (AJHP) (May 1957). Heinz had first sent the correspondence to *Meanjin*, thinking that it might publish the letters, but it rejected them. He then sent them to *Quadrant*, where the editor, James McAuley, also rejected them. McAuley, saying that their length made them unsuitable for *Quadrant's* purposes, suggested that Heinz might print them privately. Meanwhile, the editor of the AJHP, Professor Gordon Greenwood, expressed an interest, given the political importance of the letters. In a short introduction, Greenwood explained that, while it was somewhat unusual for AJHP to publish an exchange of letters, he decided to do so because the correspondence was 'a reasoned contribution to the discussion upon one of the most controversial issues in contemporary Australian politics'.

In the first letter, a response by Santamaria to the Chifley Lecture, Heinz was congratulated for a 'most reasoned and thought-provoking analysis of the present intellectual crisis of the Labor Movement'. Santamaria said that his purpose for writing was Heinz's admission that he 'would strongly oppose most of the policies of Mr Santamaria'. Whereas Heinz had declared his support for Dr Lloyd Ross and Laurie Short, both of whom were strongly opposed to communist influence in the trade unions, Santamaria was puzzled as to why Heinz had criticised him when his views were at one with the others. Where, Santamaria asked, was the distinction to be found between him and Ross and Short? As to the contribution by members of the Catholic Church to the difficulties now besetting the ALP, Santamaria expressed disappointment with Heinz's implication that

Catholics should not engage in the political and social issues of the day. On the contrary, Santamaria believed it was a healthy sign that younger generations of Catholics were bringing their ideas to the fore and involving themselves in matters of contemporary Australian life.

For his part, Heinz acknowledged Santamaria's 'careful and courteous letter'. He conceded that his reference to Santamaria was much too brief and possibly unfair because of its brevity. He admitted, too, that the distinction he had drawn between Santamaria and Ross and Short was perhaps too sharp, even inaccurate in some respects. Yet he remained implacably opposed to the position adopted by the Catholic Right on three issues: its social policy (particularly the promotion of agriculture at the expense of other sectors of the Australian economy); its 'hysterical attitude to Communism'; and its 'authoritarian policies'.

About the Catholic Right's attitude to communism, Heinz explained that he was himself opposed to communism, but his opposition was 'based not primarily on disagreement with its economic ideas, nor on its atheism, but on its totalitarian methods and objectives'. He dismissed the belief, held by many on the Right, that communism posed a serious internal and external threat to Australia. And he expressed his strong opposition to the totalitarian methods the Right was pursuing in the industrial groups that it had helped to foster for the purpose of curtailing left-wing influence in the trade unions. He regarded the

...totalitarian, or authoritarian, tendencies of the Catholic Right-wing as a threat to liberal democracy in this country, differing only in degree from that of the Communists, though I would readily admit that the difference of degree is important. In numerous ways—in the methods of its anti-Communist campaign, in its support of compulsory trade unionism, in its attitude to censorship, in its day-to-day struggle for predominance within the A.L.P.—the Catholic Right-wing has seemed to me to reveal its illiberal authoritarian outlook, its willingness to subscribe to the basic evil fallacy of Communism, that 'the end justifies the means'. You may regard me as an old fashioned nineteenth-century radical, with all the prejudices of that breed. But I find it impossible to disassociate this authoritarianism from the authoritarian philosophy and government of the Catholic Church.

Hardly a day passes when I do not get new evidence of the divisive activities of the Church and its more ardent supporters.

Catholic neighbours' children telling us that their teaching Sisters have forbidden them to play with public school children because they 'do not say their prayers at night'. Catholic priests using quite indefensible moral pressure to compel helpless migrants to send their children to overcrowded Catholic schools. Catholic priests organising their voting strength in packed meetings of Good Neighbour Councils and other voluntary bodies. Catholic extremists in our A.L.P. branch using precisely the same methods as the Communists to find procedural loopholes and other shady devices to make their viewpoint prevail. All these instances are taken from my personal experience. You may say they are unrepresentative; they do not represent official policy. But why shouldn't they? If these people believe that their religious faith (whose spread or survival presumably depends in large part on the political strength of their Church) is more important than anything else, including mere political institutions like those of political democracy; if they believe that it is wrong to set the individual conscience of fallible human beings above revealed truth authoritatively interpreted and laid down; and if they believe that the end justifies the means; what then is to stop them from doing all the things which I accuse them of doing and which I believe to be a menace to our national life?

