

22 RETIREMENT

As was usual in Australia in 1980, Heinz's job at the ANU was subject to mandatory retirement at the age of 65. Most reluctantly, Heinz accepted this rule and retired in the formal sense on 31 December 1980 (the last day of the year in which his sixty-fifth birthday occurred). For him, retirement could never mean idleness. He had to have something worthwhile to do and he needed to find it outside the structure of formal, continuing employment.

The answer—which he perhaps had a hand in preparing—came in the form of the Joint Research Project on ASEAN–Australia Economic Relations (AAJRP). This project was an initiative of then Prime Minister, Malcolm Fraser, who had put the idea forward at an Association of Southeast Asian Nations (ASEAN) summit meeting in Kuala Lumpur in 1977. Heinz was able to position himself for a leading role in the project, because the idea was being discussed when he travelled in Fraser's party on an around-the-world trip for the Commonwealth Heads of Government regional meeting in Delhi in August 1980, just four months before his retirement from the ANU. As Australia promised to meet all the financial costs of the project, the assembled heads of government in 1977 had agreed in principle to the proposal. Nevertheless, partly because the project required cooperation among six nations, and partly because the initiative lay squarely with the respective governments, the project took a long while to begin. In fact, it did not start operating until 1981. Before saying more about the AAJRP, one must digress at some length on related subjects, bound together with it by the interests of Prime Minister Fraser.

More or less in parallel with the AAJRP's conception was another international initiative of Fraser, in which Heinz played a central part. At the Commonwealth Heads of Government Meeting (CHOGM) in Lusaka, Zambia, in 1978, Fraser proposed the formation of an expert group to consider what might be done to revive economic growth in the OECD countries, and thus develop a 'Marshall Plan for the Third World'. The proposal was accepted; but, under the influence of CHOGM's developing-country members, its focus changed from 'growth' to 'development', with an emphasis on the related trade and investment issues of the so-called (and then fashionable) notion of a New International Economic Order.

Commonwealth Secretary-General, S.S. Ramphal, duly appointed an Expert Group in August 1979. It consisted of 10 eminent Commonwealth economists, including such luminaries as Amartya Sen and Alec Cairncross; six were from developing countries, four from industrial countries. As the initiative had come from Australia, Heinz was made chairman. The group met in London for the first time in February 1980 and twice more before delivering its report, *The World Economic Crisis: a Commonwealth perspective*, in June 1980.

In reasoned, sober style, the report worked its way through contemporary developments in the world economy; the relationship between the current slow-down of world economic growth and the problems of poverty, and often starvation, in developing countries; the difficulties of financing balance-of-payments deficits in those countries; the adverse consequences of protectionism for future world economic development; the problem of inflation; energy, resources and conservation. The report judged that many of the current problems were intimately related to the need for structural changes, which would accelerate economic growth in industrial and developing countries. It recommended collective action, because the world economy had become so interdependent that 'common economic problems can only be solved by concerted and mutually consistent action by all countries'.

Worthy though the analysis and conclusions of the report were, it sank without trace, perhaps because it was overshadowed by the almost simultaneous release of the Brandt Commission's report, to the UN General Assembly, on a 'New International Development Strategy' for the 1980s.

Of course, it was necessary for the Commonwealth report on the world economic crisis to be presented at a meeting of the Commonwealth Heads of Government. This was done at the regional meeting in New Delhi in September 1980. For this purpose, Heinz, as Expert Group chairman, was invited to accompany Fraser and his entourage. A customised RAAF Boeing 707 took off from Melbourne on 30 August, filled with the prime minister's staff, many other officials and selected journalists. All except Heinz seemed to have work to do in flight, and news cables were frequently passed around. Heinz sat on the plane with Owen Harries, who later became editor of America's *National Interest* magazine, and whose company he enjoyed, not least because they played chess. Prime Minister Fraser was last aboard, a towering figure walking down the aisle chatting to each in turn and later inviting all to his lounge for a 'nightcap'.

The party made stopovers in Honolulu and San Francisco. In the elegant Hotel St Francis, Heinz enjoyed being one of three at dinner with the prime minister. He took the opportunity to report to Fraser on a recent meeting with ASEAN officials. Otherwise, the conversation was about food, wine, sport and the honours system, of which it was said that Mrs Fraser and Mrs Arndt disapproved.

The next stop was Boston, so that the prime minister could attend the America's Cup yacht race at nearby Newport. In Boston, Heinz, not being interested in sailing, sought contact with family and friends in the New England area; he managed to speak by telephone to his brother, Walter, and to economist Gus Papanek, and to see his nephew David and his old friend and patron Rosenstein-Rodan. Rosi, then aged 78, reminisced about seeing Joseph Schumpeter in Vienna in 1913, and attending Vilfredo Pareto's lectures in Lausanne in 1919.

