

18

THE DEPARTMENT OF ECONOMICS, RSPS, 1963–80

A Department of Economics had long been planned for the Research School of Pacific Studies (RSPS). The department became a reality in 1962, after the ANU's successful enticement of Sir John Crawford from the public service (where he was head of the Department of Trade) to be the first director of RSPS and, with the standing of professor, head of the new Department of Economics. Crawford went about his new responsibilities 'with vigour, indeed one might say in the grand manner', as Heinz later wrote.

Crawford, however, was so busy being director of the school and fiscal adviser to the university (an extra role to which he had been conscripted) that he could not give enough time to the Department of Economics. Crawford's time became even scarcer in 1963. In this period, not only were the causes of economic growth of paramount interest to economic theorists, the achievement of high rates of economic growth became a pre-eminent policy objective in industrial as well as developing countries. Following on from the French experience, the idea was floating around the world that 'indicative' long-term planning might be conducive to faster economic growth.

Although the government and treasury in Australia had little sympathy for planning, the Menzies government nevertheless appointed a Committee of Inquiry to examine ways and means by which Australia's economy might grow faster. Sir James Vernon, a prominent businessman (general manager of Colonial Sugar Refining Limited), served as chairman of the committee, with Crawford as his deputy (interestingly, another future Vice-Chancellor of the ANU, Professor Peter Karmel, also served on the committee). The inquiry lasted two years and took much of Crawford's energies away from the ANU. Realising that he could not do justice to several positions in the university, let alone to his substantial outside interests, Crawford sounded out Heinz on the proposal that he relieve Crawford of the headship of the economics department, of which Crawford would remain at least a notional professor. The proposal suited Heinz perfectly, for he was very happy to remain in Canberra if he could relinquish undergraduate teaching and concentrate on research leadership. So, retaining his status as professor, he took up the headship of Economics RSPS in November 1963.

The transition was accomplished behind the scenes (as recounted in Chapter 16). It had been known in the department that Crawford wished to be freed from the headship, but, at least among the junior citizens, there was much speculation about (although no awareness of) who would gain the post. Heinz was a prominent and well-entrenched figure in the School of General Studies (SGS), and he had not hitherto shown his hand as an Asianist. It was therefore to some surprise that Crawford presented his chosen successor at a cocktail reception for members of the department in the late afternoon of a glorious, early summer Canberra day.

The specific mandate of the Department of Economics, RSPS, was the study of 'underdeveloped and primitive economies, with emphasis on the building up of a systematic empirical knowledge of the Pacific and South East Asia'. Trevor Swan, Professor of Economics in the rival Research School of Social Sciences (RSSS), was reputed to have joked that with Crawford as professor it would be primitive economics all right! This was said without malice, for Swan had a long friendship with Crawford and great respect for him. Swan had been Crawford's junior assistant a quarter of a century earlier in the Rural Bank of NSW, and he had been influential in securing Crawford's appointment as director of RSPS when the professors of the school were disinclined to accept him. As Professor Oskar Spate, himself a subsequent director, wrote

Then, like a *deus ex machina*, Trevor Swan, Professor of Economics in Social Sciences and an old friend of Crawford's, stepped in with an invitation to meet him over drinks at Trevor's house. We went, warily suspicious, and found a man of short stature, anything but an imposing presence, very quietly spoken; and before the evening was out we knew we had the man to lead us (Arndt 2000:33).

Crawford was always keen on Papua New Guinea and that interest was reflected in his initial appointments of Scarlett Epstein (a distinguished anthropologist) and Ric Shand, each working on aspects of the rural economy in the territory. Other early academic staff in the department included E.K. (Fred) Fisk, W.M. (Max) Corden, D.M. (David) Bensusan-Butt and G.B (Geoff) Hainsworth. Fisk, lately released from a senior economist post in the Malayan civil service, was to coordinate one of the department's first research projects on the economy of newly independent Malaya. Corden, a rising star in theories of trade and protection, was to give leadership in the field of international trade and payments, in which

Crawford retained a keen practical interest. Hainsworth, steeped in the then fashionable field of development economics, was to guide graduate students through the large and rich literature of that subject. Bensusan-Butt, on growth theory and taxation, and Shand, on agricultural economics, had little to do with the graduate students in class but were unfailingly approachable for discussion or advice. This, then, was the composition and character of Economics RSPS when Heinz took it over, as a result of a happy intersection of his and Crawford's individual career needs.

The department was in good condition when Heinz arrived. Crawford was seldom seen at academic seminars—except for those given by extremely distinguished visitors, such as Japan's Kiyoshi Kojima—and he generally had only tenuous contact with the individual members of the department and their work. He did, however, use masterfully his great network of the rich and powerful to the advantage of the department in general and to many of its individual research projects. Heinz took over a happy ship, and he kept it so. Heinz was bequeathed a good-sized department with a complement of senior and junior research fellows and a strong group of research scholars (PhD students). Apart from those already mentioned, the research staff by then included Ken Thomas, Bruce McFarlane and Tom Silcock. There was also a steady procession of medium-term visitors, and notable brief visits from academic luminaries such as Nicholas Kaldor and Kenneth Boulding.

