

## 21 OTHER PARTS OF ASIA

Despite Heinz's passion for Indonesia, it would be wrong to categorise him as merely an 'Indonesianist'. His early Asian engagements, as we have seen, were in Malaya, Singapore and India. For the rest of his life, he retained strong academic connections and friendships in many parts of Asia. (He never went to China or to Africa; and he visited Latin America only fleetingly.)

Bangkok especially interested him, largely because of his membership of the Governing Council of the UN Asian Institute for Economic Development and Planning (ADI for short). This institute was financed by contributions from the member countries of the UN Economic Commission for Asia and the Far East (ECAFE), with an annual supplement from the UN Development Program (UNDP). Heinz, under the patronage of Mick Shann, was elected to the council for two terms, from 1969 to 1974. He greatly enjoyed the council's annual Bangkok meetings. They usually occupied a couple of days, so there was plenty of time to cultivate and nourish friendships, such as with the Indonesians Widjojo and Sumarlin, and Gerry Sicat, an economist from the University of the Philippines in Manila. A social highlight of each meeting was an informal dinner at the house of U Nyun, ECAFE's Executive Secretary. On these occasions, more serious discussions were punctuated by friendly banter, such as the light-hearted argument about which country produced the finest mangoes. Heinz observed, wryly, that he 'did not feel called upon to bat for Queensland'.

As is often the case with such bodies, the ADI was torn between teaching and research. Its original mission had been clear—to serve as a training institution—so in theory teaching remained paramount. The contracted academic staff, however, and a succession of consultants favoured turning it into a think-tank. Heinz, rightly, thought this notion unrealistic because of the institute's inability to attract first-rate staff, who would be deterred by the UN rule against long contracts. He also had his reservations about the teaching (or, more exactly, about the six-month length of the course in development planning) and about the calibre of the student officials whom the member countries nominated. Such reservations prompted him to formulate 'Arndt's Law': the quality of participants was inversely

proportional to the length of the course. He would have preferred courses of up to three weeks each, in which senior officials could learn some contemporary economics of relevance to their work at home, and in which they could also exchange the fruits of experience with one another.

In the end, the institute fell victim to financial problems and discontent in the United Nations and among member countries. Thailand went cold; Singapore (in the person of Lee Kuan Yew) aborted a planned rescue; Heinz accompanied the director and his deputy to Manila on another rescue submission to the Asian Development Bank. All these efforts failed. Finally, the ADI was subsumed into the new Asian Pacific Economic Development Centre in Kuala Lumpur, of which I, doubtless on Heinz's recommendation, was a founding director.

The demise of the ADI did not sever Heinz's connection to Bangkok. Several ECAFE expert groups engaged Heinz's services, thanks to U Nyun, whom he had first met in 1964 through the good offices of Colin Simkin. (A New Zealander by birth, Simkin later became Economics Professor at the University of Sydney.) Heinz made various other visits to Bangkok over the years for conferences, such as that on Pacific Trade and Development (held at Pattaya, about 160km southeast of Bangkok) in 1976—at which Heinz had the job of summing up—and on the Pacific Community in 1982. Heinz took part in many conferences of the Pacific Trade and Development (PAFTAD) group (in Honolulu, Sydney, Mexico City, Wellington, Pattaya, Canberra and Singapore), which he felt were among the most interesting and pleasant of all his professional experiences. He cherished the conditions they provided for 'meeting intelligent people and learning about significant issues in usually handsome and more than comfortable surroundings' (Arndt 1985:73).

An opportunity to see a little more of Thailand took the form of a 24-hour rail journey from Bangkok to Penang in 1973. The train went west from Bangkok through uninspiring suburbs, over the river and then wound through dense forest, market gardens, padi fields, swamps and nondescript villages for a couple of hours before stopping at Khorn Pathorn, a modest town of some 20,000 people. Then came more rural scenery and a change of direction—south towards the border with Malaysia, though the train did not arrive at that border until late the next morning. From Sungei Patani (on the Malaysian side), the train finally arrived at Butterworth. Heinz found the journey full of interest but also of discomfort, as he found the food and the sleeping arrangements unpleasant.

In later years, Heinz returned several times to Singapore and Kuala Lumpur, as External Examiner in Economics at those cities' universities. The initial invitation, in 1967, to work for the two universities was enormously flattering because his very distinguished predecessors in that role had been Sir Arthur Lewis, Hla Myint and Harry Johnson. The first two may fairly be called the founding fathers of development economics, while Johnson was the pre-eminent economist of the 1960s and 1970s. In tropical climates, during the days before air-conditioning, an external examiner had an arduous task. He sat, in humid and often uncomfortable conditions, poring over many bundles of examination scripts. As Heinz described it

The duties consisted in first vetting the question papers which were sent to me in Canberra beforehand and later, first in Singapore and then in Kuala Lumpur, reading the scripts of a sample of honours students, all those whom the internal examiners were proposing for first and upper second class honours. The border between lower and upper second was of particular importance because an upper second was a prerequisite for a civil service appointment. I was also expected to report to the two Deans on any aspects of the curriculum, the quality of teaching or the performance of students on which I felt I had something to say. Marking papers, as always, could be onerous—I remember sitting for days on the balcony of the small old Orchard Hotel in Singapore and again in the old Majestic Hotel in Kuala Lumpur where, if one was not careful, monkeys would hop through the windows and steal anything edible they could find (Arndt 1985:77).