The next day, Fraser's party enjoyed a fine lunch in the Copley Plaza Hotel, before leaving for Washington. Heinz was able to rub shoulders not only with the prime minister but with Senator Robert Cotton and mandarins of the Australian Public Service Nick Parkinson, Geoff Yeend and Peter Henderson. The Washington stopover was brief, but Heinz fitted in dinner with Helen Hughes and Graeme Dorrance, her economist husband. On this occasion, there was much talk about developments in economics at the ANU.

During the next flight, to Delhi via Rome, Heinz did his first real work of the trip: with public servant Dick Rye, he prepared notes on international economic issues for the prime minister. Their first draft, taken forward by Rye, went through several revisions and additions on the run in the next two days and the intervening night, until Heinz and Rye met Fraser once they arrived in Delhi. Fraser asked questions, made comments and asked Heinz to prepare a further revision. He also proposed that Heinz join himself and Foreign Minister, Andrew Peacock, as a three-member Australian team at a Heads of Government session on international economic issues.

After the formal opening of CHOGM later in the morning, the heads mingled with their many attendants over coffee. Heinz ran into Ramphal, who introduced him to Indira Gandhi—recently reinstalled in the prime minister's office—and then left them to it. In his unpublished diary (from which the quotations in these passages are taken), Heinz wrote

She made a pleasant comment on the Expert Group Report. I told her about my time here with Pitambar Pant ('he was a great loss') and meeting her father at the Science Congress. She said all our political and economic systems have to be changed—'they no longer work' and cited as an example the fanatical efforts to overthrow her Government as soon as it was elected. I asked her what should be done—she said 'I don't know'. I said I sometimes wondered whether, especially in huge countries like India, there might be a case for decentralisation of power from the Centre to the Provinces; she said that would make things worse; 'they are even more vulnerable to pressures by vested interests'.

After the coffee break, Heinz went into the meeting of heads of government on international economic issues. Around Gandhi in the chair—'like a small, alert bird with her fringe of white hair and black eyes'—sat Secretary-General Ramphal and the assembled heads of government. These were J.R. Jayawardene (Sri Lanka), Zia-ur Rahman (Bangladesh), Sir Robert Muldoon (New Zealand), Tun Hussein Onn (Malaysia), Lee Kuan Yew (Singapore), Sir Julius Chan (PNG), Father Walter Hadye Lini (Vanuatu), other Pacific island leaders and, of course, Fraser. This assembly was surrounded by attendant officials and advisers.

Heinz sat 'in the third row of chairs, behind Fraser and Peacock, taking notes and occasionally passing notes to Fraser via Peacock, as first Mrs Gandhi, then Muldoon, Lee Kuan Yew, Ramphal, Zia and Fraser made lengthy statements. Fraser followed our outline, adding supplementary points of his own. Most fascinating experience.'

At the end of the session, Heinz compiled a short report with which to brief the larger Australian contingent. After lunch, he travelled back to the next session with Fraser in his car, using the time to explain to him the 'recycling' problem, and then sat through a long and dull session. In the early evening, Heinz was summoned at short notice to the Australian contingent's debriefing session

I was impressed by the extent to which issues were discussed in terms of tactics, manoeuvring for advantage from Australia's national interest point of view, with subtlety and a degree of cynicism which showed itself partly in a general air of hilarity, all this obviously at a high level of intelligence and professional competence. Interesting contrast of style: Owen Harries analytical

and forceful, Rob Merrilees sharp and in a way ruthless, Roger Holdich thoughtful and moderate, Peter Henderson relaxed, deliberately low-key, Geoff Yeend authoritative in an informal, friendly way, obviously in command.

The next day, Heinz was back in the role of onlooker. As there seemed to be nothing for him to do, he went shopping until the late-morning meeting of the communiqué drafting committee, where there was ‘much wrangling over words’. The drafting committee worked on and off over the next two days, but Heinz found himself superfluous and unoccupied. He was reduced at one point to reading the *Holy Bhagavad Gita* (of which there was a copy in each room, along with the Bible).

The next day, it was announced, just before noon, that the communiqué had been approved. All delegations promptly began to depart and, by late afternoon, Heinz was airborne with the prime minister, the Australian contingent, Lee Kuan Yew and Singapore’s Foreign Minister, Suppiah Dhanabalan, who were ‘given a lift home’. In flight, Heinz managed a few words with Fraser and asked if he would publish in *Quadrant* the speech he had given in Washington. Fraser said he would be ‘honoured’. When the bureaucrats got their hands on the proposal, however, they raised difficulties, mainly about the production of, payment for and distribution of off-prints.

After arriving late at night, the Australians enjoyed a one-day stopover in Singapore. The enjoyment was somewhat soured when they read in the local press an account of Lee Kuan Yew’s Delhi interview with Australian journalists: ‘he certainly did not mince words; Australia “more conservative, backward-looking and protectionist than the meanest Europeans”! No wonder Fraser was unhappy.’ For Heinz, however, the final lap of the trip was unalloyed pleasure. He shopped in Orchard Road for himself, family and friends, lunched with Professor Lim ChongYah and other Singaporean academic friends, and later discussed the AAJRP plans with K.S. Sandhu (Director of the Institute of South-East Asian Studies).

