

FOUR TURNING POINTS IN MY LIFE

- 1. 1938-39 from Germany to Australia**
- 2. 1952-53 meeting Dorothy, becoming an academic**
- 3. 1966-67 to Oxford**
- 4. 1988 to Washington for thirteen years**

1. 1938-39 from Germany to Australia

My father was the manager of a large haberdashery shop in the central square (the Ring) of Breslau. It was originally a family firm, founded by his father and his uncle, but it got into financial difficulties in the early thirties and was sold. But my father remained its manager. He had a law degree from the University of Breslau. My family were middle-class of moderate means, and we four lived on the top (fourth floor) of an apartment in a southern suburb where most of the Jewish middle class of Breslau lived. Of course, the apartment had no lift. Since apartments had high ceilings the walks up and down were considerable.

I do not know exactly when the decision to leave Germany was made and when a visa for Australia was obtained. But there were clearly several elements to the process. First there had to be the decision to try to leave, and this meant willingness to give up a well-established home, and a city and country in which the family may have lived for many generations. One had to make a judgement whether the Nazi regime would last and how it would evolve. This was not obvious at the time, though it may be with hindsight. My father had fought on the Western Front and had thought of himself as a patriotic German. His mother's family, especially, had indeed been many generations in Breslau and was highly assimilated. Secondly, there had to be enough money to pay for the journey. Thirdly, and most important of all, there had to be a visa for entry to a country of refuge. Many more German Jews eventually wanted to emigrate than there were available visas. And it is here that our Aunt Elli paid a crucial role.

My mother's sister, Elli, had married Heinrich (later Henry) Alter, who was born in Austria Hungary (later Czechoslovakia), and they had settled in Berlin. When Hitler took power in 1933 he had the sense to decide Germany was not a country he wanted to live in, and moved to Britain. They had no children. They sponsored both my brother, Gerhart (later Gerald), and me to come to Britain, and also later obtained visas for the whole family to go to Australia. That was quite an achievement since Australia initially only agreed to take 5000 refugees. It was clearly easier to get an Australian visa when located in or near London, as Henry and Elli were, then from a provincial German city. We have always thought that Aunt Elli saved our lives, and I am sure this was true. Many years later she came to live in Australia, and for Gerald and me, and also our cousin Peter, she was a second mother. Gerald came to England in April 1937, aged 15, and went to High Wycombe Grammar School. Here I should add that at some stage we also got a visa to Chile. Gerald claimed that we preferred Australia because it was further away from Germany (he had worked that out on a map), but it is more likely that my parents preferred an English to a Spanish-speaking country, probably because my mother had studied English and French at University.

At first my parents had decided that I would not be sent off alone to England in advance of their departure. But early in 1938, I understand, I was apparently abused (or attacked) in the street by some boys, and that decided them that I must go in advance, like Gerald, I do not remember this episode at all. But I do remember my departure. I was not worried at all, but just concerned that I did what I had to do, namely be polite and not lose anything. Also, a short time before, they found an English girl (and English people were rare in Breslau) to teach me some words. I just learnt a few words and phrases, notably "thank you" and a rhyme "Early to bed and early to rise makes a man healthy and wealthy and wise".

I was put on the train to Berlin on April 19th 1938. I was 10 years and 8 months. My mother was visibly upset, though I was not. I was met at Berlin railway station by Aunt Sidy, another sister of my mother's. On the evening of April 20th (Hitler's birthday) I was put on the train to Hook van Holland, travelling with a gentleman, presumably Jewish, who

was also going to England. (I still remember the fireworks in Berlin, to celebrate the birthday, as we left). This was followed by the ferry to Harwich and then the train to London, where I was met by Aunt Elli. My first home in London was Henry and Elli's home in St. John's Wood. A week later I went to school in Kent.

To finish this stage in my life and that of my family, in November 1938, on Krystalnacht, my father was taken to Buchenwald. He just disappeared. I knew nothing about this in England. When all the arrangements for our departures were made by my mother he was let out, and they left for Rotterdam where they caught the Sibajak of Rotterdamsche Lloyd. It stopped at Southampton where Aunt Elli had brought Gerald and me. I still have a photo of the five of us on the pier at Southampton. So, off we went to Australia, changing ships at Colombo to the Oronsay of the Orient Line. Our first port of call in Australia was Fremantle, and we arrived in Melbourne at Station Pier in the evening of January 24th 1939, and first stepped ashore in Melbourne one day before Australia Day.