Subsequently, Singapore invited Heinz to take up the task again (Kuala Lumpur by then had a separate examiner). By this means, he maintained his contact with the island state, which he much admired for its capable and honest government (Goh Keng Swee's friendship with Heinz has already been noted in these pages) and progressive development, which Heinz attributed to 'a combination of intelligent government and enterprising private business'. In his retirement years, Heinz sustained his interest in Singapore through close academic contacts in its Institute of Southeast Asian Studies, where he spent two months in 1981 as a visiting professor.

Partly because Manila is the home of the Asian Development Bank, Heinz paid many visits to the Philippines, especially in the later period of his career; however, he made his first trip there as early as 1965, *en route* to Japan. At that time, his reputation was as a monetary economist, so his few professional engagements in Manila were with officers of the central bank and academic economists with the same interest. Otherwise, he enjoyed his time with the Australian Ambassador, W. Cutts, and a private dinner at the splendid ambassadorial residence.

Typically, Heinz sought to learn as much about the history, society and culture of the Philippines as his limited time there would permit. He noted the dominance in that nation of the English language; the strong presence of the Catholic Church (especially in politics and education); the power of the great landowning and business dynasties; the orientation towards the United States; and the fact that, with all its imperfections, the country was democratic: 'at least there *are* elections which are taken seriously, and peaceful changes of government.' Conscious of the need for intellectual breadth in his new ANU department, Heinz escaped from the central bankers—but in their chauffeured car—for an afternoon, in order to see the International Rice Research Institute at Los Banos and the nearby Faculty of Agriculture of the University of the Philippines. On the last of his three days, he visited the Economics Department of the University of the Philippines at Quezon City, where he was impressed by the young head, Dr Jose Encarnacion. Like General Macarthur, Heinz left the Philippines determined to return. And he did so at every opportunity.

One of Heinz's visits to Manila—four days in 1969 for a conference on the Indonesian economy—turned out to be a great disappointment. Heinz joined a group of Indonesian economists (Sadli, Suhadi, Ismael, Emil Salim, Sarbini) and the American Bill Hollinger at Jakarta's Kemayoran airport. From there, they flew as a party to Manila and were accommodated at the garish Sulo Hotel. The next day began in discomfort. Heinz, having overslept, awoke to find that the hotel's electricity had been cut off. He therefore had to perform his morning ablutions without hot water or electric light, and as a result felt miserable. The misery was compounded when, on an afternoon sightseeing tour of a volcanic island on Lake Tagatay, a sudden and severe rainstorm soaked the party. They were obliged to suffer the long drive back to Manila in wet clothes. By the next afternoon, Heinz felt decidedly seedy with a gastric cold. This illness prevented him from taking much part in the conference, 'having to leave a number of times', or

its formal dinner. Still indisposed, he struggled through one more day and a flight back to Sydney.

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Of the western and central parts of Asia, Heinz visited Pakistan and, on one long trip in 1976, Nepal, Afghanistan and what was then Soviet Central Asia (Tashkent, Bukhara, Samarkand). The week in Soviet Central Asia was the second part of a fortnight spent in the Soviet Union, which had come about at the invitation of the Soviet Academy of Sciences. Heinz had spent the first week in Leningrad (St Petersburg) and Moscow. Ruth accompanied Heinz on this assignment and on the subsequent visits to Afghanistan and Nepal. Heinz's professional obligations on this tour were not onerous—he was essentially in the role of academic ambassador—so there was plenty of opportunity to see something of ordinary life in those places. He was struck by the low standard of living and the many commercial inefficiencies of the state economic system; and he later noted in Afghanistan a negative local attitude towards Russia and the neighbouring Soviet states.

Kabul was a challenge initially, because of a local misunderstanding about the dates and length of the Arndt visit. Unknown to Heinz, he had been billed to lecture on three days. To his embarrassment, that plan had to be abandoned, because he already had firm commitments in, and flights to, other places. Hosts and guest contented themselves with a meeting to discuss matters of mutual interest and a day and a half of hectic tourism and social events. Much of their activity revolved around the family life of Dr Abdul Sami Noor, of the Economics Faculty of Kabul University. 'Sam', as he became, was delightfully attentive to the Arndts. Heinz and Ruth responded to the warmth of his family and friends.