The day culminated in a formal dinner at the Istana (the palace) given by Lee Kuan Yew and Mrs Lee. Other guests included Fraser, of course, Professor Ray Vernon (Lee’s American economics guru), Singaporean cabinet ministers Goh Keng Swee and Tan Hong Koh, and Captain B.G. Lee, Lee Kuan Lew’s son and himself to become Prime Minister of Singapore some 20 years later. Over dinner, at which he sat next to B.G. Lee, Heinz took part in ‘fascinating discussion’ among Lee, Vernon and

Fraser about the OPEC oil-price crisis, its financial consequences, East-West relations and much else. He found himself supporting sometimes Fraser, sometimes Vernon. The next day, it was home to Canberra after an 'unusual dozen days. What an experience!'

Shortly after the prime minister's trip, the Joint Research Project on ASEAN–Australia Economic Relations at last set sail. The AAJRP was to be managed by two steering committees, one for Australia and one for ASEAN, with a joint steering committee to meet from time to time, in order to give overall direction. In Australia, there would be a research director with a research unit, and in ASEAN five such offices, one in each country; the six research directors were to provide operational coordination. Not until September 1980 did the Australian steering committee hold its first meeting. Meanwhile, in July 1980, Andrew Peacock made appointments: Heinz as chairman of the steering committee; myself, Peter Drysdale, Bruce McKern (Macquarie University) and Richard Snape (Monash University) as members; and Ross Garnaut as research director. Gerry Ward (Director, RSPS, ANU) was later added to this committee, and in 1983 Hal Hill succeeded Garnaut as research director. On the ASEAN side, the initial steering committee chairman was Tan Sri Ishak Pateh (later succeeded by Y.B. Dato Seri Radin Soernano Al-Haj), who served also as co-chairman (with Heinz) of the joint steering committee.

Despite his general distaste for committee work and administration, Heinz was good in the chair, eliciting contributions from everyone and, when necessary, coaxing them into a progressive consensus. He also much enjoyed the meetings of the joint steering committee in Malaysia; these were held at such delightful locations as Penang, Kuala Lumpur, Kuching and Kuala Trengganu. The Australian and ASEAN representatives mingled easily and happily outside the formal meetings. Incidentally, among the various excursions arranged by the Malaysian hosts on these occasions, as brief respite from the work at hand, was a visit to a longhouse in the Borneo jungle. There the aboriginal inhabitants, once headhunters, were discovered enjoying the delights of colour television.

The AAJRP was allocated \$3.5 million and given an initial life of three years. Extensions occurred and, by the time the project closed down, almost 10 years had elapsed. It had by then produced and published some 15 books and more than 50 research papers on a wide range of subjects, including trade in services, food and manufactures; protection, regulation and structural adjustment; shipping; aviation; minerals; migration and labour markets. For Heinz, the project provided not only intellectual stimulus

and achievement but pleasant offices in University House, overlooking the beautiful Fellows' Garden, secretarial and research assistance and, above all, a further opportunity to lead a program of applied economic analysis of Australian–ASEAN themes and relations.

When the AAJRP was nearing its end, Heinz was asked by Helen Hughes, then director of the ANU's National Centre for Development Studies, to establish and edit a new journal, *Asian–Pacific Economic Literature* (APEL). The idea of APEL had sprung from Peter McCawley, who, at the time, was working in the Australian International Development Assistance Bureau (now AusAID). The bureau provided a grant to get the project going. Hughes made the journal a major enterprise of the Development Studies Centre; it would be devoted to chronicling economics writings about the Asia Pacific region.

In a later unpublished typescript, Heinz wrote

We defined the purpose of the journal as keeping busy people up with what was being written about economic developments in the Asian–Pacific region. There would be two or three commissioned literature survey articles in each of the two issues a year and...book reviews, annotated lists of new books, abstracts of journal articles, lists of working papers, etc. My role as editor [was] chiefly to commission and edit the literature surveys, choose books for review and reviewers, write 60–80 abstracts of journal articles for each issue and keep an eye on the whole operation.

Lest it be thought that Heinz did all this single handed, it should be noted that he always had the help of an associate editor and/or an assistant editor (of whom, over the years, there were several) and the support of an editorial advisory committee or board.

It fell to the associates and assistants to do the tedious work of abstracting hundreds of journal articles (300–400 per issue by the time of Heinz's death), preparing an annotated list of unreviewed books (80–100 per issue) and drawing up lists of countless working and discussion papers emanating from various universities, institutes and international organisations such as the World Bank.

