

Bernard Ashwin

Secretary to the nation building State

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BERNARD CARL ASHWIN (1896-1975), founder of the modern Treasury, was one of New Zealand's great civil servants, and perhaps the most influential from the 1930s to June 1955, when he retired as Secretary.¹ Keith Sinclair's biography of Nash has only a handful of brief references, but one says revealingly, 'Fraser ruled in very close consultation with the Federation of Labour. The other powers in the land were Walter Nash and Bernard Ashwin.'² The assessment is echoed by John Martin: '[h]e was clearly one of a small group - Nash, Fraser, and Walsh being the others - who were at the centre of the decision making process'.³ In Ashwin's case that 'central role' continued into the early years of the National government.

There is a full biography of Nash and there will, in due course, be ones of Peter Fraser and F.P. Walsh. Will there ever be a full biography of Ashwin? It is perhaps inevitable that, with odd exceptions, public servants should be shadowy figures. Ashwin was neither flamboyant, nor on the whole did he leave memoirs. We do have a memoir which he wrote after he got married in 1926, and there is an intermittent diary of his first six months as Secretary.⁴ After he retired he gave four recorded interviews on his experiences: on Gordon Coates,⁵ on the Reserve Bank,⁶ on the war effort,⁷ and Nash.⁸ There is also the transcript of the five days he appeared before the Royal Commission on Monetary, Banking and Credit Systems, in June 1955, which is revealing about his demeanour, his status, and his economic views, as well as a vast quantity of official papers

which he signed. But while he told the Royal Commission he never signed a paper unless he agreed with its contents, it is what is left unsaid that is often the more important. In addition there are also various contemporary remarks and memoirs which fill out the picture. Some

younger colleagues are alive today, and have kindly added to the record.

Enough to write a full biography? Possibly, although perhaps not enough to capture the whole of Ashwin. Although there is little material about his personal life - perhaps as should be for he was a public servant - some elements are apparent: a simple diction often using the common vernacular, even to the Royal Commission on Banking (which contrasts with the ornate language of his 1926 memoir), and a dry, sometimes irreverent, sense of humour. Ashwin's remembered humour is often associated with a degree of self-deprecation, perhaps because the recaller was so aware of Ashwin's power. Geoff Schmitt, personal assistant to Ashwin in the



1940s, tells a number of stories about Ashwin's use of his position as Paymaster General, one of the titles that went with Secretary to the Treasury, to get around stiff formality. For instance 'he overcame a restriction preventing admission of non military persons to a security area in Kent by pointing out that he was Paymaster General to the New Zealand Forces.'⁹ The story reminds us of Ashwin's distaste for some of the more formal British he experienced in 1917, when he was there as a private in the New Zealand Expeditionary Force.¹⁰ But the finance officer in the London High Commission and the New Zealand Chief of Staff were also put down with this title. Ashwin liked to recall that the highest he got to in his

Signals Company was 'acting lance corporal.'¹¹

In 1956, thanking Alan Fisher, a New Zealand economist working at the IMF, who had congratulated him on the recently received knighthood, Ashwin wrote 'I gather it will be a bit more expensive in drinks and subscriptions and I am wondering whether I have any special privileges; immunity from traffic cops would be useful, free drinks at the Club would be another, but as far as I gather I will have none of these.'¹²

While there may never be a biography, I am collecting together the available material. As a result Ashwin will loom larger in future histories, not only as an important part of any history of the Treasury, but he is central to accounts of the development of economic policy. We already have detailed accounts of his role in the Reserve Bank,¹³ in social security,¹⁴ and in the Tasman project.¹⁵ John Martin's work on the Economic Stabilisation Commission of the 1940s will add to the historical record.

Here, I want to look at Ashwin from a different perspective. He is one of a group of men who came together in the 1930s to use actively and consciously the instruments of the power of the state to build and shape the nation. Others included politicians Coates, Fraser, and Nash, public servants Clarence Beeby, Pat Entrican, Joe Heenan, Alistair McIntosh, and Bill Sutch, businessmen James Fletcher, his son Jim,¹⁶ Wolf Fisher, and James Wattie, and Walsh from the unions. There are no women among this group, reflecting the times, although a broader definition of nation building would include Te Puea building the Tainui nation.