The research scholars had come from Sydney, Melbourne, Adelaide, New England, Fiji, Singapore, Vietnam and Thailand. At any one time, several of them would have been in Asia or the Pacific islands conducting field research, but there were about eight working in the department at the time of Heinz's arrival. Malaysia/Malaya/Singapore and PNG were then the main fields of geographic interest. Fisk was the resident 'old Malaya hand', who was then developing a major interest in PNG, along with Shand and under the oversight of Crawford. One doctoral student was in PNG on field-work and another was in Malaya.

During 1962, the department had conducted a major research and seminar program on Malaya, to which departmental staff, other ANU scholars and visiting experts contributed. In 1963, the collected papers of the seminar series were edited by Silcock and Fisk and published, about the time of Heinz's arrival, by the fledgling ANU Press as *The Political Economy of Independent Malaya* (a title arrived at after much tea-room discussion, and thought to have maximum reader enticement). This volume drew

attention to the high quality of the department, thus giving Heinz a strong platform for its further development.

In contrast with Crawford’s rather invisible presence, Heinz was everywhere at once in his new department. It was then housed on the ANU campus in the former nurses’ quarters of the old Canberra Community Hospital. The buildings were wooden, rambling in style and very cold in winter, but at least staff and students were all together and could be gathered easily for seminars and social events, of which the daily morning tea was something of a ritual.

Heinz wrote

The departmental seminar, every Tuesday afternoon in term time, played a central role in the life of a department in which research was done in the main by individual scholars rather than as organised teams. Originally there were two series, a ‘work in progress’ seminar at which staff and students were expected to report on their work, and a theory and discussion seminar. Later they were merged, but both kinds of activity continued to be fairly equally represented (Arndt 1985:67).

Heinz quickly got to know his academic community, attended all their seminars—in which he was always a prominent contributor—and read countless drafts of articles, chapters, books and theses. In these ways, he truly put his intellectual stamp on the research work of the department, and that work flourished under his leadership. It was, of course, sometimes daunting to be on the receiving end of Arndt as professor: many speak of the experience of delivering a carefully crafted draft of a paper to his office of an afternoon and finding it returned in one’s mail box next morning covered with critical and constructive comments (not neglecting grammatical improvements) in tiny handwriting somewhat resembling the path of a drunken fly. Also, Heinz expected all his colleagues to match his own enthusiasm for work and he had little patience with any who were reluctant or who lagged in pursuing work and opportunity. The result of Heinz’s assumption of the leadership was a confident and energetic department, to which most people were proud to belong.

It should be mentioned, too, that in each of his ANU departments, Heinz enjoyed faithful support from his most efficient and diplomatic assistant:

'some time in 1951 a young secretary was assigned to me, a Canberra girl, Margaret Easton. She was still my secretary 32 years later when I found it difficult to reconcile myself to the prospect of her imminent retirement' (Arndt 1985:23).

Heinz's first move was to broaden the department's geographical span of interest, notably by making Indonesia a major project. Although Ken Thomas, as a Research Fellow, and Ingrid Palmer, as a PhD student, were engaged wholly on Indonesian subjects, and other members of the department had made occasional excursions into Indonesian issues, it was clear to Heinz that research on Indonesia could not be left at that level. 'Either we made a major effort or we left it alone for the time being.'

Almost everyone he consulted advised against the effort. It was, after all, the time when Sukarno's 'Guided Democracy' was in full flower and the Indonesian economy was in tatters. Moreover, Indonesia was in its state of confrontation—*Konfrontasi*—with Malaysia. The prospect of the ANU obtaining high-level cooperation for research in Indonesia was faint; it was also unlikely that research workers would be admitted to the country. Indeed, Thomas had already left South Sumatra when it seemingly became unsafe for foreigners. In the face of near-universal pessimism and encouraged only by the Australian Ambassador in Jakarta, K.C.O. (Mick) Shann, Heinz made an exploratory visit to Indonesia in late 1964. The result of that visit was the initiation of the department's major project on the Indonesian economy, which is still going strong 40 years later. That, however, is a story for the next chapter.

Meanwhile, developments in the department in Canberra cleared the way for a focus on Indonesia. After the very successful Malaya program of 1962–63, work on Malaysia declined. Clive Edwards and I completed our doctoral theses on that country, Fisk's interests shifted to PNG and other Pacific islands and no new recruits took up Malaysia. The department was well endowed with funds for staff positions and scholarships, so Heinz was able to direct much of these resources towards Indonesia.

The original staff had been joined by Conrad Blyth, Helen Hughes and Ramon Myers, none of whom worked directly on Indonesia, and by Alex Hunter, David Penny and Shamsheer Ali, who did. None of the new doctoral scholars—Don Stammer, Malcolm Treadgold, Brian Lockwood

and Gregory Clark—took up Indonesia, but within a few years a succession of young Australasian PhD candidates joined the department, attracted by the opportunity to undertake original research, including field-work, on the Indonesian economy and enjoying good supervision while doing so. They included Peter McCawley, Stephen Grenville, Anne Booth, Howard Dick, Hal Hill, Phyllis Rosendale and Chris Manning, all of whom turned their opportunities to very good account. Of these, Booth, McCawley, Hill and Manning were subsequently appointed to the staff of the department and continued to work on Indonesian subjects. It would be fair to say that, from 1965 until Heinz's retirement from the university in 1980, Indonesia was the main focus of the department—but by no means to the neglect of other areas.