The initial advisory committee was very much 'in house': Anne Booth, Drysdale, Hill, McCawley and Hughes, all sometime members of Heinz's old department. There were also corresponding editors in each of several

Southeast Asian countries. By 2001, the advisory board personnel had largely changed from the earlier committee but still contained a preponderance of members from RSPS. The corresponding editors were paralleled by a large international advisory board, composed of people so distinguished that they would have had scant time for editorial duties for APEL. None of these groupings ever exercised any real control over the structure and content of the journal. While the editorial board did meet, briefly, twice a year, it served primarily as a 'brains trust' to help Heinz identify authors for the magisterial survey articles. It was always very much as Heinz wanted it to be: specifically, empirical and policy oriented, devoid of mathematical economics and economic modelling.

Heinz took eagerly and effectively to the responsibility for APEL, which he regarded as a part-time job. He enjoyed the work greatly for the content itself, for the complex network of communication with so many authors, publishers, referees and reviewers, and for the companionship and support he received from clever, capable and friendly associate and assistant editors.

Like the BIES, APEL has earned a well-recognised place in the panorama of economics periodical literature. Heinz was justly proud of having established two such journals—a rare feat indeed.

The other part of his time was devoted to consultancies, conferences and writing on economics, history, politics and biography, for academic and public consumption. He maintained a voluminous and vigorous correspondence with friends all over the world, many of them his distinguished economics contemporaries. In addition, he managed to travel frequently to Asia and occasionally to Europe, and he took a keen interest in the flowering of the careers of his children and his academic protégés. To these activities we now turn.



An early retirement job was a one-month stint in the Department of Economics at the University of New England in Armidale, where his erstwhile graduate students, Malcolm Treadgold and myself, held the two chairs of economics. His task there was to teach international development economics to a class of 16 students—from Asia, Europe and Australia—who were pursuing the degree of Master of Economics by course work and dissertation. Heinz was worried that he would not be up to the job,

because he had been out of the classroom for many years. As always, he was over-sensitive about his alleged inadequacies in the mathematical expression of graduate-level theory. He need not have worried; the course had a sound theoretical basis but it was not overly mathematical in style, and there was ample opportunity to analyse contemporary issues of international policy, which he enjoyed doing. Also, he found the students to be capable, interesting and lively. In turn, they responded keenly and with application to his formal and informal tuition.

He got on well with his academic colleagues and with the administrative staff in the department. Staying in one of the university's residential colleges, he made friends there too. For leisure, when not being entertained by the university community, he made a series of water-colour sketches of aspects of the beautiful campus and its buildings. He had half a dozen of these framed and he presented them to the university, in appreciation of his final formal appearance as a university teacher.

The consultancies were for international governmental organisations rather than businesses. Heinz had never taken to the money-making world and the idea of becoming 'a gun for hire' was anathema to him. The UN Industrial Development Organisation (UNIDO) was the largest and longest employer of Heinz as a consultant. UNIDO had its headquarters in Vienna, a fact that Heinz found particularly attractive. The mission of UNIDO was the provision of assistance to developing countries on their industrial policies and programs.

Heinz's first UNIDO job was as part of a team to advise the Indonesian government on the potential for developing a local capital-goods industry. The advice ran to four volumes, flavoured with caution, and warning against damaging nascent industries by requiring them to buy costly capital goods produced locally. Yet the document also laid positive emphasis on educating Indonesia's industrial workforce and on improving the country's engineering workshops. 'In the following years,' Heinz recalled in a 1992 typescript dealing with his retirement activities

I gladly accepted UNIDO invitations to contribute to a new series of Industrial Development Reviews, to write a monograph on *Industrial Policy in East Asia* (which, sadly, was published in the not widely read UNIDO journal *Industry and Development*) and to join the Director-General's Special Advisory Group—not least because of the opportunities they provided for almost annual visits

to Europe and for the enjoyment of Vienna's concerts, museums and restaurants. Unfortunately, this role ceased abruptly in 1989 when the Australian Government was persuaded to end Australia's membership of UNIDO, ostensibly to save the \$1 million subscription. The Director-General informed me that, with great personal regret, he had to dispense with my valuable services on his Advisory Group.

The Asian Development Bank was the other international organisation that called often on Heinz's services. His earliest connection with the bank was when it sponsored an important book called *The Economy of Southeast Asia in the 1970s*, for which Heinz provided background assistance. A decade later, the bank invited him to design and conduct a project on 'Financial development in Asia'. Heinz saw this as a major enterprise, which would engage a range of leading monetary economists. In the event, it was on a small scale and was carried out largely by staff of the bank, although it did include a paper by Heinz, which appeared in the first issue of the bank's annual *Asian Development Outlook*.

Heinz had a glorious year in 1984. It began with 10 days in Vienna, to help UNIDO complete a report of earlier work concerning industrial-sector development in Asia. After Vienna, he went to Paris, where he attended the investiture of a distant cousin as an Officer in the Order of the *Légion d'Honneur*, and where he also visited the OECD. Finally, he toured the Rhineland: his son Nick lived at this time in Mainz, while various relatives and friends lived in other cities not far away.