Each house block in Kabul was surrounded by a high mud wall, for privacy and protection. At the Noor house, nothing could be seen from the street except the white wall and a door; but the door opened to a beautiful courtyard and garden with fruit trees. As well as Sam's extensive family—Heinz remarked on the beauty of Sam's sisters—the lunch guests included several elderly men who spoke German or English, having studied or held postings in Europe. Heinz always had a particular yen for fruit and fretted if it was not a regular part of his diet. No fruit shortage threatened at the Noor home. There he was treated to an abundance of

plums, apricots, cherries and apples: 'starved of fruit as we had been for the past three weeks, we had a great feast.'

Dr Noor took Heinz and Ruth to the bazaar of Old Kabul: 'no very interesting buildings but a fascinating scene of traditional oriental city life, thousands of people, many men in turbans, most women still veiled.' Eventually, they all reached the shop of Dr Noor's elderly father, where they parted with US\$500 for an Afghan carpet. At the end of the day, they were taken further into the countryside to see a farm property of vineyards, flour mill and fruit trees. Again, they mixed with overseas-educated Afghans of the professional class and enjoyed a feast of mulberries. At dusk, they were returned to the hotel, glimpsing there a large wedding party, and retired after 'a tremendous day'.

Dr Noor gave the Arndts the next day too, together with an American couple he had acquired: a 'Los Angeles rich dentist and fat, friendly wife, both orthodox Jews'. They went on another visit to the bazaar—'incredibly old, ramshackle, mudbrick buildings, held together by wooden props and struts'—where the American couple made the inevitable purchase of a carpet from the Noor shop. During an afternoon drive to the village of Istalef, along a good Russian-made road, Dr Noor treated his four guests to a diatribe about Soviet exploitation of Afghanistan. Beyond Istalef, they had a magnificent view of the Hindu Kush mountains: 'mauve-ochre, with snow-tipped peaks, beyond a wide flat plain, and the town of Istalef on the other side, mud houses—some very substantial—climbing up the steep hillside.' While the others went off to a nearby hotel for drinks, Heinz sat on a stone wall and did a quick painting of the picturesque view. It was his second artistic production of the day, as he had done an early morning scene from the Kabul hotel. In the evening, the Arndts were given dinner by the Dean of Economics, Dr Kasem, and his wife, in their modern apartment: a very different style of entertaining from that of the Noors' traditional household. The next morning, the Arndts were at the airport early to fly to Delhi for a social weekend. The visit to Kabul had been delightful, thanks to Dr Noor, 'whose kindness and hospitality had really been overwhelming'.

Nepal was the last stop in Central Asia. Dr Pant, a former Central Bank Governor whom Heinz had met in Canberra, had arranged the Nepalese trip. The arrival in Katmandu was disappointing. No one in the university seemed to be aware of Heinz's advent. After a fruitless effort to book academic appointments, Heinz and Ruth undertook some self-directed

sightseeing, somewhat impeded by monsoonal rainfall, which made the streets uncomfortable. Heinz did manage a sketch of the Jarnagath temple, and recounted an amusing experience in dealing with one of the locals. 'On the walk back to the hotel a shoeshine boy triumphed over my repeated rejection of his services by pointing to my shoes and saying several times: "cowsit". When I grasped what he meant—uncertain whether a cow or he had put it there—I laughed so much that I had to give in—at the price of 15c' (Arndt 1987:241).

On the whole, Heinz found the Hindu culture unattractive in its visual manifestations—'grotesque, horrible deities'—but he thought the young people of both sexes to be very good-looking and the old city fascinating, 'probably the nearer to what a mediaeval European city must have looked like than anything that remains elsewhere'.

Things began to improve on the academic front after a man from the rector's office phoned to say that a Land Rover and a lecturer from the Economics Department would be at the Arndts' disposal for the rest of their stay. The next day, Mr Dahal and Mr Sharma arrived in a fine-looking vehicle and gave the morning over to a conducted tour: the Monkey Temple, the National Museum and an industrial estate. In the afternoon, Heinz finally got to the university campus—out of town, across a river, over incredibly muddy and unpaved roads until, laid out amid padi fields, came the modern, low, brick buildings of Tribhuvan University. There Heinz lectured, to about 50 staff, on 'Problems of aid recipient countries'. At the end came a few cool comments and then a blistering attack by Dr Singh, Chairman of the Economic Studies Committee

'Let the Professor ponder why socialist countries are popular in LDCs [less-developed countries] and capitalist countries are not; what are "sensible" policies in Australian eyes are not necessarily sensible in Russian, Chinese or Indian eyes; India devalued in 1966 under IMF and American pressures and it proved disastrous'; etc., etc. I thanked him saying I would long remember the occasion not only because of the longest introduction but also because of the sharpest criticism of my lecture by the chairman (Arndt 1987:243).

Heinz escaped from a somewhat oppressive 'tea', thanks to a message that Mr Shastra of the Planning Commission wished to see him.