A physical shift of the department from the old hospital buildings to the spanking new Coombs Building occurred in June 1964. The new quarters facilitated interaction not merely with other departments in Pacific Studies, but with departments of the Research School of Social Sciences, which occupied the other half of the honeycomb-shaped building. A huge common room for both schools was a natural meeting place for morning and afternoon teas, although Economics Pacific Studies preferred to have its own morning gathering in the department, on the corridor junction and adjacent balcony. Heinz showed up whenever possible, although his many duties often took him elsewhere. In these informal scenes, it was natural and easy to be aware of each other's work as well as to discuss larger local and international issues of the day.

A dominant presence was that of Helen Hughes, who could be described as the monarch of the coffee club. Helen had opinions on everything and did not hesitate to express them, right or wrong with equal authority, as Heinz observed. Helen was an informal leader among the staff and an adviser to the graduate students. They were encouraged by her positive approach to research and were deeply appreciative of her caring interest in their progress. Hughes had an illustrious subsequent career, first in the World Bank and then as the founding head of the National Centre for Development Studies located at the ANU.

The shift to the Coombs Building also meant that the department became better integrated into the Research School of Pacific Studies and the Institute of Advanced Studies. Heinz was inevitably drawn into the administration, and the politics, of these higher levels of the ANU organisation. Heinz never admitted publicly that he enjoyed administration.

It was time-consuming, diverting him from the more important activities of teaching and research, which centred on his department. Yet he never shied away from administrative obligations; they were part of the workload that academics had to carry. He always took his responsibilities as a head of department seriously and conscientiously, as he did with the duties of the directorship of the RSPS when he was called on occasionally to act temporarily in that role.

In 1976, he took on one of the most senior administrative roles in the university, that of Deputy Chairman of the Board of the Institute of Advanced Studies (known by its humorous acronym BIAS). When the amalgamation between the original ANU and the CUC occurred in 1960, it was agreed that the new ANU should have two academic boards: the Board of the Institute of Advanced Studies and the Board of the School of General Studies. The latter was to cater for the faculties of the former CUC and in due course it was renamed the Board of the Faculties. The chairman of each academic board was designated Deputy Chairman, simply because the Vice-Chancellor was *ex officio* the chairman of all university committees.

For many years, Heinz had been a member of BIAS as one of the representatives of RSPS. In August 1976, the Deputy Chairman, Professor Frank Gibson, resigned and Heinz was appointed to replace him on an acting basis. Subsequently, the Vice-Chancellor, Professor Anthony Low, persuaded Heinz to take the job for two years. In 1978, Heinz agreed to be reappointed for a further two years, which would take him to his due date of retirement.

Under the *ANU Act*, BIAS was responsible for all academic matters concerning the institute and was to advise the governing council on 'any matter relating to education, learning or research or the academic work of the University'. In practice, it advised the Vice-Chancellor and the council on academic issues such as new courses of study and the establishment of new programs and departments. It devoted considerable time to receiving and discussing major reports, and it recommended admissions to degrees; it made appointments to subcommittees, received study leave and electoral committee reports and advised the Vice-Chancellor on appointments in the research schools. As Deputy Chairman, Heinz acted for the Vice-Chancellor in approving academic appointments at certain levels and accepted resignations.

In the oblique reference in *A Course Through Life* to his work as Deputy Chairman of BIAS, Heinz said that although he had been 'saddled' with

the job and had found it time-consuming, it had nevertheless been an interesting experience. He noted that it involved chairing 16 standing committees and countless *ad hoc* committees. The Deputy Chairman also sat *ex officio* on the governing council of the ANU, a body on which at various times Ruth and Bettina Arndt had served. At one stage, Heinz and Bettina were on the council simultaneously. Bettina was once accompanied by her newborn son, Jesse, who slept peacefully during the morning meeting; Heinz was most proud of three generations of Arndts being in the council room.

During the 1960s, Heinz maintained his industrious work for the *Economic Record*. The engine room of the *Record* had always been in Melbourne, with Professor Sir Douglas Copland the founding editor in 1925. Heinz's connection with the University of Melbourne and its economists began through his job at CUC, which taught for Melbourne's Bachelor of Commerce degree. Heinz had to follow the Melbourne curriculum and interact with Melbourne staff in setting and marking examination papers. These duties sustained his contact with Dick Downing, whom he had first met in 1948, and the friendship deepened as the years passed.

By 1954, the *Record* was still the only learned journal of the social sciences in Australasia. In that year, Downing succeeded to the editorship and he invited Heinz to join the editorial board, in effect as assistant editor. The job lasted 20 years and, for at least the first 12 of those years, Downing and Heinz between them read every article submitted to the *Record*, subsequently rewrote many of them and commissioned or wrote further pieces to fill out a balanced journal. The two worked closely and enjoyably. 'I probably read, on average, four or five contributions a month, so that Dick and I exchanged one or two letters a week' (Arndt 1985:29–30).

Another major professional collaboration was in the 1964 report on *Taxation in Australia: agenda for reform*, instigated by the Social Science Research Council and produced by Downing, as chairman, Heinz, Alan Boxer, Peter Karmel and Russell Mathews. Heinz's long and frequent correspondence with Downing and their meetings were not confined to economics subjects. They talked and wrote also about friends and colleagues, family matters, career decisions, music, literature and the arts, right up to Downing's sudden death in 1975. Heinz regarded Downing as 'my closest friend for almost 30 years'.

