

Warren Pat Hogan, 1929–2009*

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With the passing of University of Sydney Emeritus Professor Warren Hogan, Australian economics has lost one of its most prominent and distinguished contributors of the last half century. His life and activities are striking for combining a highly distinguished academic career with extensive contributions to business, government and a wide range of service organizations.

1 Life and Activities

Warren Hogan, who died on 17 December 2009, following a short illness and period of hospitalisation, was born on 3 April 1929 in Papakura, New Zealand, to Patrick and Ivy Kate Hogan (née Saunders), the second of two sons. He attended Auckland University College, subsequently the University of Auckland, completing a BA (1950) and MA (1952). Following this, he worked in the Research Department of the Reserve Bank of New Zealand for 3 years (1952–1955), constructing the first set of New Zealand balance of foreign payments accounts in conformity with International Monetary Fund standards, among other activities there. In 1952, on his 23rd birthday, he married Ialene, daughter of Charles and Agnes Stretton and a fellow economics student at Auckland.

From 1955 to 1958, he was a research student at the Australian National University (arriving there already the father of two young daughters) and awarded a PhD in economics in 1959. He

was appointed to a lectureship at the then Newcastle University College in 1958, rising to the rank of Professor of Economics in 1965, serving also as Dean of the Faculty of Economics and Commerce from 1965, when the University of Newcastle was formed out of the University College, until 1968.

That year he was appointed Professor of Economics in the University of Sydney, where he was to remain for 30 years. There, he led efforts to modernise the economics curriculum, particularly with a view to strengthening education in quantitative methods, which led to internal disputes. Combined with political and ideological factors, this then morphed into the infamous ‘political economy dispute’ in the 1970s (Lodewijks, 2007: 449–51).¹ He also held visiting appointments at the University of Manchester and the University of California, Irvine, among other institutions. For the majority of years that he was at the University of Sydney, he was Head of the Department of Economics.

Over a long career, Hogan published well over 100 journal articles and chapters in books, together with an even larger quantity of shorter publications and conference papers. His contributions were wide-ranging.

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¹ The significance of that dispute for Warren Hogan’s academic life and career is much exaggerated in the *Sydney Morning Herald* obituary (Brown, 2010).

The PhD research focused on growth theory, with particular reference to capital depreciation and replacement. This led quickly to articles in the very best international academic journals, the *Review of Economics and Statistics* (Hogan, 1958) and the *American Economic Review* (Hogan, 1959), the former exposing errors, and importantly pointing to deeper methodological limitations, in work on technical progress by the future Nobel Laureate in Economics, Robert Solow (1957) (see Solow, 1958 for his response). A sense of the deeper problems is conveyed in the concluding sentence: 'The plain fact is that we could insert any set of random numbers in the capital stock series and still get a production function, net of technical progress, with the same close fit' (Hogan, 1958: 411). Hogan took some pleasure in seeing this paper still being cited in the academic literature, 40 years on, as he was approaching retirement.

Subsequently, in the 1960s, his research turned to the economic development of poor countries, with particular reference to Asia and Papua New Guinea (PNG). These activities included a period of work at the World Bank from 1970 to 1972, with particular focus on Pakistan and the Philippines, and consultancies in Pakistan, the Philippines and PNG. From the 1980s, his intellectual focus shifted again, towards finance and banking, which were to remain his key research interests for the rest of his life. In 1982, he published with Ivor Pearce, *The Incredible Eurodollar*, the book going through three editions in 3 years (Hogan & Pearce, 1982). His research in finance covered a wide range of issues and problems, including risk-based capital adequacy rules, prudential supervision, empirical studies of foreign exchange markets, measurement of credit spreads, and the use of interest rate futures contracts for hedging purposes (see the list of 'Select Publications').

Hogan also maintained a continuing interest in economic policy issues (see Hogan, 1979). From 1976 to 1981, he was an advisor to the Federal Treasurer in the Fraser coalition government, and was, also from 1976, on the Council of Academic Advisors of the Centre for Independent Studies, among many other advisory positions he held. From 2002 to 2004, he conducted for the Federal Government, the Review of Pricing Arrangements in Residential Aged Care (Hogan, 2004). All his various research activities across five decades, taken together, express the fact that he was the antithesis of the

narrow specialist, a disposition also evident in his teaching and mentoring.

In relation to involvements with business, he was a member of the Board of Westpac Banking Corporation from 1986 to 2001 (its longest-serving member), serving on the Credit Committee of the Board and the Board Audit Committee, intimately concerned with issues of credit culture, risk management and system stability. He was also, for shorter periods, on the Board of Directors of the AMP Society, Australian Guarantee Corporation and other Westpac subsidiaries. Hogan's tenure on the Westpac Board coincided with tumultuous and difficult times for the bank, including Kerry Packer's attempt to seize control of it. He played a very active role in the governance of the bank, including the staring-down of Packer and his lieutenant, Al 'Chainsaw' Dunlap (Carew, 1997: see 'Hogan' in the index; Brown, 2010). Towards the end of his life, connected with his work on aged care, Hogan served from 2006 as Chairman of the Board of Ibis Care.