The next day more rain fell and this spoiled Heinz's 'pilgrimage' to the statue of a Hindu god perched on a hill high above the city. After

rather perfunctory calls on the Governor of the Central Bank and the Vice-Chancellor of the university, Heinz was taken by Mr Dahal to Bakthapur. They were favoured with late-afternoon sunshine, which showed to advantage a dozen superbly picturesque views. Bakthapur itself, once the capital of a separate kingdom, moved Heinz to an eloquent description

An amazing sight, a mediaeval town, red brick paved narrow streets with red brick houses, many very dilapidated and barely standing up, poor looking people, hundreds of ragged children. We stopped in the central square, with two tall pagodas on two sides (and two incongruously blonde children on bicycles!). From there we walked a couple of blocks and came out, quite unexpectedly, on a really magnificent, spacious rectangular square completely enclosed by palaces, pagodas and other interesting old buildings, an acropolis. A large central pagoda was pointed out by Mr Dahal as containing the famous erotic wood carvings. The proved rather disappointing, each carving only about 6 inches high and 10 feet above one's head, crudely carved and painted white and other faded colours. Of all the improbable positions, the most surprising perhaps was that where a man servant lifts the lady in his arms to a suitable height. We did a hurried tour of the ancient royal palace, surprising mainly for the smallness of the rooms and the low height of doors, barely 4½ feet. The best piece in the Art Gallery a fine marble bust of the Buddha; also a very old stone slab with Tibetan inscriptions. The sun was still shining and I greatly regretted that there was not time to paint any one of a dozen highly paintable views—everywhere one looked was supremely picturesque—and that Ruth had not come along to see it, definitely the highlight of our visit to Nepal (Arndt 1987:245).

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Heinz's Asian itineraries also included Pakistan. In 1964, he received an invitation to lecture at a training course for 24 central bank officials of 17 SEANZA member countries (SEANZA stands for Southeast Asia, New Zealand and Australia), to be held in Karachi. Heinz went there via Bangkok, so that he could develop contacts with economists in Thai official agencies and in the secretariat of ECAFE. For much of this brief stopover, Heinz was chaperoned by his friend and colleague Colin Simkin. The

program comprised a succession of meetings, lunches and dinners with the economics fraternity, plus a little touring, and some socialising with the Simkins.

In Karachi, Heinz duly carried out his teaching obligations and otherwise made the most of sightseeing in that city. Also in Karachi at the time was Gerry Gutman, a Canberra economist and friend employed as a consultant to the Harvard Advisory Group. Heinz remarked rather enviously on Gutman's living arrangements: a large and sumptuous house, four bedrooms (each one with its own bath) and six servants. Gutman gave Heinz a 'crash course' on Pakistani politics.

The State Bank of Pakistan arranged a conducted tour for Heinz and for the New Zealand Reserve Bank's Deputy Governor, Alan Low. This tour consisted of two stages. First, during a break in the SEANZA course, Heinz and Low went on a trip to Hyderabad. Their host there was Mr Kazi, a local landowner, entrepreneur and former Minister for Education in the Sind provincial government. Heinz found him very knowledgeable, lively and amusing. He and Low were lodged in the splendid 'Directors' Bungalow' of the local cement factory. The bungalow was elegantly furnished, including 'lovely Persian rugs which I am sorely tempted to take with me'.

At a formal dinner, they met all of Hyderabad's notables—males only, of course. Necessarily, the next day began with an inspection of the huge factory, which was very impressive to a layman. After that, they went for a brief look at Hyderabad more generally, before proceeding to Potari. In that city, they inspected an irrigation scheme on the Indus River and visited the military cadet school run proudly by Colonel Coombs (United Kingdom, Singapore, Changi). Finally, they were entertained at Kazi's farm on the Indus River, which was a real showpiece of what could be done with imagination and energy.

The second part of the Arndt-Low tour occurred at the end of the SEANZA course. It began with a first-class flight to Lahore, where they were met by the local manager of the State Bank and installed in Faletti's Hotel—'like Raffles, a memorial to an earlier age'. Heinz found Lahore more appealing than Karachi: spacious, green, with Mogul remnants, a handsome mosque and British colonial legacies. The next day, they made an early flight to Rawalpindi, where they were again taken in hand by the manager of the State Bank and given a busy day of sightseeing, including a detour to emerging Islamabad.

The next day, they flew to Peshawar, with regrettable results. Heinz confided his disappointment to his diary

It has become sadly apparent that we could not have come to Peshawar on a worse day. Yesterday was the last Friday of Ramadan, today is Eed [*sic*], greatest Moslem holiday of the year. We are obviously a terrible nuisance to the poor bank manager and staff... The worst of it, from our point of view, is that after postponing most souvenir shopping to Peshawar (everyone's advice) we now find every shop firmly shut! It really is most disappointing. The weather also fails to co-operate. Another grey winter day, though not quite so cold (Arndt 1987:56).