Nation building in New Zealand did not begin in the 1930s. Leaving aside the Maori, it probably began with the first settler who stepped ashore in the nineteenth century, and there were earlier outbursts, such as the Vogel years and the Liberal government of the late nineteenth century. The nation builders of the 1930s were drawing upon a long tradition.

For my generation that nation building tradition is represented by Bill Sutch (1908-1975), who worked with Ashwin, although he was 12 years younger. Sutch has been the pre-eminent modern writer on New Zealand economic nationalism, and the most influential advocate of nation building. The choice, he said, was between 'colony or nation'.¹⁷ However his approach tended to equate nationalism with a left political perspective, while equating colonialism with the right. This has led to a number of problems in the interpretation of New Zealand's political development, not least when the Labour Party with its left heritage abandoned economic nationalism in the 1980s. Meanwhile politicians of the right – notably Rob Muldoon and Winston Peters – have been among our most prominent economic nationalists. This paper is not directly about such contemporary issues, although understanding the nation builders of the 1930s provides a foundation for interpreting current events.

Ashwin dominated economic policy in the period of the earlier nation builders. Yet his personal views were clearly of the right. He was a fiscal conservative, as one would expect of any senior Treasury official, for our fiscal arrangements involve numerous ministers and departments anxious to spend the government's money on our behalf, and the lone Treasury and their ministers who have to raise the money from us. In the case of Ashwin his fiscal conservatism would have been reinforced by his experiences in the early 1930s, some of which I shall allude to shortly, when the government fiscal position was out of control.

However Ashwin was surely also a political conservative. Of course his official writings do not betray his political leanings, addressing the specific question with a narrow answer dependent on the context of the question, exactly as you would expect of a public servant.¹⁸ Yet there are numerous clues that he was on the political right: his general economic approach, his friends, and his career after Treasury. To the 1955 Royal Commission he objected to aspects of the social security system. Perhaps as a clincher his son recalls him 'dancing on the table' when he learned that National was elected in 1949 (although he may have simply been happy to at last be relieved of the demanding Nash as his minister). Undoubtedly Ashwin was to the right of Sutch. Studying Ashwin as a nation builder gives a different perspective from the Sutchian one.

Ashwin was born in 1896, in Paeroa where his father was a storekeeper (probably supplying the Waihi gold miners). Later the family moved to Cambridge, where Ashwin went to school, including two years at the local District High School. But he was the oldest of seven, and 'the limits of my father's purse decreed work for me.' There are a couple of indicators in the memoirs of future developments. The first is that Cambridge was rural, and he recalled the 'roses and buttercups' of the farm his father moved to, and a life by the Waikato river. It was a nostalgia for a rural life that led him even to consider taking up farming under the rehabilitation scheme for returning soldiers after the First World War, an opportunity which a decade later he was glad to have turned down.¹⁹