Warren Hogan twice served as President of the NSW Branch of the Economic Society of Australia and on numerous other service organizations, including the Australian Manufacturing Council (1977–1982), the Australian Council on Population and Ethnic Affairs (1982–1983), the Australian Population and Immigration Council (1976–1981), the Library Council of New South Wales (1990–1996) and the Taxpayers' Research Foundation (its Patron from 2000). During the 1970s, he was a long-serving member of the NSW Examination Committee for the Higher School Certificate, contributing to both the setting of examination papers and revisions of the Economics syllabus. In this capacity, he also made many contributions to the high school economics teachers' journal, *Economics*. This, like so many of his other service contributions, was of no personal professional benefit, but rather, an expression of his understanding of the role of the academic in public life. At the same time, as all the above suggests, he was a man of many and diverse networks.

Warren Hogan ended his tenure in the University of Sydney and its Faculty of Economics on the last day of February 1998, a month short of his 69th birthday. It meant something to him to be leaving a position and a Faculty he had been in for so long, but he was unsentimental about it. He took up an Adjunct Professorship in the School of Finance and Economics at the

University of Technology, Sydney, and maintained an extraordinarily energetic and productive intellectual life throughout his remaining years. His contributions at UTS for more than a decade included not just his research work, but also postgraduate supervisions, Honours teaching and advising on course design. Warren Hogan was the recipient of honorary degrees from the University of Newcastle (DSc, 1989) and the University of Queensland (DEcon, 2000).

II The Man: Some Personal Reflections

What I admired most in Warren Hogan was not his extensive and certainly remarkable intellectual and professional achievements. Rather, it was a quality of character and intellect which expressed itself in a capacity for *judgement* – a capacity to judge human situations and affairs, and the characters of the participants, judgement informed by a first-class intellect and a very robust sense of professional ethics and propriety.

The ethical dimension is also touched upon in Lodewijks (2007: 457). When asked what he had learned about the efficiency and stability of financial markets from his deep involvement with financial institutions, Hogan chose to open his answer with a comment on ethics:

Matters of personal and professional integrity are vital. However effective internal systems are for checking conduct, if a person is sufficiently motivated and malign, methods to get around procedures at least for some short period of time can be devised. Issues of recruitment in terms of quality have to be matched by testing for integrity. Searching out people who are brazen in the ways in which they approach their conduct in markets is vital. This rests entirely on management and the capacity of management to identify these characteristics. Personal accountability and responsibility can never be lost from sight by bank management; issues about integrity of people are part and parcel of this responsibility.

I am confident from many private conversations with him over many years, right up until I last talked with him face to face prior to his hospitalisation, in September 2009, that he would have applied the same kind of considerations to academic governance and leadership – particularly in the context of the bureaucratisation of Australian universities over the last two decades (*cf.* Lodewijks, 2007: 450, 452).

The term ‘colleague’ is commonly just a polite piece of clichéd academic etiquette. With Warren Hogan it actually had real substance. From when I was first at Sydney University, as a PhD student from 1982 and a junior lecturer from 1985, Warren Hogan was always wandering the corridors to converse with anybody and everybody. It was obvious that I was a young man of the Left, but that did not deter him from collegiality. And, in a manner largely unknown to subsequent generations of academic ‘managers’, the door to his large professorial office – an office permanently an astonishing mess of piled-up papers, documents, books and God knows what else – was always open to all comers during all the years he was Head of the Department of Economics. There was no need to make an appointment. It remains a wonder that so much intellectual work came out of that office.

He had a formidable intellect and an equally formidable personality. In recent years, after I had known him for a long time, I happened to read some parts of Robert Caro’s remarkable multivolume biography of Lyndon Johnson.² I could not help but notice a certain commonality of spirit and character between Johnson and Hogan. Both were big tough men and persons of immense intelligence, charming, and enormously perceptive of the frailties of their fellow human beings, with that gift of insight into the character of ‘the situation’, whatever the situation might be in any particular instance; and both were seeking to do something significant and valuable, while making their peace with the realities and limitations of human life. But I must admit that I never had the courage to suggest this comparison to Warren Hogan himself!

Our universities today are not better places for having fewer professors like Warren Hogan: over a long period, a distinguished contributor to academic economics while at the same time undertaking extensive activities as an advisor to business and government and as an energetic contributor to a wide range of service organizations. In the interview with Lodewijks, Hogan was asked:

What stands out about your contribution is your deep involvement with the business

² I am thinking in particular of Caro (2002), dealing with Johnson’s years as Majority Leader in the US Senate.

community and government while holding a Chair at one of our leading universities. ... What impact have these sorts of activities you've been involved in had on your perception of where the economics profession is going?

He responded, in part:

What we have today are circumstances in which people like myself are not going to pursue academic careers... People now entering academic life will have little inclination to do the things I and others have done. They seem unlikely to have the same disposition. The way the mathematisation of economics has gone as well as the statistical aspects has brought a shift in purpose to the study of the discipline. Emphases on technique and so on may have been overstated compared with thinking about basic issues (Lodewijks, 2007: 459).