Things did improve. Kausar Ali, 'rosy and rotund', arrived to arrange for Heinz and Low a successful expedition to a couple of shops that were open: 'he won't rob you while I'm here.' He then took them to an interesting and entertaining Eid party. Finally, now in sunny weather, they were driven to see Warsak Dam. So it was with good opinions of Pakistan that Heinz left the country the next day for Geneva.

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Heinz first visited Cambodia, briefly, in 1967. He went there purely in a private capacity, on a detour from an ECAFE meeting in Bangkok, because he wanted to satisfy his long-held desire to see Angkor Wat. This lived up to his hopes. Guided first by his young diplomat friend and former student Tony Neylan, and in the company of a French couple (friends of Tony), Heinz travelled by car from Phnom Penh, northwest via Siem Reap to Angkor. The long journey (280km) began in daylight and ended in dark, but was rewarded by the 'stunning sight of spot-lit temples in brilliant moonlight'. They spent the next day on a long tour of Angkor, inspecting in great detail the many monuments and climbing to the top of the five-towered Angkor Wat itself. It was late by the time Heinz got back to Tony's house in Phnom Penh and recounted, over a glass of whisky, his delight at having seen this marvel for himself. The next day, he met various economists and diplomats in the capital and rounded off the visit with a pleasant dinner at the house of Australia's ambassador. Heinz kept his eyes and ears open during the few days he was in the country and, after he had left it, he wrote in his diary a shrewd appreciation of Cambodia's economy and politics

A country without economic problems! Or is it?... The peasants have plenty of land—the country is underpopulated—they are protected from moneylenders by the government which prohibits high interest rates and thus avoids dispossession of ‘yeoman’ peasants... Since there is no population pressure on land, and enough food and jobs for all, there is no great pressure for economic development. There is considerable pressure for social development, in health and especially education, but the drive here comes from the Prince [Sihanouk] himself. Finance for these purposes presents no great problems since much of the work is done voluntarily, voluntary donations of funds and voluntary labour by villagers who, e.g. build their own schools and merely ask the Government for teachers...

Others suggest that this is not the whole picture. There is an acute balance of payments crisis which will almost certainly lead to devaluation. The financial situation is deteriorating, the administration corrupt and inefficient. For some years the budget has shown large annual deficits... and there is large-scale capital flight abroad... there is a wide black market in foreign exchange...

Other adverse features: with the development of tertiary education there is increasing graduate unemployment... ‘voluntary’ labour of peasants is largely provided under pressure by Bonzes (Buddhist priests)... Much land, especially in Siem Reap province, is not very fertile, largely sandy soil... Corruption is colossal; every transaction requires bribes of numerous officials.

In domestic politics, Sihanouk is a demagogue, autocrat and shrewd politician. In foreign policy a realist and opportunist... S[ihanouk] acts completely autocratically... But he also looks after popular support by indefatigable travel throughout the country, laying foundation stones, opening schools and hospitals, etc.

His primary concern is to keep his country intact and free from Great Power domination... the dominant fear is of the Vietnamese presence: expansionism by the more active, aggressive, smarter Vietnamese...

Fundamentally, Cambodia cannot afford to alienate China, but how much this conditions Cambodian foreign policy depends on China’s power and intentions. Two years ago, Sihanouk believed the Vietcong would win, so Sihanouk backed the Communist

horse. Now there is increasing doubt. Should the US win in Vietnam, Cambodian policy might shift completely, including the whole 'socialist' line at home...and close economic relations with the Communist Bloc (Arndt 1987:151-3).

Heinz visited South Vietnam three years later. Again, he went there from Bangkok (this time after a meeting of the ADI council) and, again, it was an Australian diplomat friend, in this case Lloyd Thomson, who was Heinz's host in Saigon. The visit lasted five days, a leisurely proceeding by Heinz's standards. It occurred, of course, during the Vietnam War. Heinz's account contains fascinating snippets of a war not yet lost, and he heard talk that it could yet be won by the South Vietnamese and their American and Australian allies.

Even before this visit, Heinz had reached an intellectual position of support for the United States and Australian military intervention. He had no doubt that the Vietnam War was a revolutionary one, initiated by Hanoi with the object of extending the northern regime to the south and thus uniting the whole country as a communist state. Such an outcome was anathema to him. He supported Western intervention on the side of the South Vietnamese government in Saigon, in the hope of maintaining a viable non-communist society there and because of the fear that a communist victory in Vietnam would weaken the anti-communist ascendancy in the rest of Southeast Asia.

Heinz's comprehensive perception of the favourable economic and political developments then proceeding in the Philippines, Thailand, Malaysia, Singapore and Indonesia heightened his alarm at resurgent communism, and increased his belief in the 'domino theory'. At the same time, doubts remained as to how long—or whether—outside forces could continue to prop up the Saigon government. Heinz worried on that score: 'so difficult has it been to sustain domestic morale in the United States in a war so far away, that it may well have been a mistake for the United States to get involved in Vietnam in the first place' (Arndt 1969:36-7).