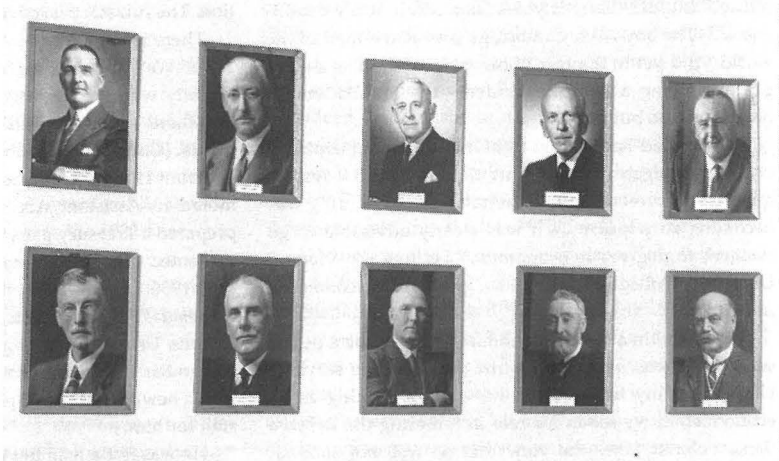
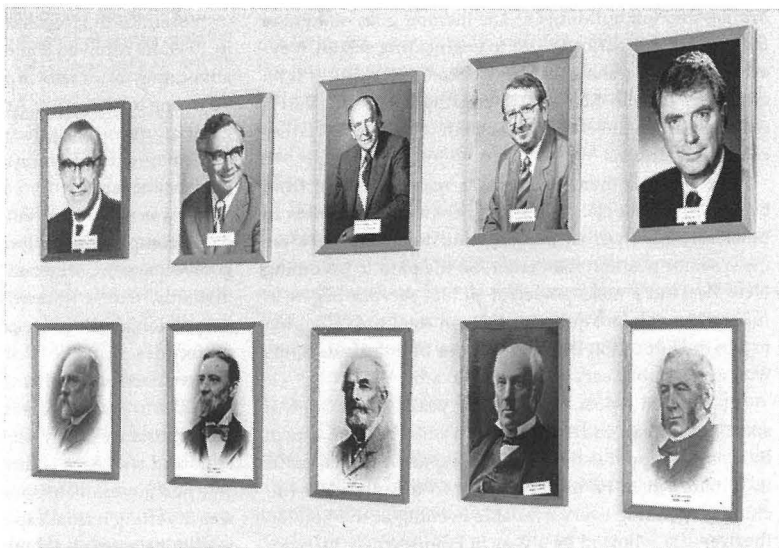
We scroll forward. The following is an edited extract from the memoirs that Schmitt kindly wrote for me. It is late 1945 or early 1946, and New Zealand and the US are negotiating in Washington over the wind up of the lend lease deal:

The difference in money was daunting. With an hour of the first session to go Ash obviously thought it was the occasion to play for time and regroup. So he started to talk about farms about Cambridge, describing them in some detail. ... Then he had them ploughing up the pasture and the wife in the shed growing cabbage seedlings; then planting out, spraying with derris dust etc.,

The sequence of Secretaries to The Treasury hangs in their main conference room at No 1 The Terrace, Wellington. Richard Field Porter was the first permanent head of Treasury to be appointed by a Minister of the Crown – previous appointments had been made by the Governor. Not pictured is the current Secretary, Murray Horn 1993- . Les Maiden, courtesy The Treasury.

Above,
clockwise from bottom right:
RF Porter 1859-65
J Woodard 1865-70
CT Batkin 1870-77
JC Gavin 1878-89
JB Heywood 1890-1906
NR Davis 1967-68
HG Lang 1968-77
NV Lough 1977-80
BV Galvin 1980-86
GC Scott 1986-93

Below,
clockwise from bottom right:
RJ Collins 1907-09
JW Poynton 1910-12
GFC Campbell 1913-21
JJ Esson 1922-25
RE Hayes 1926-29
AD Park 1929-35
GC Rodda 1935-39
Sir Bernard Ashwin 1939-55
EL Greensmith CMG 1955-64
DWA Barker 1965-66



etc, getting the order to produce the cabbages ‘nice and fresh’ for the US supply ship, cutting them, terrible sore backs, etc. Then the punch line – ‘You chaps must be pretty dry after all the talking you’ve been doing. Show me the nearest pub, and it will be my shout’. [It] took some explaining to tell the US types what was meant by ‘shout’! End of day one ...

We went back to the legation. Ashwin and company got the embassy wives round and we repriced the meat and butter and cheese, and of course, cabbages at current US retail prices less a (modest for negotiation’s sake) margin back to wholesale. ... we went back next day and say that, at common prices, we just about broke even. In fact they owed us just about \$2m. ... it was settled that we should settle for (I think) \$US7m to them, to be paid in New Zealand currency, for a new house for the US emissary, and funding our end of the Fulbright [fellowships].

... At a luncheon related to the signing, Eugene Black [the leader of the US team, later chairman of the World Bank] said It is now written in the heart of everyone in the US Administration that, if ever a New Zealander starts talking about cabbages you might as well give him what he wants, and save time.²⁰

There are various aspects to this story, including the indication that Ashwin was a superb negotiator. For our purposes it reminds us of Ashwin’s origins: while one may take the boy out of the country, you can never take the country out of the boy. Ashwin was rooted in the texture of New Zealand life, of rural life, even though he was to live his 63 years in Wellington (or overseas).