Heinz, in fact, told Santamaria that he sided 'with Dr Evatt against the Catholic Right-wing'.

Of course, he could scarcely have expected Santamaria to accept this extraordinary outburst. Probably he was surprised that Santamaria even bothered to reply. He did take some time to do so. At first, he was inclined to think that Heinz's mind was closed to opposing points of view; certainly this was so of many of those in the ALP whom Heinz was criticising. But on reflection, and remembering that Heinz was a member of a university faculty, and therefore a person whose mind should be open to reason, he decided to reply to Heinz's critique of the Catholic Church's intervention in the labour movement.

According to Santamaria, Heinz had misunderstood the reasons for his anti-communism. It was not directly because of an alleged internal threat to Australian democracy, but rather because of 'the tremendous military development of China under Communism, allied with a parallel economic development over the next fifteen years, [which] will make China so

overwhelmingly powerful in our near north that well within fifty years it must constitute a threat to our present national security'. Thus he concluded that a 'continuation of the present degree of Communist influence in the trade union movement...so increases our eventual political and military danger that it cannot be tolerated with equanimity'. No lesser person than Evatt himself, Santamaria recalled, had supported the moderate industrial groups in their opposition to communist influence in the unions.

Given its malign influence, and given Heinz's declared opposition to communism, Santamaria wondered how Heinz would set about diminishing communist influence. If Heinz had a better way of dealing with the problem, Santamaria promised that the so-called Catholic Right would willingly withdraw from its activities in the Labor Party and in the trade unions.

The particular grievances Heinz had voiced about the Catholic Church—for example, its support for the belief that the 'end justifies the means'—Santamaria dismissed outright. If the views and actions that Heinz had claimed were being said and done by members of the Church, Santamaria assured him that most Australian Catholics would condemn them. Similarly, if Heinz's allegations about practices adopted by teachers in Catholic schools towards children in public schools were true, such practices would not be supported by most Catholics. As to Heinz's use of the word 'divisive' in connection with Catholics, Santamaria believed it could be used about any minority group in a democratic society that wished to preserve its ethos within the rule of law and oppose laws that appeared to deny its right to exist. If this action was divisive, Santamaria concluded that there was 'only one remedy—to run the totalitarian steamroller over it and to compel conformity. The charge of being "divisive" was precisely the basis of Hitler's immoral and destructive attack on the Jewish community.'

Heinz swiftly replied to Santamaria. Again, he declared his support for Evatt's 'opposition to the Catholic Right-wing and, generally speaking, with his views on Communism, civil liberties and foreign policy'. Yet he was at one with Santamaria in his criticisms of the 'illiberal methods employed by his [Evatt's] supporters...as strongly as I criticise the illiberalism of the Catholic extremists'. Further, he said that he did not regard Evatt as 'a satisfactory leader of the party and could hardly have expressed this view more strongly than I did in my Chifley lecture'. He drew a contrast between Santamaria's 'sweet reasonableness' and 'the attitude more commonly exhibited, in word and deed, by the Catholic Church and its zealous adherents in politics'.

The touchstone of his criticism of the Catholic Right was 'the civil liberties issue', by which Heinz meant its support of the Menzies government's attempt to outlaw the Communist Party, 'with its drastic departures from traditional principles of civil rights'. He doubted that all Catholics would be so ready as Santamaria to condemn the doctrine that 'the end justifies the means', 'the doctrine of the commissar, the crusader and the inquisitor'. While he did not think that 'this is the state of mind of all Catholics or of the Church in its official policy', he maintained that 'this state of mind has strongly coloured the activities of the Catholic Right-wing in recent years and that it is a state of mind to which Catholic zealots, because they believe themselves to be fighting in the cause of God, are particularly prone'. For him, the tactics of 'Catholic extremists in various ALP branches and organisations in recent years was a reminder of the tactics used by communist trade unionists in England during the war'.

About his claims concerning the divisive influence of the Catholic Church in Australia, Heinz conceded that the Church could not compel migrants to send their children to Catholic schools. Nevertheless, he was convinced that the Church brought moral pressure to bear on migrant Catholic families; he could not 'regard this policy of the Church as anything but authoritarian and indeed immoral'. Further, he 'deplore[d] the insistence of the Church on separate education for Catholic children. I believe the separate education of Catholic children (like the separate education of English upper-class children in the old public schools) tends to create two nations.'