While in South Vietnam, Heinz and Thomson accompanied the Australian Ambassador, Ralph Harry, and other embassy officials (including the Air Attaché and a naval commander) on a flight reconnaissance. At Tam Ky, in Quang Tu Province, they were met by the provincial chief, Colonel Tho, and given a briefing on the progress of 'pacification'; officials classified 70 per cent of the province as 'very secure'. Then Colonel and

Madame Tho provided a most excellent lunch at their home. After lunch, two helicopters whisked the visiting party away, first to a reoccupied coastal village near the northern border of the province, and then to the regional headquarters of the Australian troop contingent. The helicopters returned the party to Tam Ky, whence a Dakota flew them south to Da Lat. From Da Lat, they travelled by car to the air base at Phang Rang, and from that base they boarded another flight to Saigon.

Two of the next three days followed a similar pattern: military inspections interspersed with meals among Australian diplomats and advisers. Heinz did, however, succeed in devoting most of one day to economics: he managed a long session with a section head and several staff in the Planning Office. As well as trading questions, information and analysis about South Vietnam's economy, the gathering discussed possible involvement with the work of Heinz's department at the ANU. Later, over a lunch for 25 guests (given by the US coordinator of aid), Heinz gathered more economic facts and opinions. On his final morning in Saigon, Heinz talked again with two USAID officials, but to little effect. He found street shopping more productive than such discussions and came away with a 'quite pleasant oil painting, purchased from the painter himself'.

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Heinz first visited Japan for a month in early 1965. Two local organisations, working jointly, had invited him: the Japan Foreign Office and the Committee for Economic Development of Japan. Those bodies, along with the Australia-Japan Business Cooperation Committee, arranged and financed the trip. The informal antecedents of the visit could, however, be traced to the activities of three men: Sir John Crawford, Professor Kiyoshi Kojima of Hitotsubashi University, Tokyo, and Peter Drysdale, a doctoral student in Heinz's department (who, at the time, was at Hitotsubashi conducting field-work under Kojima's guidance for his study of Australia-Japan trade relations).

On his first full day in Tokyo, Heinz met for the first time the formidable Dr Saburo Okita, the founder and Director of the Japan Economic Research Centre. Heinz's first impression of the Tokyo street scene was how greatly it resembled New York's, except for the absence of skyscrapers. The next day began at breakfast with Ramon Myers, later a very distinguished economic historian, who then was a research fellow in Heinz's ANU department

and was in Tokyo for his own field-work. That same day, Heinz also met for the first time the vivacious and energetic Ryokichi Hirono, then only 33 years old, but with a great career ahead of him, including many more interactions with Heinz. From Hirono, Heinz gained several insights into the historically inextricable interweaving of Japanese social values, labour practices, mobility, wages and working conditions (such as life-long employment, wage structures based on seniority and education), which, by the 1960s, were under siege from market forces.

Among Japan's officials and economists generally, Heinz noted the excessive focus of interest on bilateral trade balances—another concept under pressure from increasing international market freedoms. Similarly, the Japanese were attached to government planning and incredulous of Australia's rejection of it as inefficient and impracticable.

Conversation with Reg Little, one of Ruth's young colleagues in the Canberra Department of External Affairs, who was in Japan to study the language and culture, added to Heinz's disquiet about his first impressions of the Japanese. He mused: 'How superficial is my picture of "like us" Japanese? How much is there in his [Little's] (and others'—indeed conventional) view of Japanese as having totally different outlook, mores, etc.?' (Arndt 1987:119).

The old hands saw entrenched Japanese attitudes: feudal, cohesive and disciplined, stressing loyalties to family, nation and company. Heinz worried that such attitudes would put a brake on economic change and growth. On the other hand, a visit to the Sony Corporation and its distinguished founder, Masaru Ibuka, left Heinz extremely impressed. Ibuka's firm was a model of rapid innovation and of keeping right up to the pace of technological change. It bothered Heinz that Australian industry seemed unable to do likewise. In similar vein, Heinz was taken with the quality of academic development in Japan. Hitotsubashi alone boasted a galaxy of economic talent and it was but one of many fine universities that he saw.

As well as visiting government departments, banks, universities and major industrial corporations (Toyota impressed him almost as much as Sony had), Heinz made a couple of forays into the rural sector, where he generally felt less comfortable than in city offices. He could not fail, though, to be struck by the Hokkaido Prefecture. In that region, the principal industry had once been horse breeding, mainly for the Japanese armies in times past. Horse breeding continued, but now took the form of a thoroughbred racehorse stud. The main contemporary rural industry

was dairy farming and Hokkaido was home to the biggest dairy company in Japan, with factories in other parts of the country as well. Although the Hokkaido region produced a lot of rice, the Japanese believed that dairying represented the only real agricultural alternative to rice growing. Consequently, the dairy industry enjoyed substantial protection, enough to make an Australian economist wince. Although demand for dairy products was growing, given the country's increased population and its rising living standards, the Japanese still did not feel it was safe to open the gate to imports of agricultural products.