Almost immediately after he returned to Canberra in early March, he had a meeting of the steering committee of the Australia-Japan Centre, and needed to deal with planning for the July meeting of the AAJRP, to be held in Kuching, Malaysia. In May, it was off to Jakarta to join his UNIDO colleagues in discussions with Indonesian officials about the six-volume report on industrial development. He found this a disappointing experience, because of the low level of the Indonesian representatives. In June, Heinz was in Singapore, playing a prominent role in the very successful Pacific Trade and Development Conference. He returned to Kuching in July for the AAJRP meeting. He revisited Manila for 18 days during October, in order to write two chapters for an Asian Development Bank publication, and then went back to London, *en route* to Vienna once more. This London visit was to see David Bensusan-Butt (who had retired to Stamford Brook, in the house once owned by his uncle-in-law, the painter Lucien Pissarro,

son of Camille Pissarro) and myself and my wife (we were on sabbatical leave). We lived on Parliament Hill in Hampstead, and Heinz's visit to our house was acutely nostalgic, because it was just around the corner from 1 Keats Grove, where Heinz and Ruth had their wedding reception in 1941. Heinz and David walked around to see that the house was still as Heinz had remembered it.

Indonesia always remained an absorbing interest for Heinz. He published articles on various aspects of the Indonesian economy in the BIES, in other academic outlets and in the popular press. A selection of these was translated by Heinz's Indonesian friend Mubyarto into Bahasa Indonesia and published in 1991 as a volume entitled *Pembangunan Ekonomi Indonesia: Pandangan Seorang Tetangga (Indonesian Economic Development as Seen by a Neighbour)*. Heinz also spent much time—indeed, more than 10 years—overseeing a Bahasa Indonesia edition of the large textbook of economics originally written in English by the Filipino economist G.P. Sicat. This involved not only guiding the translation but, with the help of colleagues, 'Indonesianising' some 150 pages of statistical and institutional material. The formal launch of the book in May 1992 gave Heinz another opportunity to visit Jakarta.

Heinz's 1986 public writings in defence of Indonesia have already been mentioned. He returned to the fray in 1991, trying to counter some of the more extreme anti-Indonesian propaganda in the Australian media over the issue of East Timor. His most cogent piece on that subject occupied two columns of *The Australian* on 6 December 1991. After recounting the history of Portuguese occupation of East Timor, and giving the lie to exaggerated statistics of East Timorese lives lost during Indonesian rule, Heinz argued that an independent East Timor would be a mendicant state, indefinitely dependent on foreign aid. His policy prescription was for East Timor to remain within the Indonesian republic, with some form of special status, including a measure of local autonomy, together with its own earmarked development budget. History, however, judged otherwise.

In his retirement years, Heinz wrote a good deal on economics. As had been the case throughout his academic career, he was eager to publish anything and everything he wrote. More than occasionally, he sought to do so as soon as the ink was dry. These habits resulted, first, in the publication of inferior pieces that might have had greater impact had

they been subjected to rigorous revision; and, second, in reproofs from peers, colleagues and correspondents. One such reproof came from Charles Kindleberger (Emeritus of MIT and distinguished in international economics and economic history). Kindleberger wrote to Heinz, in 1992, with warm regards

...your tariff history of the US [is] based on [Frank William] Taussig, who is out of date...I hope you will not be offended if I say that the material on England, France and Germany is pretty amateurish...the depression in Germany of the 1880s: you mean from 1873 and the famous Bismarck tariff on iron and rye was in 1879. Sorry to be blunt.

Heinz was honest and unabashed and did not hesitate to share this criticism with his friends. Ross Garnaut and I wrote in our 1995 citation of Heinz as Distinguished Fellow of the Economic Society of Australia: 'If Heinz had written less, had worked more on the presentation and logical clarity of his most important ideas, more of his seminal ideas would be around in contemporary footnotes.'

The crowning literary feat of Heinz's retirement was *Economic Development: the history of an idea*, published in 1987 by the University of Chicago Press. In this monograph, Heinz traced the history of thought about economic development as a policy objective. He started with the Western origins of the idea of material progress, from Adam Smith to the colonial theorists. He then focused on the 1950s and 1960s, when economic development and economic growth were treated synonymously and commanded popular respect—and when the engines of growth were seen as, successively, physical capital formation, human development and freedom of trade. From the late 1960s, growth and development were distinguished from each other, with the latter increasingly denoting social objectives such as employment, equity and basic needs. Heinz dealt with all this and considered left-wing and right-wing dissent on the subject of development. The book was read widely and well received.

As by-products or consequences of this work, Heinz wrote papers on structuralism, market failure in developing countries, globalism and sustainable development. He also returned to the fields of monetary and international economics, dealing with such topics as credit rationing, trade in financial services, exchange rates and what he called 'a controversial defence of the "old view" that external balance remains a necessary objective of macroeconomic policy'.