There seemed an important difference between

...the Catholic minority and other religious groups. Unlike all other religious groups, the Catholics insist on separate education (and indoctrination) of their children, they oppose inter-marriage or at least insist that the children of inter-marriages shall be brought up as Catholics. They refuse to cooperate with other Churches; they regard adherents of other faiths as 'heretics' or at least as morally inferior. It is the sum of all these policies, the attitude of mind from which they derive and their social effects, which, in my view, make the Catholic Church a 'divisive' influence in our society in a way in which this cannot be said of any other significant minority.

Clearly there was no meeting of minds here. Santamaria was convinced that communism posed a threat to Australian security. Heinz denied this,

charging the Catholic Right with using totalitarian methods; this was dismissed by Santamaria. The fact that Heinz condemned Santamaria and his Catholic Social Studies Movement, while at the same time supporting Lloyd Ross and Laurie Short, seemed to Santamaria to be inconsistent since the three of them were seeking the same ends. Heinz rejected this accusation of incongruity on the grounds that, whereas the others were adhering to democratic principles and procedures, the Catholic Right was using totalitarian tactics to achieve its ends.

These were issues of great political importance in Australia at the time. Central to the correspondence between Heinz and Santamaria were the momentous split in the ALP and the creation of the Anti-Communist Labor Party (later the Democratic Labor Party); concern about communist influence in the trade unions and the activities of right-wing groups who were trying to contain the spread of communism; espionage activities in Australia associated with officials of the Soviet Embassy in Canberra; and, above all, the controversial figure of Evatt. That the debate between the two men remained focused on political issues and did not deteriorate into personal denigration says much about their standards of public discourse and behaviour.

In an unpublished letter to Heinz, Santamaria wrote

I suspect that you enjoy a dialectical scrap as much as I do. At the root of our controversial problem is, I suspect, your feeling that my 'sweet reasonableness' is simply a carefully assumed disguise for the purpose of debate. Perhaps it is — no one can be sure of the objectivity of his own motives. In any case, whether it is or not, I would be very glad if on your next visit to Melbourne you would have lunch with me, so that we might tease some of these points out further under the mellowing influence of good food. I might not be able to convert you to my right-wing aberrations, but at least I can show you a first class Italian cuisine.

Heinz replied: 'I shall be happy to accept your kind invitation at the next opportunity.'

Though their views were miles apart in 1956, a warm friendship grew between the two men with the years and eventually they became close friends. In October 1991, Heinz was invited to attend the fiftieth anniversary celebration of Santamaria's National Civic Council, held at

the National Gallery of Victoria. He was overseas at the time and could not attend, but he sent his personal best wishes and said that he hoped it would be ‘a splendid occasion, above all, a tribute to you for all you have done in these fifty years. As you know, we do not always agree on everything, but what we agree on seems to me terribly important, and I value your friendship.’ When Santamaria died seven years later, Heinz wrote to his widow, explaining that his ‘friendship with Bob goes back forty years to his response, firm but courageous, to my Chifley Memorial Lecture. We have not always agreed, but I admired and indeed envied his sharp intellectual and moral courage.’

The Chifley Lecture, from which this correspondence arose, was not concerned for the most part with communism, but with economics. The correspondence itself, however, was concerned primarily with communism, its penetration of Australian trade unions and the ALP and the external threat—particularly communism in China—that it posed for Australia. These were matters of great concern to Santamaria, but for Heinz, as his remarks make clear, much of the alarmism exhibited by the Right, and above all by the Catholic Right, was hysterical nonsense. This was the view that he had come to soon after arriving in Australia, and he held to it steadfastly throughout the 1950s and into the 1960s. He expressed it in his correspondence with Santamaria and stated it even more forcefully in an angry letter he wrote in 1958 to the editor of the *Observer*, Donald Horne. His protagonists were two of the country’s leading anti-communists, the poet James McAuley and the philosopher Frank Knopfelmacher. An article that McAuley had contributed to a previous issue of the *Observer* prompted the following complaint from Heinz

What a sad commentary on the human spirit is provided by the anti-Communist zealots of our time!...Unlike the egregious Mr Knopfelmacher, Mr McAuley is not one of those who recently became Communists or professional anti-Communists (which of the two is largely a matter of accident) because they have never understood the principles or absorbed the spirit of liberal democracy. Mr McAuley is an Australian intellectual raised in the tradition of Western liberalism; he was, and perhaps still is, a distinguished poet. Yet, with what hubris he besmirches the traditions and values to which he once owed allegiance; how recklessly he flirts with the anti-Christ!