One thing I will never forget is the relief of my parents at coming to so European a country and (above all) city. After going through Port Said, Aden and Colombo they did not know what to expect. They had no money and no idea how and whether they would make a living. The country was just recovering from the depression, as they would soon find. As we were driven down St Kilda Road to a boarding house in St Kilda my father said (presumably in German) "this is the most beautiful street in the world". While this was an exaggeration even then, it brings tears to my eyes. The promised land! So this completes my first major turning point.

2.1952-53 meeting Dorothy, becoming an academic

In 1951 I was working in Melbourne for the Commonwealth Department of National Development. I made plans to go to London in 1952, taking leave from the Commonwealth Public Service. It was just the usual Australian thing. Go to England to see the world. In 1952 I would be 25, and it was about time. At the YHA (Youth

Hostel Association) social club everyone was making such plans. I would get unpaid leave from the Public Service. I would make contact in London with the company that owned *The Argus* (where I had worked from January 1949 to about June 1950) and perhaps I could get a job there. Then, sometime in 1952 a car hit me while I was crossing Russell Street at the corner of Bourke Street. My right leg was broken, and because it was the tibia it took nine months to heal. For six months I was in plaster – endlessly itching – and walking with crutches, and for another three months I was limping with (metal) callipers. My trip to London had to be postponed.

I will never forget Gerald's face when seeing me in hospital. I looked bad, including my face. The only serious damage was to my leg. My parents were away somewhere. I comforted myself in hospital that an accident like this was about one in a hundred chance, and that was it...no more accidents after this. I had not mastered the theory of probability.

After some weeks I went back to work – on crutches of course. I learnt to handle these, and especially to master steps and various entrances. And I had a tutor in this respect. A lady named Margaret (I think), also with an economics degree was also on crutches. She was in her thirties and got polio many years ago. For her it was a life-long disability. For me it would be temporary. I thought about that many times. Never complain. Don't feel sorry for yourself. Think of what Margaret must be thinking. It is the kind of education one also gets in hospital. During this "crutches" period I spent much time at home, playing canasta with grandmother. What grandmother would not like to have her grown grandson playing cards the whole weekend, and some evenings as well¹.

Once I was in callipers I was mobile again. It was time to get social. One evening I went to a YHA play-reading. I think it was Oscar Wilde's, *The Importance of being Earnest*. I did not participate, but just listened. One young lady spoke beautifully, with an accent more

¹ Grandmother had spent the war years in England, living with Elli. After the war we sponsored her to come and live with us.

English than Australian. I will make this short here. That was Dorothy. We were introduced by a mutual friend, and a few days later went to the “pictures” together (the Regent Theatre in Collins Street). I had to have an aisle seat to stretch out my bad leg. We saw an English film, and, in addition, a short preliminary film about Canterbury. I mentioned that I had been there (since I had gone to school near there), and this (Dorothy told me later) greatly impressed her, since she loved all things English and had no greater desire than to go there.

Some time during the calliper period (early in 1953) I visited professor Wilfred Prest, the head of the economics department at the University. The precise reason for my visit I cannot recall. But I had earlier finished my Master of Commerce thesis, and it had been passed. I had also written an article based on a part of that thesis, and wondered how it could be published. The article was entitled “The Maximization of Profits by a Newspaper.” I had in mind the (Australian) *Economic Record*. Professor Prest was and sounded a Yorkshire man, and was the brother of Alan Prest, who later became an LSE professor.. He glanced at the article, with all its diagrams, and said he was shortly going to England and would show it to Ursula Hicks, who was an editor of the *Review of Economic Studies*. Then he asked me what I was going to do next. “Go to London soon, in time for the coronation in June” “Why not study?” “What, where? “At the LSE.” “The LSE? “What?” “Write thesis for a PhD”. “I had not thought about further study. I am in the Public Service”. He shuffles his papers on a messy desk. “Apply for a scholarship. British Council. Must have study programme.” I do not remember whether I asked him whether they would pay for my travels and living expenses. Perhaps it was obvious. But this sounded interesting, since money was a problem for me. It was Thursday or Friday, I think. “Apply by next Tuesday.” “Study what?” “Think about it”.

That weekend I was away in Anglesea, with the YHA, I think. I remember walking up and down on my own on the beach. Study what? I decided on transport economics, since I had been working on

some issues to do with transport in the Department. I drafted a plausible proposal and submitted it by Tuesday.