The 30 year-old economist also wrote that in early adolescence, ‘I acquired a desire which I did not entirely abandon for many years to be an engineer and build

bridges and tall buildings.²¹ The memoir goes on to note that he could not afford to go to engineering school. Nevertheless, as we shall see, he worked successfully with engineers later in life, and interestingly his son, Barry, followed an engineering career path of which his father could only dream.

The memoir then mentions 'a narrow escape from becoming a bank clerk', ironically for a man who was to be closely involved in banking and financing, at a far more senior position than teller. So the path to becoming New Zealand's most powerful public servant began in June 1912, when not quite 16, Ashwin went to Wellington to join the Education Department, one of three cadetships won in the public service entrance exams.

By his own report, the next few years were a time of sport rather than endeavour, but in early 1917 he was in Europe as a sapper in the Signals Company. Seven months in Britain, where he used his leave to travel widely (including spending every available evening at the London theatre) was followed by a year in France where he twice dived with death. Returning after two years, he described himself as older than his years 'as a result of my experiences'.²² The boy from Cambridge was also a man of the world. And yet in the text of his memoir there is a quiet pride of being a New Zealander – the foundation for being a nation builder.

He decided he 'wanted to be more than an ordinary clerk' and began to study part time. Initially it was to qualify as a professional accountant 'but accounting was becoming so popular ... it was clearly advisable to go further', to degrees in economics.²³ He was the Victoria University College's first masters graduate in economics, in 1925.

Was Ashwin a senior economist who became a public servant, or was he an economist and a public servant? Unquestionably in the 1930s he was functioning as an economist, as we see in his role in founding the Reserve Bank. Schmitt takes the view that he was not such an economist in his last ten years at the Treasury,²⁴ although I am impressed by the grasp of monetary issues in his evidence to the 1956 Royal Commission on Money. Undoubtedly he was not completely in touch with the developments in economics in the years after he left university, especially outside monetary theory which seems to have been a special interest. As a student using Alfred Marshall's textbook, *Principles of Economics*, he had developed a strong grasp of the positive theory of markets – how they work, but there is little evidence of a recognition of the normative theory of markets (which developed after Marshall), which is about welfare economics and how the market generates allocative efficiency. In one of the few quasi-academic papers he wrote, in this case in 1956 after he ceased to be Secretary to the Treasury, he showed a firm commitment to market interest rates for borrowing, but supported subsidizing local authorities.²⁵

When Keith Holyoake became Minister of Marketing in 1949, he received some long memoranda from Ashwin advocating major reform and liberalisation.²⁶ Thus it would be wrong to categorize Ashwin as an arch-interventionist, great interventionist though he was in the 1940s. Markets and interventions were for Ashwin, it would appear, a means to an end.

So was he an economist? Perhaps Geoff Schmitt and I could compromise on the great Marshall's definition of a good economist, who had 'less need of elaborate scientific methods, than a shrewd mother-wit, a sound sense of proportion, and a large experience of life.'²⁷ This is a near perfect description of Ashwin who, like Marshall, seems to have been an excellent mathematician.

Ashwin's economics training would have emphasized the importance of physical investment in the growth process,²⁸ and we see this concern in his occasional writings, as when government spending to reduce unemployment was diverting it from capital formation.²⁹ (Marxists would readily categorize Ashwin's activities as the state being used by capitalists as an instrument of capital accumulation. The full story is, of course, much more complex.)

There is not a lot of information about Ashwin in the 1920s. We know he began work in the Treasury in 1922, steadily working his way up, was married in 1926 and had three children – and most certainly played a lot of tennis. (Golf was his hobby after retirement.)

From 1930 he begins to appear regularly. He was promoted to Assistant Accountant in February 1930, and prepared a Treasury paper on currency policy, which was presented as a personal view to the Economic Society in June 1930. In November the paper was published in *The Economic Record* under his name, giving an attachment to Victoria University College, and not to the Treasury.³⁰ In November 1931 he is promoted to Second Assistant Secretary, a newly established position probably especially created for him.