To this once fine intellectual the very word 'intellectual' has become a term of abuse. He never nowadays refers to 'Western Liberalism' or 'Liberals' save in tones of pitying contempt. The 'sacred right of self-determination' is mentioned only to be mocked. The British tradition that one of the purposes of political activity is to right wrongs is dismissed as old-fashioned nonsense, an expression of 'exaggerated' or 'pathological guilt-feelings'.

It seems hardly possible that a man of Mr McAuley's undoubted intelligence and integrity should not see how far his furious pursuit of anti-Communism is carrying him towards a psychological position as evil, in all essentials, as that of his Communist allies. Anyone who remembers the views of the great German and Italian exponents of anti-Communism of the inter-war years is bound to sit up when he reads Mr McAuley's proposition that 'political domination of weaker or more backward by stronger states' does not necessarily raise any moral issues but merely reflects 'the needs of their (i.e. the stronger powers') own development'; to them anyone who favours, or admits the possibility of, resolution of political disagreements by peaceful compromise is said to be suffering from the 'liberal mentality' which 'shrinks away from the sharp edges of real conflicts'.

Communists, it is well known, hate social democrats and other moderate reformers more than they hate capitalists. The anti-Communist zealots present a similar phenomenon: their attitude to Communists is that towards enemies whom they understand and, in a sense, respect: liberals (with a small 'l') are the vermin for which they reserve their most venomous fury. And just as Communists tend to forget their original ideals in the unprincipled pursuit of power for its own sake, so to the McAuleys and Knopfmachers anti-Communism becomes an end in itself in the pursuit of which all other values and ideals fall by the wayside.

If liberalism was all a mistake, if the notion of morality in politics was a pathological aberration, what then is the ultimate point in all this anti-Communism? For all Mr McAuley tells us, it is 'security'—security from Communist aggression; but just what it is that it is worth 'securing' if liberty and decency are the prejudices of 'Western intellectuals' we can only guess' (*The Observer*, May–June 1958).

The effects of the ALP split in the mid 1950s were experienced not only at the national and state levels of the party, but at the branch level. Just as Heinz was drawn into the national debate, so he became embroiled in the divisions that were manifesting themselves in his own ALP branch in Canberra. In 1956, as a result of factional disputes, the Canberra branch—until then the sole branch of the party in the Australian Capital Territory—was divided into two new branches. The undivided branch had been predominantly anti-Evatt (that is, of right-wing persuasion). The new Canberra branch continued to be anti-Evatt, but the other branch, Canberra South, was evenly divided between pro and anti-Evatt forces. Heinz, though not typically right or left-wing (his career hitherto suggested that he was more comfortable with the Right on economic policy and with the Left on the question of communism), had been alarmed at the manoeuvrings in the former Canberra branch by the pro-Evatt side, led by John Burton. Eventually, the party was persuaded to create two branches in the Australian Capital Territory. Heinz was now living in Deakin and his branch was the new South Canberra branch, where the pro-Evatt forces were stronger than they had been in the undivided Canberra branch.

He opposed the creation of this new branch, writing to *The Canberra Times* in September 1956 to say that he favoured the retention of one central branch, since it was doubtful whether new suburban branches would attract additional members or stimulate greater interest among members in local and national affairs, as the advocates of new branches had argued (*Canberra Times*, 25/9/56). Burton proposed new branches as a way of freeing the ALP in Canberra from 'authoritarian control' by a group whose policies he opposed. This, Heinz believed, was 'an attempt by a faction to obtain, through a back door, that power in the Canberra ALP which they have failed to achieve by ordinary democratic methods'. There was 'no foundation whatever,' he argued

...for the charge that the Branch Executive (of which I have never been a member), has used authoritarian methods to keep us in a minority or prevent our views from being heard. If Dr Burton and his friends took the trouble to attend Branch meetings and showed as much energy in recruiting new members as those whose views he opposes have done in recent years, his complaints would carry more conviction.

As it was, Heinz lost the battle, and the Canberra South branch was established.