Heinz found the social demands in Japan heavy. Almost every business engagement came with lunch or dinner attached. Not only that: often, after dinner, there would be a visit to a bar or nightclub, which seemed to be more for the pleasure of the Japanese hosts than for hapless foreign guests. Heinz observed: 'how hard one has to work entertaining these geishas!' A related economic point was the remarkably large amount that Japanese men spent on entertainment. At times, this constituted fully 20 per cent of their personal income. Heinz learned that the men generally lived much better than the women, and that such large entertaining bills were to be expected. Moreover, the entertainment industry used a great deal of (cheap) labour, and company expense accounts were the norm (providing about 85 per cent of entertaining costs, according to a man from the Mitsui Corporation).

Later on, Heinz made brief visits to Japan in connection with Kojima's series of PAFTAD conferences, the Australia-Japan Project (established by Kojima and Drysdale, and successfully developed by the latter from an ANU base) and a 1982 colloquium organised by a Japanese newspaper on 'Japan in the world economy'.

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Japan was not the only country Heinz visited on his 1965 trip. The Department of External Affairs asked him if he would supplement his Japanese trip with a week in Seoul, so as to investigate South Korean academic opportunities. In those days, very little academic contact of any sort existed between Australia and South Korea.

Among the first people he met in Seoul was David Cole, then serving as an assistant to Dr J. Bernstein, head of the US aid mission. Cole, a monetary economist, and Heinz later had a lot to do with each other concerning Indonesia's economy. Heinz came to South Korea at a particularly tense

time. Students had just rioted over the country's 'normalisation' treaty with Japan, and a large US military contingent continued to occupy South Korean territory near Panmunjon, just outside the Demilitarised Zone (DMZ), which had resulted from the Korean War's armistice 12 years earlier. America had a large and powerful presence, civilian as well as military, in the nation as a whole and its influence dominated everywhere.

Heinz was taken to the DMZ by Major Finlay, the Australian Army representative on the Military Armistice Commission. The drive to Panmunjon took 90 minutes, 'through some pleasant country, mostly rice fields, some villages with spring blossom on fruit trees around thick rounded thatched roofs'. When they approached the DMZ, the land became barren and at the actual line of demarcation between the contending forces was a 'Security Zone', which both sides shared. 'This consists,' Heinz wrote in his diary, 'of a compound, about 100m by 200m, with a dozen or so huts, blue = "UN" (i.e. US & ROK [Republic of Korea]), green = "Communists" (North Korea).' Heinz was fascinated by the formalities with which the two sides communicated at set, regular intervals (Arndt 1987:140-1).

Like many other nations at that time, South Korea had put its faith in planning, so Heinz did the rounds of the Economic Planning Board, the Planning Coordination Office, the Central Statistical Bureau and others. Not surprisingly, agricultural product prices were controlled, for the benefit of consumers, and producers were subsidised. Efforts to raise agricultural productivity through research were in train, but not yet effective. The financial markets were, however, enjoying increasing freedom. The South Korean currency (the won) had lately been allowed to float and the market for it had behaved in textbook fashion: the won first depreciated from 250 to 270 against the US dollar, then rose back to 255, where it seemed fairly stable. At the time, Cole was sensibly arguing for a parallel deregulation of interest rates.

Student unrest had closed down many South Korean universities, however, a few remained open, including the private, Christian, Chung Ang University. There Heinz addressed the economics staff, as well as some 15 other economists from several of the closed institutions, and responded to questions. The discussion neatly reflected the issues of the day and the mood of the South Koreans: trade with Japan; US aid; the floating exchange rate; interest rate controls; price stabilisation; industrial strategy; P.L.480 aid from the United States; and trade with Australia. Though Heinz left South Korea much more knowledgeable about the place than he had been when he arrived, he never returned to the country.

On this particular tour, he returned to Tokyo, and, at the end of the week, went to Hong Kong.

The Hong Kong visit was brief—less than three days. Heinz stayed at the Park Hotel on Kowloon and was looked after with great diligence by Bob Beveridge, a former ANU student who lived nearby and who worked at Hong Kong University Press. In the short time available to him, Heinz managed to visit the two universities (the University of Hong Kong and the Chinese University of Hong Kong), where he saw a vice-president (registrar), an acting vice-chancellor and the acting head of an economics department.