Such controversy was most notable in his 1989–91 dispute with John Pitchford of the ANU about whether a nation’s current account deficit was of any importance to its economic policy. The ‘Pitchford view’, which undoubtedly enjoyed the support of most academic economists, was that in a world of—for the most part—floating exchange rates and freedom for the international movement of capital, foreign exchange markets would determine the market-clearing exchange rate for any individual currency. As those markets take account of current and capital transactions, it does not matter if the current account at any time is in deficit (and balanced by a surplus on capital account). Nor does a sustained current account deficit and consequent growing foreign debt need to cause concern, because the debt is essentially the result of private capital inflow, which can be presumed to yield a return sufficient to cover the costs of debt service, and in any case is an obligation of private-sector entities and not of the nation.

Heinz thought this view simplistic, particularly regarding the composition and motivation of capital inflows. He also considered that it ignored several negative externalities attaching to current account deficits (such as a possible loss of confidence among foreign lenders, which would lead to a diminished supply and/or a higher price of loans). Heinz fought for his opinion with great vigour and tenacity, but he did not prevail. In the end, the debate evaporated, since in later years Australia’s official overseas debt was eliminated and private debt appeared to be within acceptable limits of commercial risk.

The issue of external balance was closely bound up with the idea of globalism or, to use the current jargon, globalisation. Heinz thought globalism was a truly awful word and devoted many hours and pages to showing its emptiness. ‘But “globalism” is a fad notion. The sooner it disappears from economists’ vocabulary the better.’ So much for globalism. Unfortunately, globalisation is alive and well (if not universally admired), despite Heinz’s efforts to dispatch that term too. He hammered away at globalisation and, in 1998, published an article in *Pacific Economic Papers* that sought to straighten out a lot of muddled thinking about the concept and the usage of the word.

Just as politics and political economy had been consuming interests for Heinz in his earlier life, so they remained in his retirement, if the word ‘retirement’ is really appropriate for his busy last years. He dealt with political economy in academic journals, as far as it was possible to do

so, and beyond those outlets he repeatedly contributed to newspapers, especially on contentious or polemical issues. This leaning led to Heinz's involvement with *Quadrant* magazine. His first contribution to *Quadrant*, at the age of 54, was the remarkably open memoir 'Three times 18: an essay in political autobiography'. This piece attracted much attention and a frigid reception from Ruth.

Thereafter, Heinz wrote often for *Quadrant*, on issues of economic policy, such as anti-protectionism and tax reform, on Asia's development and Australia's engagement there, and a series of charming memoirs of his German family and his English associates of the 1930s and 1940s. This generous association with the magazine resulted, in 1981, in an invitation to be co-editor with Peter Coleman. Heinz brought distinguished contributors to the magazine and he organised conferences and seminars, including a celebration of *Quadrant's* twenty-fifth anniversary (also in 1981). In conjunction with his editorial role, Heinz managed the George Watson Prize for 12 years. This award was created and financed by George Watson, of St John's College, Cambridge, and administered by *Quadrant*; it offered an annual cash prize for the best political essay published in any Australian journal. Heinz selected and chaired a jury of editors and writers, and that panel chose a number of notable winners, including John Hirst, Michael James, Geoffrey Partington, Peter Ryan, Pierre Ryckmans, Clement Semmler, Sev Sternhell and Claudio Veliz. As Coleman wrote: 'It was the first essay competition of its kind in Australia and contributed something to the revival of the essay genre.'

In 1990, *Quadrant* underwent great changes: Coleman stepped down, Heinz relinquished editorial duties, the magazine was restructured and Robert Manne (who had briefly been co-editor with Coleman) became sole editor. Heinz had, meanwhile, joined the periodical's board of directors. In that role, he became increasingly uncomfortable with the illiberal drift of the magazine, in particular its lurch to economic protectionism. Continuing to be distressed by what was happening to *Quadrant* under Manne's editorship, Heinz wrote in April 1992 to 'The Editor' (Manne): 'In the past twelve months, *Quadrant* has published fourteen articles advocating or defending protectionism and eleven articles by present or former La Trobe academics. Should *Quadrant* be renamed the *La Trobe Protectionist Review*?'

The issue of the editorship came to a head in mid 1993, when Heinz resigned from the board of *Quadrant* as he felt no longer able, professionally or intellectually, to keep company with Manne and crew.

He had foreshadowed this resignation in a letter to Dame Leonie Kramer, chair of the board, in December 1992. In that letter, he identified two problems: Manne's relentless campaign, in *Quadrant* and elsewhere, against economic rationalism; and the image of *Quadrant* that this created in the public mind.

Heinz complained to Dame Leonie: 'It seemed to me that *Quadrant* retained a *raison d'être* in defending liberal economic values, as well as political. Instead it has become a propaganda instrument against economic liberalism. I could not have been more unhappy if the new editor...had turned out to be an extreme Greenie or anti-Semite.'