The Department of Economics, RSPS, came into full bloom in the late 1960s and the 1970s. During those years, Colin Barlow, Peter Lloyd, R.M. Sundrum, Audrey Donnithorne, Elizabeth Whitcombe, Martin Rudner, Eric Waring, Dan Etherington, Paul Luey, Malcolm Treadgold, Hazel Richter, Brian Lockwood, Ross Garnaut and Peter Warr were all appointed for various terms. Their interests and expertise encompassed China, India, Burma (Myanmar), Malaysia, the Philippines, PNG, Fiji and other Pacific islands, as well as agricultural economics, international trade and economic development generally. Simultaneously, there was an increase in the number of research scholars: a dozen or so Asian graduates came to the department as PhD candidates, as did another half-dozen Australasians. Heinz undertook the supervision of several of these scholars but, curiously, he never supervised an Indonesian.

His sole and notable protégé from Indonesia was Boediono, whose position in the department was as a research assistant of the Indonesia project. Boediono came to the department in July 1970, having previously submitted a thesis for the Master's degree at Monash University. The thesis required revision, which Boediono was able to do while holding his post in the ANU. Boediono later progressed through the Indonesian civil service to become Minister of Finance, Minister for Planning and Coordinating Economics Minister. In an obituary tribute to Heinz, Boediono wrote

I never took a course with him, nor did I do my thesis under his supervision. Nevertheless, I consider him my teacher both about my profession and life...Heinz's writings on Indonesia and development influenced me directly and indirectly. He influenced my thinking about the problems facing the country, about the role of economics in the solutions, and about how an economist should define his or her role in public life (McCawley et al. 2002:183).

The department became a very lively and, at times, crowded place. There was no shortage of bright, interesting and attractive women in the department. Some had been appointed by Crawford and their number was increased by Heinz. Hughes has recorded

A major factor in Arndt's ability to find staff and students and to develop contacts in the region was his evident race and gender blindness. At a Departmental meeting in the mid 1960s a University edict noting the absence of women in academic

positions in the ANU's Institute of Advanced Studies was to be discussed. Arndt's Department then had three of the four senior women academics at the Institute ranged around the table. One of these remarked: 'This is something that this Department doesn't have to worry about.' Looking around, bewildered, Arndt said: 'I don't understand what you mean.' He saw around him his academic staff, not men and women. The morale boost of a head of Department so totally unaffected either by discrimination or affirmative action can now hardly be imagined (Hughes 2002:484).

Heinz clearly liked female company. There was no sign of any particular attachment but the younger men (and perhaps the older, who were more reticent) observed that their female colleagues, staff and research students received more of Heinz's time and attention than they did.

The department was basically brim-full of research fellows and graduate students, research assistants and administrative staff. It also managed to find room for callers and short-term visitors, too numerous to identify here. It is worth mentioning, however, the visits of two very distinguished economists, Charles Kindleberger and Fred Hirsch, which occurred in 1966 and 1974 respectively.

Heinz had been a 'pen pal' of Kindleberger since the mid 1950s. After a scraped acquaintance during Heinz's 1954 sabbatical in the United States, Heinz wrote to Kindleberger a detailed and constructive critique of the latter's book *The Dollar Shortage* (1950). Kindleberger replied, most courteously, in detail and with gratitude. The correspondence, which began as 'Dear Professor Kindleberger/Dear Professor Arndt', soon progressed to 'Dear Kindleberger/Dear Arndt', and then to 'Dear Charlie/Dear Heinz'; it was maintained, with increasing frequency in their retirement years, until Heinz's death (Kindleberger died soon afterwards in July 2003).

The visit of Professor and Mrs Kindleberger to Canberra in July 1966 was a big professional and social event for Heinz and Ruth and the department. Kindleberger had held a visiting appointment at the University of Canterbury, Christchurch, and was returning home via Australia. As well as going to Canberra, he went to Brisbane to give a public lecture and to Sydney to meet with the governor and staff of the Reserve Bank. Heinz arranged a full and rich program for the Kindlebergers in Canberra. Charlie met the staff of Economics RSPS and Economics SGS, lectured to the local branch of the Economic Society and gave a seminar in Heinz's department. The Kindlebergers were also subjected to a heavy

social program, which involved not only Heinz and Ruth and many of the department, but ANU notables and the US ambassador. Charlie did not stint in expressing gratitude to Heinz: 'Not only did I enjoy seeing Canberra and meeting your colleagues, but it was particularly enjoyable to make your close acquaintance after all these years of correspondence. I regard this as an impressive capital investment of the trip and one on which I shall expect to draw revenue for years to come.'

The visit of Fred Hirsch, British academic, former leading international economic journalist and IMF senior staff member, occurred in October 1974. Hirsch had been invited to PNG to advise on the introduction of its new currency, the kina, and was looking for knowledgeable opinions. Heinz assembled Fred Fisk and Malcolm Treadgold of his department, Peter Drysdale of the ANU's Faculty of Economics, SGS, Dr M.L. Parker of the Industries Assistance Commission (and an old PNG hand) and myself (from the University of New England). It was a very interesting occasion. Hirsch, who later wrote the splendid and seminal *Social Limits to Growth*, was surprisingly quiet and diffident, but he asked good questions and listened attentively to all the answers and opinions. At least two of the group were stimulated to undertake later work on the PNG monetary system. Sadly, Hirsch was dead within four years; at the time of his death he was Professor of International Studies in the University of Warwick, a post to which he had acceded shortly after his visit to the ANU.