By 1958, however, divisions in the Canberra South branch appeared to have healed. For the November election of that year, Heinz helped the branch to draft an economic policy platform, which was to feed into the national election planning process. He wrote that the economic policies set out in the platform

...do not constitute a socialist policy because the Branch believes that a Socialist program is not practical politics in Australia in 1958. Neither, however, are the proposals designed to catch votes by expensive promises which cannot be carried out; they constitute an honest program of reforms which can be defended on its merits, apart from considerations of political expediency.

This was nothing less than the approach to economic policy that Heinz had been trying to persuade the party to adopt for many years. Included in the detail was a proposal to establish a Royal Commission to investigate the Australian taxation system; restoration of the 1951–52 share of public investment in the gross national product (which had fallen from 10 per cent to 8 per cent between 1951–52 and 1956–57); the establishment of a Government Finance Corporation to invest in industrial enterprises; resistance to any further weakening of the Commonwealth Bank; the formation of a Commonwealth Development Bank; a request to the states to refer their powers over hire-purchase credit to the Commonwealth; and the creation of a monopolies commission.

Perhaps because the ALP adopted some of his proposals, Heinz wrote at the outset of the election campaign in October 1958 to congratulate Evatt 'on your excellent policy speech and to wish you and the Party the best for November 22'. He went on to acknowledge that 'I have not always seen eye to eye with you in economic policy matters in recent years', but he wished Evatt to know that he 'would go practically all the way with you on this program'. He mentioned that he would be in India in the weeks immediately preceding the election, and indeed on the day itself. 'However', he wanted Evatt to know that 'I shall be watching developments at home excitedly and look forward to great news on November 23'. Once again, however, Heinz was disappointed with Labor's defeat, writing to Wilf Salter¹⁸ from India about the 'lousy stinking election result'. Though the result was disheartening, at least it meant the end of Evatt's leadership

of the party (he had now led the ALP to three election defeats, two of them by wide margins) and, while his replacement, Arthur Calwell, was not a person for whom Heinz had much time, there was the chance of a fresh start.

By the time the next election came around in December 1961, the ALP's economic platform had moved even closer to Heinz's point of view. After the election, he wrote to David Rowan:¹⁹ 'I confess that I am now much happier in supporting Labor on economic policy (than say, two years ago).' So pleased was he with the ALP's election platform and its vigorous campaign that he wrote to Calwell to congratulate him 'on your near-victory in the elections which has given us all new courage'.

Foreign policy appears to have attracted less of Heinz's attention in the years immediately after his move to Canberra than it had done in the years before. But there were two events about which he did make his views felt. He opposed strongly the actions of Britain and France during the Suez crisis of 1956. As he wrote to the American Bob Ratchford, an economist friend at Duke University in North Carolina

...most of us academics do not see eye to eye with Mr Menzies in his avid support for Eden's maniacal adventure. Initially, it was difficult to find anyone in Australia who supported the British resort to force; gradually the tale that it anticipated Russian aggression in the Middle East was, as usual, successful in enlisting some support. As in Britain, so here, the conservatives who support Eden are working off steam in violent diatribes against the USA. I, for once, find myself in full support of US foreign policy on the immediate issue, though I agree with the critics that American failure earlier to take the Middle East problem seriously, the subordination of tactics in the Middle East to Cold War strategy, must bear much responsibility for the whole mess, particularly the dreadful position in which Israel found herself earlier this year.

Heinz was critical, too, of the position that Australia and other Western countries had taken against India's so-called 'police action' in Goa—an action aimed at dislodging the Portuguese, who had refused repeated requests by India to hand over the small colonial territory to the new

nation. He was especially incensed by the position that Calwell had adopted. He admonished Calwell for attacking India's failure to act in concert with the United Nations. Heinz would have preferred India to have waited until it had secured the approval of the United Nations, but as a matter of principle, he believed that Portugal's rights to Goa were no better than Britain's rights had been to India or France's to Indo-China. He reminded Calwell that Goa had become an international problem because Portugal had refused to follow Britain and France in effecting a voluntary and peaceful withdrawal from India. Instead, it had maintained an authoritarian regime in the colony and, indeed, in all of its overseas territories.