Another person from whom Heinz parted somewhat (philosophically but not personally) over protectionism was Bob Santamaria. As already described, Heinz, then a Laborite, and Bob, of the National Civic Council, had jostled in print in the 1950s and 1960s. Twenty years on, however, they warmed to one another and a strong friendship developed; each respected the other's integrity. On Bob's death in 1998, Heinz recorded, 'I liked him a lot, for his unfailing courtesy and intellectual curiosity.'

Heinz's later writings also included many pieces of biography. On the professional front, he wrote 'Keynes and Churchill', whose parallel lives intersected but little, despite the momentous times and English eminence which they shared. Regrettably, this paper was never published in widely accessible form, despite Heinz's many attempts to get it into either an international magazine or journal or within a volume alongside other biographical essays. It did appear 'by courtesy', together with some of the other late writings mentioned above, in his final volume, *The Importance of Money: essays in domestic macroeconomics, 1949–1999* (Ashgate, 2001). He wrote obituaries of economists Colin Clark, Robert Hall, James Meade, Gerald Firth, John Crawford, Richard Downing and David Bensusan-Butt. The last two essays were crafted with meticulous care, for he bore the subjects particular and deep affection. All but one of these obituaries, and half a dozen other short lives of economists, were collected into a dedicated supplement to the *History of Economics Review* (No. 32, 2000) entitled 'Essays in biography: Australian economists'.

Of more general interest were the memoirs of his family and early friends, published in *Quadrant* between 1981 and 1984. These are delightful little gems, each of two or so pages, which capture the times and styles of the subjects. These pieces—especially the moving 'Uncle Leo'—prove Heinz was a superb essayist. In addition, he wrote a longer piece about Fritz Georg Arndt, entitled 'My father: a personal memoir', which does not

seem to have been published at all. Heinz writes not only of his father's academic career (and its setbacks occasioned by European politics and strife), but memorably of the Arndt family's life in Istanbul and Breslau. He does not shrink from mentioning the disintegration of his parents' marriage, or from alluding to the hurt he felt when his mother left in order to marry a member of an old Prussian family. 'The divorce shocked us children and probably contributed to my later puritanical attitude to sex,' he wrote. Fritz Georg engaged a divorcée, Hertha Brell, as housekeeper and three years later he married her. The children were not at first enthusiastic, but Hertha proved a staunch and devoted wife for 39 years. 'As we grew older we became more tolerant and in the last thirty years became quite fond of her.'

Fritz Georg lived in Istanbul with Hertha until, at the age of 70, he retired. In 1957, he spent five weeks in his elder son's adopted homeland, lecturing in Sydney, Canberra and Melbourne, on the invitation of the Royal Chemical Society of Australia. During the final years of his life, he was showered with honours by European academia. He had opted to retire to his hometown of Hamburg, where there were still many relatives and friends. Heinz dutifully managed to find some professional excuse for visiting Europe almost every year, and thus for spending a few days with his father. Fritz Georg died in December 1969, aged 84.

Heinz lived in some awe of his father's high academic reputation and, later, of the similar academic esteem enjoyed by his brother, Walter, who became a distinguished professor of Russian language and literature at Dartmouth College in the United States. There was no justification for this sense of inferiority, because Heinz stood as tall among economists as did Fritz among chemists or Walter among linguists. Heinz, however, could never shrug it off.

As Heinz often remarked in the 1990s, one of the consequences of living to a good age was to read and write obituaries and attend many funerals. Several colleagues to whom he paid literary tribute have already been mentioned. Heinz also saw off close Canberra colleagues and friends, including Trevor Swan, Noel Butlin, Gerry Gutman, Fred Gruen, Benjamin Higgins and Manning Clark. The spectacular obsequies of the last-named occurred at St Christopher's Pro-Cathedral in Manuka, and were conducted by the ANU historian Father John Eddy, SJ. More than 500 people attended,

including Governor-General Bill Hayden, Prime Minister Bob Hawke, Treasurer Paul Keating and the rest of the Federal Labor Cabinet, various archbishops and bishops, and countless academics.

Heinz and Ruth had been friends with Manning and Dymphna Clark from the early 1950s, when the two men were the first professors of their subjects in the Canberra University College. Heinz and Clark shared high, but not always identical, principles. Clark said to Heinz in 1989, 'we are both men of moral passion.' Both loved to play with language: in 1980, Heinz received a telegram, 'HIC PARS TUI NUNQUAM MORIETUR. TUUS AMICUS. MANNINGUS CLERICUS.' (Incidentally, it is not well known that, between 1983 and 1998, Heinz sustained a correspondence with the editorial staff of the *Macquarie Dictionary*. Much of it consisted of queries or arguments about words, but he also made some contributions.) Both the Arndts were much affected by Clark's death. They had dined with the Clarks, at the home of a mutual friend, a week before Manning died and Ruth had spoken to him on the phone only the night before. Heinz wrote afterwards to a friend

I liked him personally, however much I disliked his views and his influence on Australia—his anglophobia, his nationalism, his religiosity, his contempt (from a millionaire's comfortable perspective) for material progress, his peddling of trendy notions. He wrote marvellous English—built on the eighteenth century and the Authorised Version—and he carried off the role of 'secular prophet' with style. The adulation of a whole generation of Australians, amply demonstrated in media and newspaper tributes in the last two days, shows that people prefer a Tolstoy to a Hume.