In general, the academic staff of the Department of Economics were happy with Heinz's leadership and gave him loyal support. Frictions, however, developed in some cases; and it should be mentioned that he fell out with all three of his first appointees to the Indonesia project, Ken Thomas, Jusuf Panglaykim and David Penny. To some degree, this was a matter of them not being comfortable in full-time academic research; further, at least in the case of Penny, who had been Heinz's closest colleague in the early years of the Indonesia project, anyone interested primarily in politics, sociology and the welfare of the Indonesian peasantry would find it hard to stomach the sympathetic attitude that Heinz and others displayed 'towards the growth-oriented policies of the Jakarta technocrats'. Some other members of the department grumbled about the attention and resources devoted to Indonesia, fearing that a negative consequence would be to distort the department's mission (and belittle their work on other subjects and

places). The non-Indonesia cause never gathered much momentum or became a major issue until after Max Corden returned to the department from Nuffield College, Oxford, in 1976.

Corden was undoubtedly the most intellectually renowned member of the department before, during and since Heinz's time. Corden was already in the department—as a Professorial Fellow—when Heinz arrived. He left in 1967 to accept a readership at Nuffield College and returned as professor in 1976. Heinz was very enthusiastic about Corden's return. They had collaborated over the years on aspects of Australian economic policy (including the 1963 jointly edited bestseller, *The Australian Economy: a volume of readings*, and a paper for the Vernon Inquiry on 'The interdependence of problems of economic policy') and Heinz had great respect for Corden's powers of analysis, criticism and exposition.

Before leaving for England, Corden had worked on applied issues pertaining to Australia and Asia, as well as pursuing his theoretical interests. Heinz, therefore, had no reason to suspect that Corden would not now be comfortable with the department's commitment to Asian, and especially Indonesian, economic development; and he failed to grasp that Corden's former interest in that field had cooled by 1976.

Other older members of the department had reservations about Corden's return and it is fair to say that it was far from universally welcomed. In the next three years, as Heinz, Corden and the others had to live and work as colleagues, disenchantment set in on all sides. What galled Heinz was that, as far as he could see, Corden had not only given up his former applied interest in Asian trade and development, he seemed to belittle the work of those who tilled such fields. Heinz began to fear that the most creative part of his life's work—the Indonesia project—was under threat, and that thought took root ineradicably.

Things came to a head as Heinz's retirement loomed and as the elevation to Head of Department of Corden, then the sole remaining full professor, appeared automatic. The appointment of Corden as head was opposed strongly by some members of the department and Heinz encouraged them in their resistance. (It is proper and usual for a retiring academic leader to play no part in the selection of a successor, and to refrain from subsequent interference in the successor's leadership.) Within and beyond the department, Heinz fomented opposition to Corden, to the extent that the Vice-Chancellor gave thought to appointing one or other of the senior, non-professorial staff to be head. In the end, Corden was appointed to the post.

As head, Corden at last had the opportunity to rebalance the work of the department. He was reacting to what, on his return in 1976, he regarded as undue pressure from Heinz to change his own interests. In a recent interview for the *Economic Record*, he said

Heinz had built up a Department consisting primarily of experts on various countries—people who knew Indonesia, Malaysia, Fiji or something like that...Heinz wanted me to move in the direction of the Department's current main interests, and that I should only take on PhD students who would work in these areas, especially Indonesia. But by that time I was 50 years old and not inclined to move in anyone's direction...I expressed my own views...Heinz began to feel that I was threatening his little baby, namely the 'Indonesia project'. He felt that I might destroy it. Actually I was not intending to, though I thought it could be improved...So we fell out.

Heinz, however, became embittered and never really forgave Corden. As late as 1996, in a letter to Kindleberger, he wrote

Max Corden. This is a sad story, a bit like a broken-down marriage. As you know, we worked together for many years, I got him the Chair in my Department and had, and still have, a high regard for his skill as a trade theorist and expositor. But he nearly ruined my Department in his years as Head (because he was not interested in Asia or economic development) and has been singularly unhelpful ever since.

And to Kindleberger again, in late 1997, he wrote: 'We used to be colleagues and friends, but nowadays, as he told me last time we met, his "time is too valuable" to comment on what I send him.'

This is indeed a sad story because neither man lacked respect for the other's abilities. Corden thought that

Heinz was a very sophisticated, civilised person. He was a very good economist; he had a lot more intuition than most more technical economists; he could see through an issue in an argument, and this was very apparent to me years earlier. Also he had many virtues. He was a man of high principle, which also meant he had strong convictions. He was very conscientious — if

a student gave him a draft of a chapter he would read it, and comment on it promptly in detail and not in a few words, so he was greatly respected among students...Let me also add that earlier he had been a member of the editorial board of *The Economic Record*, and he gave incredibly thorough comments on submitted papers. I benefited from this way back in 1954 before I had actually met him, when I sent a paper from the LSE, which was my first paper published in the *Record* (Coleman 2006:391–2).