Nehru, India's prime minister, had spent 14 years trying to settle the issue by peaceful means and on occasions had sought the assistance of the United Nations. Heinz thought that Calwell had been less than fair to India when he compared India's action in Goa with China's invasion of Tibet. 'I agree with you that the Labor Party must uphold the principles of the United Nations and condemn resort to force,' he said, '[but] I believe it is equally important that it should be fair in its pronouncements on disputes in which friendly neighbours of Australia are involved, and in particular that it should recognise the point of view of the countries that have recently gained national independence.'



When Heinz had moved to Canberra and had secured Australian citizenship he looked forward to joining the ALP. Once he became a member, he was never an uncritical adherent of party orthodoxy, yet he rarely questioned his continuing membership of the party. As the years passed, however, the party's position on foreign policy became an issue of increasing concern to him. On 16 July 1971, he submitted his resignation in a letter addressed to the president of the Canberra South branch. Heinz wrote

In 1954, during the Petrov Royal Commission, the late Dr Evatt put a nail in the coffin of a distinguished political career by writing a letter to Molotov. It was an extraordinary lapse of political judgment, due perhaps to failing health, perhaps to the psychological consequences of excessive frustration of years as Leader of the Opposition. But, extraordinary as it was, the Molotov

letter was less serious, less damaging to Australia, than the behaviour of Mr Whitlam in Peking [Beijing] last month.

Dr Evatt merely wrote a letter. He did not go to Moscow to give Molotov an opportunity for a significant propaganda victory against the West. He did not display any gross servility, he did not openly take sides against the United States, he did not cast aspersions on Japan, ridicule the Philippines and Thailand, denounce the Government of Cambodia, and offer to sell Taiwan down the river. He did not give Molotov an opportunity to say how much he would welcome a Labor Government in Australia.

I have been a member of the A.L.P. for over twenty years. I still find myself in agreement with many of the domestic objectives of the Party and I have been heartened by the evidence of constructive and progressive policy making at the recent Federal Conference. I believe, with many others, that Australia urgently needs a credible alternative Government.

But I have been increasingly unhappy in the last few years about the drift to the left in the Party's foreign policy. Mr Whitlam's posturing in Peking, humiliating to any Australian, has finally convinced me that I cannot any longer remain a member of the Party.

With deep regret I must ask the Branch to accept my resignation.

While Whitlam's visit to China and his declaration in Beijing that a future Labor government under his leadership would recognise the communist government of China provided the occasion for Heinz's resignation, Heinz had for some years been a critic of the party's opposition to Australia's involvement in the Vietnam War. He supported the defence of South Vietnam by the United States and its allies on the grounds that it was 'both right in principle and in the interest of the West'. He wrote an article for *Woroni*, the ANU Students' Association newspaper, in which he endorsed the war. This led to questions being asked about the retention of his membership of the ALP.

At the time of his resignation he still supported the ALP's economic and social policies, but he became increasingly critical of these policies, too. When he was on leave at the OECD in Paris in 1972 he observed the failure of the 'Phillips curve' approach to macroeconomic policy as 'stagflation' began to take hold in industrial countries. The coincidence

of inflation and unemployment led him to lose his faith in Keynesianism. He was to write in 1985: 'If the Phillips Curve trade-off between inflation and unemployment no longer worked, if expansionary monetary-fiscal policies were much more likely to accelerate inflation rather [than] increase output and employment, the centrepiece of the Keynesian prescription collapsed.'

The expansion of the public sector and the acceleration of inflation during the Whitlam years were also matters of great concern to him, leading him eventually to the writings of Milton Friedman, James Buchanan, Gordon Tullock, Friedrich Hayek and Colin Clark. As a consequence of reading the work of these and other economic liberals and libertarians, Heinz was 'gradually persuaded that the monetarist analysis was as essential to an understanding of the inflationary process of the 1970s as the Keynesian analysis had been for our understanding of under-employment in the 1930s'.

He was ready to become a public intellectual once again. He joined the advisory boards of organisations such as the Centre for Independent Studies (a conservative think-tank established by a former Sydney schoolteacher, Greg Lindsay) and the Australian Lecture Foundation (which sponsored lecture tours in Australia by well-known conservative thinkers). When Zelman Cowen was appointed Governor-General of Australia in 1977, Heinz succeeded him as president of the Australian Association for Cultural Freedom. This organisation sponsored the monthly politics and cultural magazine, *Quadrant*. Heinz had begun to write for the magazine in 1969, later becoming a regular contributor; in 1981, he was appointed its co-editor. He continued to write for the magazine until his death.