The last death that affected Heinz deeply was that of Sir Leslie Melville. The two had known each other since 1948, when Heinz was in the University of Sydney and Melville in the Commonwealth Bank. Thirty years later, Heinz had the honour and pleasure of presenting Melville to the Chancellor of the ANU for the conferment of the degree of Doctor of Laws, *honoris causa*. (The citation is published in Heinz's 'Essays in biography: Australian economists'.) Among many other distinguished posts, Melville had been the second vice-chancellor of the ANU, from 1953 to 1960, and on retirement from full-time public service in 1966 he became an Honorary Fellow in Heinz's department. In old age, the two were very close. It was on his way to deliver a eulogy at Melville's funeral that Heinz met his own accidental death (see this book's Postlude).

The last period of Heinz's life was by no means all gloomy. Apart from the pleasures of travel and conferences, Heinz attained honours and respect. In September 1994, at a Surfers Paradise gala dinner of the Economic Society of Australia, Heinz was acclaimed as the Society's Distinguished Fellow of the year. (The citation for this award appeared in the *Economic Record's* March 1995 issue.) His acceptance speech included these observations

I confess I find it hard to convince myself that I am in this league. Colin Clark and Trevor Swan were great economists of international stature; Roland Wilson and Leslie Melville were outstanding economist public servants. I suspect my main qualification is longevity, and even in this respect Wilson and Melville, well into their 90s, are way ahead of me. But I am glad that now, after fifty years, I am allowed to call myself an Australian economist.

Heinz turned 80 on 26 February 1995, and Ruth attained the same age about the same time. They celebrated with a joint 160th birthday party at home on 12 March. Heinz's academic friends, principally from the ANU, had earlier given him a very jolly lunch to mark his birthday. Later in 1995, the Government of Indonesia awarded Heinz a Presidential Medal (the *Bintang Jasa Pratama*), in recognition of his great contributions to promoting Indonesian economic studies. The award was conferred at the Indonesian Embassy in Canberra on 10 December 1995. Meanwhile, the Economics Faculty of Gadjah Mada University in Yogyakarta established an endowment to provide five H.W. Arndt Scholarships each year to talented, needy students in the faculty. Heinz received this news at the faculty's fortieth anniversary conference, which he attended in Yogyakarta in September.

Why did Heinz not receive any official Australian award? The answer is that he had been sounded out for such awards on more than one occasion, the last time in 2001, and each time he had declined, out of deference to Ruth's dislike of the honours system.

Perhaps this is the place to mention an honour that Heinz handed back. For more than 40 years, he had been a Fellow of the Academy of the Social Sciences in Australia, until he resigned in 1996 on a point of principle. The executive of the academy had excluded from the ballot for election of fellows the name of a man whom Heinz had nominated and whom several other eminent economists, male and female, from

Australia and abroad, had strongly supported. Heinz was livid. Despite being cajoled by the president of the academy, he refused to withdraw his resignation, because he saw the executive's action as an attempt to change the complexion of the academy. As he later observed: 'It has occurred to me that by resigning I make a modest contribution towards the objective of reducing the proportion of Fellows who offend by being over 60, male and economists.' Noble Heinz.

Heinz thought constantly about how he should be spending his time in retirement. It was obvious that he could not bear inactivity. At the end of a very busy 1987, he wrote to a friend

For 1988 my program is as yet completely empty...I feel energetic enough to tackle another book but I have no ideas. Writing technical economics in the now approved fashion is beyond me. Economic history? Political economy? I am considering offering my services to the World Bank, OECD, [ADB] or other international agencies where I have personal contacts, but they usually want consultants for longer periods than I am willing to spend abroad... Of course, I could get myself involved in some charitable work or other NGO activities—or paint or play the piano. But I am reluctant, as yet, to give up the academic work I really enjoy.

In December 1991, he wrote: 'I find myself distinctly underemployed. Since no one wants my services for teaching or administration or advice of any sort, I do far too much writing.'

In January 1995, restlessness broke out again: 'I have no bright ideas for research...and I no longer have any other professional occupation (committees, consultancies etc.). I have been wondering whether to offer volunteer labour to some charity.'

On the whole, though, Heinz did enjoy his retirement, despite the occasional pinings for more activity and greater recognition. It was not in his nature to be without a project and even at the end of his days he was wondering where to publish a recent paper. He had, in 1992, conceded that 'I can strongly recommend retirement' and '[i]t has certainly been enjoyable'.