So, two good men, each respecting the other as economists, each recalling fondly their early connection, collaboration and companionship, but unable to heal fully the damaged friendship before Heinz died.

Periodically, Heinz received extended relief from departmental responsibilities through study leave and special assignments. A good example of the latter was his visit to Chile in September–October 1970. Heinz encapsulated this experience thus

In 1970, Claudio Veliz, the Chilean historian, organised a '*Conferencia del Pacífico*' in Viña del Mar. *Dependencia* was in the air, and Veliz and others had the romantic idea that [the] dependence of Chile and other Andean Group countries on the USA might be reduced through closer ties with countries of the western Pacific. It was a splendid conference, opened by the neo- (or at least near) Marxist economist, Osvaldo Sunkel, whose imaginative diagrams illustrating the relations between the 'Centre' and the 'Periphery' evoked gently amused comments by the chairman of the opening session, President Eduardo Frei. But the real excitement of that visit to Chile arose from the fact that it took place in the interval between the popular elections which gave Allende his plurality and his election to the presidency by Congress. All through the week, Viña del Mar buzzed with rumours about Allende's negotiations with the Christian Democrats on constitutional guarantees (which in the event he proved unable to honour), about Cabinet appointments and about the bombs that every night blew out shop and office windows in Santiago. Young radicals, neo-Marxists of various hues, were congregating in Chile from all over Latin America and were

very vocal at the conference. The Singapore Foreign Minister, Mr Rajaratnam, who was one of the participants, commented that they reminded him of the turtle that lays a thousand eggs but only one hatches (Arndt 1985:70).

This précis, however, omits some interesting sidelights such as the constant dogmatic warfare between left and right-wing economists on the conference floor, Heinz's consequently challenging role as rapporteur and summariser, and the highly unsettled and uncertain situation in Chile, which threatened armed conflict and economic disaster. There had been a large-scale flight of capital, a run on the domestic banks and desperate queues at the airports. A conservative young man told Heinz that there were two classes of Chileans: 'the cowards who are leaving and the idiots who are staying.' According to many, the tragedy for the nation was that, under Chile's constitution, the widely respected President Frei could not stand for a further term.

Heinz enjoyed associating in Viña del Mar with Rajaratnam, Yip Yat Hoong (academic economist from Malaysia, and a chess player), Kiyoshi Kojima (so influential in the development of the ANU's interest in the economies of Japan and North Asia), New Zealander Les Castle and the notable Australian political and economic commentators Bruce Grant and Ted Wheelwright.

After the conference, Heinz went on to Santiago, where he saw the political developments played out further and got involved, at the last minute, in another conference, on the *Prebisch Report* about economic development in Latin America. This conference was organised by the Inter-American Development Bank and the Economic Commission for Latin America and was held at the latter's new building, which Heinz thought 'a superb piece of modern concrete architecture'. Heinz ran into a number of distinguished economists and friends: Rosenstein-Rodan, Saburo Okita, Kojima, Thomas Balogh ('provocative as usual—about Indonesia: "So you are studying the economics of Fascism, how to murder 200,000 people"'), Wheelwright, Oskar Spate (ANU geographer), Dudley Seers, Edward Mason and Albert Hirschman (prominent development economists). He returned to Canberra a few days later, refreshed and stimulated by his experiences but confirmed in his judgement to confine his future professional work, and that of his department, to Asia and the western Pacific.

In 1965, Heinz went once more to Geneva, for a sabbatical leave spent in the secretariat of the newly established UN Conference for Trade and Development (UNCTAD). He was part of a team to prepare a shipping document for the second UNCTAD meeting in Delhi in 1968, '[b]ut the answers to all the major questions were already decided: our task was merely to prepare the argumentation'. The UNCTAD strategic objective was to bring about a fracture of the shipping conference cartels and clear the way for the development of national merchant navies by developing countries. Heinz did a statistical and analytical piece on the balance-of-payments effects of import substitution in shipping; it did not survive into the final draft because it gave unpalatable results. A 'passing health scare' gave Heinz the excuse to withdraw from the project. Nevertheless, he had enjoyed being in Geneva again, though now recognising that it held no future for him.

Heinz's next sabbatical was spent at the Organisation for Economic Cooperation and Development (OECD) in Paris in the second half of 1972. In May of the preceding year, the Australian government had accepted an invitation to become the twenty-third member of the OECD. Accession to membership was formalised when the Deputy Prime Minister, J.D. Anthony, attended the annual ministerial meeting of the OECD in Paris in June 1971. Previously, fearing that its high tariff levels and controls over the international flow of capital would come under close and critical scrutiny, Australia had been reluctant to join the OECD. This had been the view of the former Minister for Trade and Industry, John McEwen. With the retirement of McEwen and the accession of William McMahon to the prime ministership, Australia's position changed quickly. McMahon declared that membership of the OECD represented a significant step in Australia's foreign economic policy.

Heinz's appointment to the OECD arose because of the organisation's first survey of the Australian economy. To write the survey, the OECD required a person with a thorough understanding of the Australian economy and its economic and political institutions. Heinz's former research assistant at the UN Economic Commission for Europe (ECE) in Geneva, Eduardo Merigo, was now a senior economist at the OECD. Merigo recommended to Christopher Dow, the head of the organisation's Economic Department, that Heinz should be engaged to write the survey. Heinz was appointed as Deputy Director of the Country Studies Division to work specifically on Australia and generally on current economic

developments in high-income countries. He arranged with the ANU to take sabbatical leave for six months.