I was booked to leave for London in April 1953, and I heard nothing about the progress of my scholarship application before I left. So I paid for my journey, as planned originally. Dorothy was with my family at Station Pier to see me off. Much later, after I had spent six weeks in France, and then was living in London, earning some money with private tutoring, I got the news that I had been awarded the scholarship and also was admitted to the LSE.

While I was in the Department I had to write regular reports about the world economy, or at least those aspects relevant for the Department. My main source was *The Economist*. This was the time of the Korean boom and slump, big terms of trade shifts and balance of payments problems for Australia. It was all very mysterious to me since I had never been taught international macroeconomics properly, if at all. Then I came across a book, published in 1951, by James Meade, *The Balance of Payments*. It was heavy going, but seemed to make everything clear. I started it in Melbourne but really dug into it in London. I remember sitting in Regents Park in summer 1953 studying it carefully. Then I discovered that Meade was a professor at the LSE. “Ah, forget about transport economics”. I had lost interest in it, if, indeed, I had ever been interested. I requested from the secretary for graduate studies at the LSE, the celebrated Miss Bohm, that I study under Professor Meade. “That will be difficult, but perhaps he will see you”. And he did. And he agreed to take me. And that is how I embarked on my life-long specialty of international economics. About this time my newspaper article was published in the *Review of Economic Studies*, without a word changed from my original submission. I suspect that this must have been decisive in his decision to take me on. And something else of later significance must be added. An associate editor of the *Review of Economic Studies* was Harry Johnson and he had refereed or edited my article. Hence, when I first met him later, he knew of me already.

To finish this part of the story, Dorothy came to London in 1955, and we were married on June 1st 1957 in Hampstead Registry office. Aunt Elli, who played such an important part in my earlier life, was there, and took care of the wedding cake. Before the wedding we phoned our two families in Melbourne from her home.

One might reflect: Suppose I had not had that accident. I would not have met Dorothy, and probably I would not have known about the scholarship and so re-entered academic life. These were two of the biggest turning points in my life. And studying under James Meade was another one.

3. 1966-67 to Oxford

I had returned from my studies at the LSE in January 1958, and then taught for four years at Melbourne University. During this period I began my work on Australian tariff policy and on the new concept of effective protection. I also wrote an article on “The Geometric Representation of Policies for Internal and External Balance” (published in *REStud.* 1960) that later became very well known. In 1962 I moved to the School of Pacific Studies at the ANU, Canberra, and continued my work on Australian tariff policy and on effective protection. I also wrote papers on Malaysia and Thailand, and, in addition, a survey of international trade theory. By 1964 I was a professorial fellow (Reader) at ANU. Canberra was a very pleasant environment, and very conducive to research.

From mid 1964 to mid 1965 I went, with Dorothy and Jane, on sabbatical to UK and USA. Not long after we arrived in London in 1964 Dorothy said “why don’t we come back here? Why don’t you ask Harry if he can find you a job?” That brief remark led to the next turning point. I will come back to the story behind this shortly. Harry Johnson was my “patron saint” and, at that time, a professor at the LSE. So, let me fast-forward to the end of 1965, when we were back in Canberra.

On December 1st 1965 Harry Johnson wrote” “Would you be interested in putting in for the Nuffield Readership in International Economics at Oxford?” He explained that he was an elector, the other six being from Oxford, and that Sir Roy Harrod, the present occupant, would retire in 1967. I replied at some length with a letter that now seems somewhat silly, but indicates my perception of myself at the time. “But really Harry! It seems to me that I would not have a dog’s chance of getting the position. Indeed one might say that it would be preposterous of me to apply.... I would be making a fool of myself by applying.” I thought that others at Oxford were as good or better and that, in any case, they would prefer Oxford people. Harry replied somewhat testily that he did not agree, and that if Oxford prefers to appoint Oxford people we should not “co-operate in the game”.

After consulting an ANU colleague, on the 10th January 1966 I decided to apply, and Harry wrote back that he was surprised but thinks it was sensible of me. Later I found that there were three Oxford candidates but the Oxford members of the electoral committee were not agreed on which of these they preferred. I also learnt that John Hicks had favoured me, which must have counted. On February 4th 1966 a cable arrived: “Congratulations. The Best Man Won. Harry”. That was an offer I could not refuse.

One might ask. Why did we want to leave Canberra? Why did Oxford want me, even without an interview? Why was Harry my “patron saint”? And finally, what was the significance of this move? Was it really a turning point?