He derived much more professional benefit from a meeting with the Financial Secretary of the Hong Kong Government, Sir John Cowperthwaite, who spoke authoritatively about the new banking ordinance, the effective working of the informal currency board and Hong Kong's trade difficulties arising from industrial countries' protectionism—all subjects of particular interest to Heinz. Something in Cowperthwaite's manner, and that of Mr Watt at the Government Information Service, must have got under Heinz's skin (which was always thin where the English ruling classes were concerned) because he concluded: 'Very interesting, but curious how, in contrast to the Japanese, both the Englishmen managed to convey, with all their impeccable manner, that you are a nuisance and wasting their valuable time' (Arndt 1987:146).

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It remains to say a little about Heinz's connection to Australia's nearest northern neighbour Papua New Guinea (PNG): not strictly Asia, but certainly a large part of the Pacific islands. Curiously, despite the fact that Heinz's Department of Economics belonged in a Research School of Pacific Studies, it did only a limited amount of work on islands other than PNG. Perhaps that was because the Pacific never really captured Heinz's interest (as it had Crawford's). Even the PNG research, though at times substantial, was something of a minority interest in the department; it had been left largely to Fred Fisk, Ric Shand and Malcolm Treadgold in the 1960s and 1970s. Also, the establishment of the New Guinea Research Unit as a Port Moresby-based outpost of the ANU tended to diminish PNG-related activity in Canberra. Ross Garnaut, who later became such a productive and influential member of the department and professor after Heinz's retirement, had made an energetic and most effective contribution to PNG development when

working in its Treasury during the 1970s. When he returned to academic life, however, the focus of his interests moved to Asia.

When Heinz went to PNG in 1969, the country was on the threshold of independence. Many argued, then and later, that this was granted prematurely; but the politics of the time, and in particular the prevailing rage against 'colonialism', would have made it very difficult for Australia to continue administering the country. The advent of independence threatened to impose excessive demands on Papua New Guinea's scarce professional resources, so the country was thick with Australian advisers doing their best to develop robust physical, governmental and commercial infrastructures before the handover of sovereignty. Heinz's specific mission was to advise the PNG Development Bank on interest-rate policy, particularly regarding its indigenous customers. His 'director' on this journey was the Manager of the Development Bank, Keith Crellin, 'a likeable, thoughtful person, clearly anxious to find ways to assist indigenous economic development but insistent on remaining practical'.

Other expatriates who influenced Heinz's approach to the job included Ron Crocombe, of the ANU New Guinea Research Unit, and Bill McCasker, economic adviser to the government and former executive officer to the Vernon Committee. The two did not always see eye to eye. According to Heinz, McCasker was 'very hostile about "ratbag" academics, who, determined to see the issues in terms of colonialist exploitation and race conflict, will not grant the Administration even their good intentions and dismiss all efforts to advance the interests of the indigenes as hypocrisy and tokenism'.

The expatriate industry advisers favoured low interest rates, because indigenes needed 'all the help they can get', and were hostile to the Development Bank, with its high rates. Heinz held a further fear that cooperative lending institutions would not be viable once the expatriate managers were withdrawn. Nevertheless, the strategy for indigenous financial development clearly centred on the cooperative movement as a vehicle for savings and investment finance.

At every point in his travels from Port Moresby through Rabaul, Lae, Mt Hagen and Goroka, Heinz saw the cooperative movement in various forms. The Reserve Bank was actively promoting this movement, despite some scepticism among certain bank staff. Heinz noted

They [the cooperatives] start as savings clubs; once deposits pass the \$2,000 mark, they become societies and make loans to

members for trucks (not favoured by the Reserve Bank), land development, cattle, etc. Repayment is the main problem. The people have only rudimentary understanding of contractual obligations; what matters to them is the complex pattern of mutual clan obligations in which time plays little part' (Arndt 1987:164).

The traditional customary relationships of indigenous society caused great pessimism among expatriate business advisers who tended to think that, at best, it would take at least one generation to develop indigenous managerial and commercial skills. Yet the Reserve Bank persisted with efforts to draw indigenous agricultural producers into the cash and market economies. It thus achieved just enough success to sustain the policy.

Heinz greatly enjoyed the grandeur and variety of the scenery in PNG. He also found stimulus among the rich assortment of indigenous and expatriate people he met. The European missionaries he considered particularly inspiring, not only because of the social cohesion and strength of the communities in which they served, but because of the viability of their business enterprises. The Seventh-Day Adventist market gardens at Goroka formed a 'most impressive' example. Further, most of the Catholic and Lutheran missionaries were German; this faint connection to his native land pleased Heinz, enabling him to appreciate and savour the food, language and culture from which he had largely parted company for more than 35 years.

In 1970, Heinz returned briefly to PNG to inaugurate, rather incongruously, in Port Moresby a branch of the Economic Society of Australia and New Zealand. He gave the branch's first local public lecture on 'The future of New Guinea's monetary system'. In retrospect, he thought this paper too cautious, because in it he recommended 'nothing more adventurous than a currency board system'. The longer view has, however, shown this advice to be good, and the paper's analysis has stood the test of time.