Ruth accompanied Heinz for the first few months. On the way to Paris, they spent a day in Hong Kong and four days in Iran, where Heinz lectured at the University of Teheran and where, unfortunately, he and Ruth contracted severe gastric troubles: 'a souvenir from two marvellous days at Isfahan.' In Paris, they took a small flat in the Rue Eugene Manuel, close to the Château de la Muette, the Rothschild mansion used by the OECD as its headquarters. When Ruth returned to Canberra, Heinz obtained slightly better accommodation.

No larger [than the previous flat], it was sub-sub-let to me, illegally, by a lady who had almost certainly used it professionally, in the oldest profession; but it was light and clean and had the great advantage of being in the Rue de Passy which, still following contours of the main street of what had once been Passy village, is one of the most charming streets in suburban Paris (Arndt 1985:85).

As well as drafting the survey of the Australian economy, which included an excellent economic history of the country since 1950, Heinz prepared a series of annexes on Australia's system of government, its economic policy instruments, its financial system and the system of wage determination and arbitration. The Australian economy at the time was experiencing a boom, based on high prices for commodity exports. Speculative funds were flowing into the country on the expectation of an appreciation of the Australian dollar, but the government would not agree to a revaluation. In an effort to staunch the inflow of capital, the government had introduced controls on investment from abroad. Heinz recommended in his draft an across-the-board cut in tariffs and the abolition of the capital controls. He was surprised when a team sent from the Australian Treasury (which included his old friend John Stone) to the OECD to vet the draft report insisted on only one change to it, a modification of his recommendation to abolish the capital controls.

Meanwhile, the government had changed and the incoming Prime Minister, Gough Whitlam, was at first reluctant to endorse a report that had been approved by the outgoing McMahon government. But, as recorded by Heinz: 'when his attention was drawn to the paragraph advocating an across-the-board cut in tariffs, he changed his mind: "This is how I can dish Jim [Cairns, his protectionist party colleague]." I like to think that

the survey contributed to Whitlam's courageous decision to cut tariffs by 25 per cent, as well as to appreciate the dollar, in his first weeks in office' (Arndt 1985:85).

Heinz's work in the OECD was not confined to preparing the survey of Australia. He contributed also to surveys of Canada, Italy, Greece, Denmark, Norway and the United Kingdom. He attended meetings of the Economic Policy Committee, the Short-Term Forecasting Group and a working party on public expenditure in member countries, and he drafted the introduction for the December issue of *Economic Outlook*. He found discussion among the organisation's economists highly stimulating, especially their interest in inflation and the policies to combat it.

When he returned home, he reported to the university about his leave: 'in this way, and through some involvement in the work of various committees in the last few weeks, I gradually familiarised myself with the major issues of economic policy, domestic and international, of current concern in the developed countries.'

Above all, he found particularly attractive the OECD's strong commitment to the market economy, freedom of trade and international capital movement, and tight monetary and fiscal policies.

Heinz warmed to Paris as a city, spending much of his spare time sketching and painting the city landscape and its buildings. He attended concerts, visited museums and galleries, enjoyed restaurants and travelled outside the city. In his final weeks in Paris, there was talk that he might succeed Sir Ronald Walker as Australian Ambassador to the OECD. Walker had played a large part in convincing Heinz to accept his first Australian job at the University of Sydney, and he was keen for Heinz to replace him in Paris. It had been decided within the Canberra bureaucracy, however, that Walker's replacement should be a Treasury official, so Roy Cameron, who had been a member of Heinz's department in CUC days, was chosen for the post.

Towards the end of his time in Paris, Heinz was asked if he would act, for a short term, as the director of the ECE's Research Department in Geneva, where he had spent his leave in 1960–61. The idea was that he would begin this short appointment early in 1973 and hold the post until a new and permanent director arrived in June. This would be a busy time because the ECE's major annual publication, the *Economic Survey for Europe*, would be produced. Heinz was considered a natural for the job. He expressed considerable interest in the idea, and he had enough accumulated leave for a six-month appointment. David Butt, who was

acting head of Economics RSPS, was willing to continue for that long; in the end Heinz chose not to accept the invitation.

Instead, he left Paris in December and returned to Australia via Canada, the United States and Japan. He attended the annual meeting of the American Economic Association in Toronto; he then held discussions about the Indonesia project and his department's work generally in New York with the Ford Foundation, the Asia Society and the UN Secretariat, and in Washington with the World Bank. From the United States, he flew to Tokyo, where he took part in the Fifth Pacific Trade and Development Conference and attended a meeting of the Joint Research Project on Australia–Japan economic relations, which had been established by Crawford and Okita but was the brainchild of Kojima and Peter Drysdale and was managed by the latter. Heinz's direct involvement in this long-term project was marginal but he maintained a strong connection to it, often acting on Crawford's behalf, participating in its Canberra meetings and in the project's seminars at the ANU, serving on its Australian research committee and monitoring its research.