I had been quite settled in Canberra and assumed that I would stay there. The ANU provided excellent facilities, and Canberra’s physical environment appealed to me. But, of course, it was “empty” compared to Oxford or indeed anywhere in England. And it was peripheral. I had never thought about Oxford, but I had considered various “provincial” UK Universities. It is worth recording that that two of my internationally best-known writings (the survey of trade theory and the JPE 1966 paper on effective protection) were written in Canberra. My work on Australian tariff policy was almost completed. It had started in

Melbourne and continued in Canberra, culminating in the 1967 Fisher Lecture at the University of Adelaide that laid out a full-scale analysis of reform alternatives. In addition, before I left I completed a survey of Australian economic policy discussion. This was also widely read later. In other words, the ANU was an excellent environment for productive research. I should add that I had started my very fruitful research on tariff theory and policy in Melbourne.

Dorothy far preferred living in England to living in Australia, whether Melbourne or Canberra. She found England stimulating, and all her life – well before she set foot there - she had been an Anglophile. She also wanted to be close to Mumma (her mother) who lived in Melbourne. Dorothy was the eldest of Mumma's seven children, and the two had always been extremely close. When I met Dorothy she and Mumma were living together in Malvern, while all the other children were already married. How to be close to Mumma and live in England? Economists would say that there were just two corner solutions. The only trade-off was to live in England and frequently visit Melbourne and stay with Mumma – which is exactly what Dorothy did for the nine years we were in Oxford, supplemented by two visits by Mumma to Oxford. We also found in Canberra that Jane had learning problems, and we thought that more help might be available in Oxford. This, indeed, turned out to be true. But all this was not decisive. The position offered to me was so prestigious and offered so many possibilities. It was, indeed, an offer I could not refuse.

Why did Oxford appoint me? Here I can only guess. Very conveniently my survey of trade theory was just published by the Princeton International Finance Section (directed then by Fritz Machlup) in 1965. This turned out to be a great success, and I know that Hicks liked it a lot (because he told me later). When Harry came up to Oxford for the electors' meeting he first dropped in to John Hicks' rooms at All Souls College, and found him reading this survey. Indeed, it was written in a very English style, with all words and no mathematics and not even a diagram. And it showed that I had mastered the field. The electors did not require an interview, I suspect, because I was known to many economists in Britain by having worked at the National Institute of

Economic and Social Research in London for two years. Also, James Meade was one of my referees. The message would have got through that I was not a particularly difficult person, a matter of some interest when making appointments in many Universities, and not just Oxford.

And now, let me come to Harry Johnson. He was a Canadian, a Professor at Manchester University when I was a student at the LSE, and (amazingly) only four years older than me. He dominated academic international economics for many years, and rose like a meteor in the fifties. He was famous not only for surveys that guided the development of international and monetary economics for many years, and for particular policy-oriented and theoretical articles he published, but for the incredible quantity of them. There was also his inveterate conference going and networking. He had a strong, almost puritanical belief in the responsibility of academics to their profession.

He must always have seen himself as an outsider, and contrasted this with the “insider” attitudes of super-confident but less professional leading lights in Cambridge (UK) economics, whom he got to know well and did not appreciate, as a result of a prolonged early period there.

Much has been written about Harry after he died, not least by myself. Indeed I repaid him for what he did for me by writing an Obituary in the *London Times* in 1977, an exhaustive (and perhaps too favourable) review of his writings on trade theory in the *JPE* 1984, and a long entry about him in the *Oxford Dictionary of National Biography* 2004.

I first met him at the Oxford-London-Cambridge seminar for graduate students that he regularly attended. He and one other (John Black) seemed the only ones to understand what I was talking about. I was writing a thesis on the same subject on which he was working, and my thesis finally drew extensively on his work. He was the external examiner of my thesis. As I have said, he saw himself as an outsider and was always on the look out for other bright outsiders - and what was more outside than to come from Australia (and not via Cambridge or Oxford). He helped many people in their careers. He even helped Ronald

Findlay to get a US academic position, so Ronald could be allowed an exit permit to leave Burma, and Harry did this without being asked.

Finally, our move to Oxford certainly was a turning point. For the first time I had a significant number of really excellent students, some of whom made big marks in the world in later years². I was in an environment where academic excellence was accepted as the primary criterion of appointment, and also where intellectual conversation was valued and pursued. Oxford, with London, was one of the crossroads of the academic world. Numerous conferences were accessible, and I became a part of the international academic community. Of course, one can still sit in remote locations and do good work – as I did in Canberra and (to cite more superior examples) as Immanuel Kant did while living and never leaving Königsberg in East Prussia, or as during the war Karl Popper did in New Zealand.