In case there be any misunderstanding of these sentiments, one may recall that the importance of quantitative analysis was a key element in the disputes that enveloped Sydney University economics in the 1970s. As Hogan goes on to say:

My predominant interests have been for a very long time in policy themes and applications. Having always been quite a supporter for quantitative economics, I do get worried by the ways in which the mathematics and the

statistics can capture individual's [*sic*] attention for the elegance of the instrument itself rather than for wanting to use it for gaining insights. It is now a serious problem in economics (Lodewijks, 2007: 459).

In this age in which professional life, even the academic life of great universities, has been too much overtaken by managerialism, one may ask: does a life amount to nothing more than a collection of 'outcomes' gathered together in a curriculum vitae? No; not even in the case of a life of many distinguished achievements. There is something more important to be accounted for, something about the core of a human being, something which is largely invisible in the hard black and white of an academic and wider professional CV.

This is about the character and quality of the man. It is this which made Warren Hogan such a valued colleague and friend. It is the loss of this which is to be mourned, more than the ending of the achievements that were a result of that character and quality, when combined with immense intelligence and energy. He will be greatly missed by friends, colleagues and former students who had the benefit of his company over many decades. For those who were so privileged, he was a great and reliable friend.

Warren Hogan is survived by his wife, Ialene, and children, Sandra, Kerry, Lindsay, Alan and Warren, together with nine grandchildren and four great-grandchildren.

III Select Publications

- 1958 'Technical Progress and Production Functions', *Review of Economics and Statistics*, **40**, 407–11.
 1959 'The Limitations of Capital Coefficients: a Comment', *American Economic Review*, **49**, 138–51.
 1960 'Monetary Policy and the Financial Intermediaries', *Economic Record*, **36**, 517–29; repr. in N. Runcie (ed.) (1971) *Australian Monetary and Fiscal Policy: Selected Readings*. University of London Press, London.
 1967 'British Investment in Australian Manufacturing: the Technical Connection', *The Manchester School*, **35**, 133–66.
 1968 'Capacity Creation and Utilisation in Pakistan Manufacturing Industry', *Australian Economic Papers*, **7**, 28–53.
 1969 'Some New Results in the Measurement of Capacity Utilization', *American Economic Review*, **59**, 183–84.
 1972 'Multinational Firms, Labour Utilisation and Trade Flows', *Journal of Industrial Relations*, **14**, 225–37.
 1979 'Devising Structural Adjustment Policies', *Malayan Economic Review*, **24**, 1–20.
 1979 'Quicksands of Policy-Making', *Australian Economic Papers*, **18**, 384–96.
 1982 *The Incredible Eurodollar*. Allen & Unwin, London (with I.F. Pearce).
 1983 *The Incredible Eurodollar, or, Why the World's Money System is Collapsing*, rev. edn. Unwin Paperbacks, London (with I.F. Pearce; 3rd edn, 1984).
 1983 'On Prudential Controls', *Economic Papers*, **2** (Special Edition on the Campbell Report), 144–64 (with I.G. Sharpe).

- 1984 'Regulation, Risk and the Pricing of Australian Bank Shares, 1957–1976', *Economic Record*, **60**, 34–44 (with I.G. Sharpe).
- 1987 'Eurodollar Market', in Eatwell, J., Milgate, M. and Newman, P. (eds) *The New Palgrave: a Dictionary of Economics*, Vol. 2. Macmillan, London.
- 1988 'Market Information and Potential Insolvency of Australian Financial Institutions', *Australian Economic Papers*, **27**, 44–64 (with E.M.A. Gross & I.G. Sharpe).
- 1990 'Prudential Supervision of Australian Banks', *Economic Record*, **66**, 127–45 (with I.G. Sharpe).
- 1997 'Corporate Governance: Lessons from Barings', *Abacus*, **33**, 26–48.
- 1999 'Colin George Frederick Simkin, 1915–1998', *Economic Record*, **75**, 313–22.
- 1999 'Credit Derivatives: an Appraisal for Australian Financial Institutions', *Economic Papers*, **18**, 19–41 (with J.A. Batten).
- 2002 'A Perspective on Credit Derivatives', *International Review of Financial Analysis*, **11**, 251–78 (with J.A. Batten).
- 2003 'Time Variation in the Credit Spreads on Australian Eurobonds', *Pacific-Basin Finance Journal*, **11**, 81–99 (with J.A. Batten).
- 2004 *Review of Pricing Arrangements in Residential Aged Care: Final Report*, Canberra: Commonwealth of Australia.
- 2004 'The Effectiveness of Interest-Rate Futures Contracts for Hedging Japanese Bonds of Different Credit Quality and Duration', *International Review of Financial Analysis*, **13**, 13–25 (with M. Young & J.A. Batten).
- 2005 'Measuring Credit Spreads: Evidence from Australian Eurobonds', *Applied Financial Economics*, **15**, 651–66 (with J.A. Batten & G. Jacoby).

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