Not long after he had returned from the Paris sabbatical, Heinz was approached to join the Board of Directors of Australia's oldest commercial bank, the Bank of NSW (nowadays Westpac Banking Corporation). In 1973, Sir John Dunlop, a leading industrialist, had resigned from the board of the bank in order to join the board of the new Australian Industries Development Corporation, a government authority. The General Manager of the bank, Sir Robert Norman, knew Heinz and his work on Australian banking and invited him to join the board. After much indecision, and consultation with many friends, Heinz decided 'to seek the view of one more friend whose judgement I trusted completely and to abide by his advice whatever it was. It turned out to be to decline the invitation, which I did. Five years later it might have been a different matter' (Arndt 1985:88).

In 1973, however, Heinz was too tender about his recent resignation from the Labor Party to sup at the table of the plutocrats, one of whom ironically had been portrayed in the press as going in the opposite direction and embracing socialism by accepting the position on the Industries Development Corporation.

For the next seven years, Heinz soldiered on with his work in the Department of Economics, his incessant writing and his many business

trips to Asia, which are the subject of succeeding chapters. He continued to contribute to debates on economic and political policy in Australia. Yet, with the exception of letters to the editors of *The Australian Financial Review* and *The Australian*, he dealt with subjects of international rather than domestic significance. Even his longer essays in popular journals, such as *Quadrant*, and academic outlets were largely to do with international economic development. He did, however, publish new editions of *The Australian Trading Banks* with co-authors Don Stammer, in 1973, and Wes Blackert, in 1977. And he began to lay the foundations for his retirement.

Among the indicators of Heinz's success as an academic leader must be counted the significant later careers of the PhD graduates and other alumni of the department, whether in his time or later. Heinz has written that 'I enormously enjoyed the continuous intellectual and personal contact with the students I was myself supervising and have followed their subsequent careers, in many cases notable and even distinguished, with pride and pleasure' (Arndt 1985:68).

To run some risk of unintended oversight, among Heinz's own doctoral students were, in chronological order: myself (founding Vice-Chancellor, Australian Catholic University, and previously Professor of Economics and Principal, University of New England, Armidale); Don Stammer (investment banker and leading financial commentator, formerly Deputy Head of Research, Reserve Bank of Australia); Malcolm Treadgold (Professor of Economics, University of New England); Chirayu Isarangkun (Dean, School of Development Economics, Bangkok, and later Director of Thailand's National Institute for Development Administration); Peter McCawley (Vice-President, Asian Development Bank and Dean of its Institute in Tokyo, previously Deputy Director, AusAID); Anne Booth (Professor of Economics, School of Oriental and African Studies, University of London); Stephen Grenville (Deputy Governor, Reserve Bank of Australia, and earlier with the IMF); Howard Dick (distinguished economic historian of Southeast Asia, now at the University of Melbourne); Alan Stretton (Deputy Secretary for Arts and Sports, Commonwealth of Australia, Department of Communications, Information Technology and the Arts); Phyllis Rosendale (senior Treasury official, Victoria); Mingsarn Santikarn (Deputy Director, Thailand Development Research Institute); and Hal Hill (H.W. Arndt Professor of Southeast Asian Economies, ANU). Grenville spoke for us all when, at Heinz's funeral, he said

[Heinz] not only opened the doors for us, his students, to new and mind-enlarging experiences that we would not have been

brave enough to undertake without him but as well he made us a bit braver and a bit more ready to push those doors by ourselves. We didn't learn as much as we should have from his example, but we learnt enough to change our lives. I don't doubt that this was the achievement Heinz was most proud of—not the shelf load of books he's written (although he certainly loved those) but rather the people who he emboldened to try just a bit harder to make the world a better place.

The list above, of course, does not include other distinguished doctoral graduates of the department who were not supervised by Heinz himself, such as Peter Drysdale, Ingrid Palmer, Andrew Elek and Chris Manning, and the many Asian graduates who returned to make fine careers and valuable economic and social contributions in their home countries or as international civil servants. Just as importantly the list also excludes those whose careers prospered after stints as research staff of the department. These would include Max Corden and Helen Hughes, already given particular mention, as well as Conrad Blyth, Ramon Myers, Geoffrey Hainsworth, Martin Rudner, Bruce McFarlane, Peter Lloyd, Kym Anderson and Christopher Findlay, who all became professors at other universities. Worthy of particular mention is Ross Garnaut, Heinz's much admired and respected junior colleague and protégé whose extremely distinguished later career included the posts of Ambassador of Australia to China and professor and head of Economics RSPS (fittingly inhabiting Heinz's former office).

Hughes, in her obituary essay for Heinz, traced the success of the department in making its work relevant to economic policy in Asia and becoming the nucleus (together with its offshoots, the National Centre for Development Studies and the Australia–Japan Research Centre) of an international hub of Asian economic studies based at the ANU. She drew attention to the fact that, as well as hundreds of graduates returned to Asia and the Pacific islands, '[i]n Australia, universities, the public service and business had been staffed with economics graduates specialising in development and Asian studies'.

At the time of Heinz's retirement, he could justly claim to have upheld the department's mandate for the study of 'theoretical and applied problems of economic growth and trade' and, as evidenced by a substantial output of quality publications, to have promoted effectively its primary interest in 'the economic development of the countries of Southeast Asia and the Pacific region, especially New Guinea, Malaysia and Indonesia, and in Australia's economic relations with these countries'.