In Australia I had written three of my major publications (the survey of trade theory, the JPE 1966 article on effective protection, and the earlier RES 1960 article on “internal and external balance”). In Oxford I wrote three books and several more articles. The first two books – *The Theory of Protection* and *Trade Policy and Economic Welfare* – were based on work I had started in Australia. We stayed in Oxford for nine years, until 1976, and then returned to the ANU. Why we did that is another story, but proximity to Mumma was certainly one factor.

4. 1988 to Washington for thirteen years

By the end of 1988 I had been at the ANU for over eleven years, having arrived from Oxford in October 1976. I was on the staff of the ANU for that period, although for the last two years, i.e. 1986-1988, I was actually on leave in the USA. In that interlude I was first at Harvard University for six months (holding the Chair of Australian Studies) and then, from October 1986, at the International Monetary Fund (IMF), based in Washington DC. But at the end of 1988, after briefly returning to Canberra, I retired from the ANU to take up yet

² During my four years teaching in Melbourne I also had some outstanding students, notably three who later became Professors, namely Richard Snape, Bob Gregory and Peter Drake. And there were others, later prominent in the financial world (notably Charles Goode) and in the Canberra public service.

another permanent appointment. Not again! Hence here was yet another turning point. This was at my ripe old age of 61 years and four months,

I go back then to mid-1988. Dorothy and I were living in Washington DC. I had a temporary position as Senior Adviser with the International Monetary Fund. Our intention was to return to the ANU at the end of 1988 until I finally retired in 1992 at the age of 65. I would thus have another four years at the ANU. I had already signalled that I was no longer willing to continue as head of the department of economics in the School of Pacific and Asian Studies. That is a position that I had held (and not enjoyed) for five years from 1982.

And then Jim Riedel, Professor of International Economics at the School of Advanced International Studies (SAIS) of the Johns Hopkins University, located in Massachusetts Avenue in the heart of Washington DC, came into the picture. SAIS had a professorial vacancy that they were in process of filling. Jim was the chairman of the search committee. He happened to be talking about it to me. I happened to say: "That is a fine position, right in the heart of Washington." I did not think of myself for that position at all. The idea of making yet another permanent move, having moved back and forth between England Australia twice already, did not enter my mind. Dorothy and I were also very conscious that our mothers were getting very old, approaching their nineties. Jane was married and somewhat less of a concern. After a few days Jim came back to me "Max, would you be interested?" "Not another big move between countries, surely". "Think about it". I went home and here was my gypsy wife. "Take it, take it!" Dorothy just loved Washington - the Smithsonian, the National Gallery, the Kennedy Center, and much else. To be brief, Jim and Dorothy together persuaded me. I was indeed reluctant at first. Looking back, it would have been utter madness to say No. The new position suited me fantastically. Some of the benefits I did not anticipate. All I could see was the beauty of the location – centrally located in a most exciting city, and the fact that it

was a public policy school with the kind of students to whom my interest in policy at that stage of my life was thoroughly suited.

This was a turning point indeed. At 61, when many people retire, I took up a position that I held, unexpectedly, for thirteen years. I cannot think of a single negative aspect. Let me list all the positives. First, there was a happy wife, highly stimulated by what Washington had to offer and the many interesting people, mostly international, whom we met and were friends with. Second, I was going back to teaching, which was my comparative advantage and enjoyable for me. Thirdly, there were fantastically interesting and pleasant students; I suited them, as evidenced by student evaluations, and they suited me. Fourthly, there were wholly agreeable colleagues who presented no problems for me and allowed me to concentrate on teaching and writing. Fifthly, there was the continuous stimulus of Washington, and especially the proximity of the IMF and the World Bank. Sixthly there was something that I certainly did not anticipate: in the years shortly after I retired from the ANU the Australian academic situation was transformed, and not in a favourable way, so that academics were endlessly preoccupied with reorganisations, reviews, and financial squeezes. I was lucky to have avoided all that.

And finally, and not so unimportant, I benefited from a large increase in salary which, when combined with profitable investment in the US stock market of my resultant savings, turned out to transform permanently my initially rather modest financial situation. I also earned some money from consulting, mainly for the World Bank. Later, when we returned back to Australia, this financial transformation turned out to be very helpful as Dorothy had to go into an expensive nursing home. For the last reason my time at SAIS was not just a thirteen-year pleasant interlude, but a permanent turning point.