He was not a member of Coates' brains trust. A post-script in a letter by Coates in 1934 explains why. 'I don't see how the Treasury could possibly spare Ashwin, though were it otherwise there is nobody whose services would be more acceptable to me'.³¹ A story Ashwin related in his retirement shows how close he was to Coates.

I recollect quite vividly one day my door in the Treasury opening. Coates came in and said 'come on. Get your hat. We are going to take the Bank on.' By that he meant the Bank of New Zealand, of which the government at the time owned about one third of the shares. ... So we went to meet the Board of the Bank, which at that time was known as the 'Kelly Gang'.

Ashwin then describes Coates' request that the trading banks should ease the monetary pressures on the New Zealand farmer, and goes on:

Coates ... , of course, took the ring and I was more or less in the position of holding the towel and being his sec-

ond. However, they would not shift. Mr Buckleton ... dominated the discussion and he would not budge at all. So on the way back in the car, Mr Coates said to me, 'well, where do we go now?' I replied 'there is only one answer. We must found a Reserve Bank and take the right of note issue and control of credit away from them'. 'All right,' he said, in his direct manner, 'you see Downie Stewart in the morning and go to it'.³²

There are a number of elements to the story. Here I note two. The Reserve Bank was set up. Years later Justice Tyndall described Ashwin as 'the father and mother and everything else of the [Reserve Bank] Act.' (Ashwin demurred, 'that may be going a little too far'.³³)

But more important for a putative nation builder was the humiliation of the government by the action of the Bank of New Zealand, for here was a trading bank pushing it around. In 1938 Nash and Sutch were to be similarly humiliated by the British government in London, while Ashwin was receiving the cables in Wellington. These are the experiences which create nation builders, committed to national independence, concerned about their country having the instruments to frustrate such bullying – a major purpose of the Reserve Bank.

There is not the space to go through every policy development that Ashwin was involved in. We have already noted his closeness to Coates and the Brains Trust, and his role in the founding of the Reserve Bank. In the 1930s such economic policy advice as there was tended to come from outside the ranks of the central public service. As well as the Brains Trust there was the 1932 Economic Committee, on which sat four professors of economics and the Secretary to the Treasury, A.D. Park, who wrote a dissent against the professors. Or did he? It is likely it was Ashwin's, for he was 'constantly in attendance'.³⁴ Ashwin was also the Treasury official involved in the development of social security.³⁵

The history of economic policy development in the 1930s has thus far mostly been written by historians, and largely through pink and populist (even social credit) glasses. The approach is extremely critical of official policy. Of course there was incompetence. Reflecting in retirement, Dick Campbell, who was in Coates' Brains Trust and later head of the Public Service Commission, wrote '... if Ashwin had been there, instead of subordinate to Park and Rodda, at least there'd been an above-average intelligence at the top. There wasn't'.³⁶ Nevertheless much of the criticism is excessive and misdirected, not taking into account the size of the external shock, nor the lack of economic instruments to deal with it. No doubt any thoughtful revision will have Ashwin playing a major and positive role in the development of the economic policy of the early 1930s which, if not completely successful, built a platform for the spectacular growth of the next decade.³⁷

The deep depression of the early 1930s haunted the

nation builders. In Ashwin's case there would have been the lack of a reserve bank and other policy instruments, the mismanagement of the loans account, and the dreadfully imbalanced fiscal stance. We do not know the effect of the record unemployment on Ashwin, but we know he was anxious to promote New Zealand industry by active intervention.

When the history of Treasury is written Ashwin, who became its Secretary in February 1939, will be a major player. He was not just its longest serving Secretary (his sixteen years was coequal with James Heywood's (1890 to 1906), one of its youngest (appointed at the age of 43, second only to the present incumbent), and the Treasury's first graduate (although by the time Ashwin left Treasury there were 31 graduates in the main division alone). But despite Ashwin's pleasure with such numbers, these statistics hardly represent his significance to Treasury. As Lipson commented in 1949 (note how Ashwin is referred to tangentially):

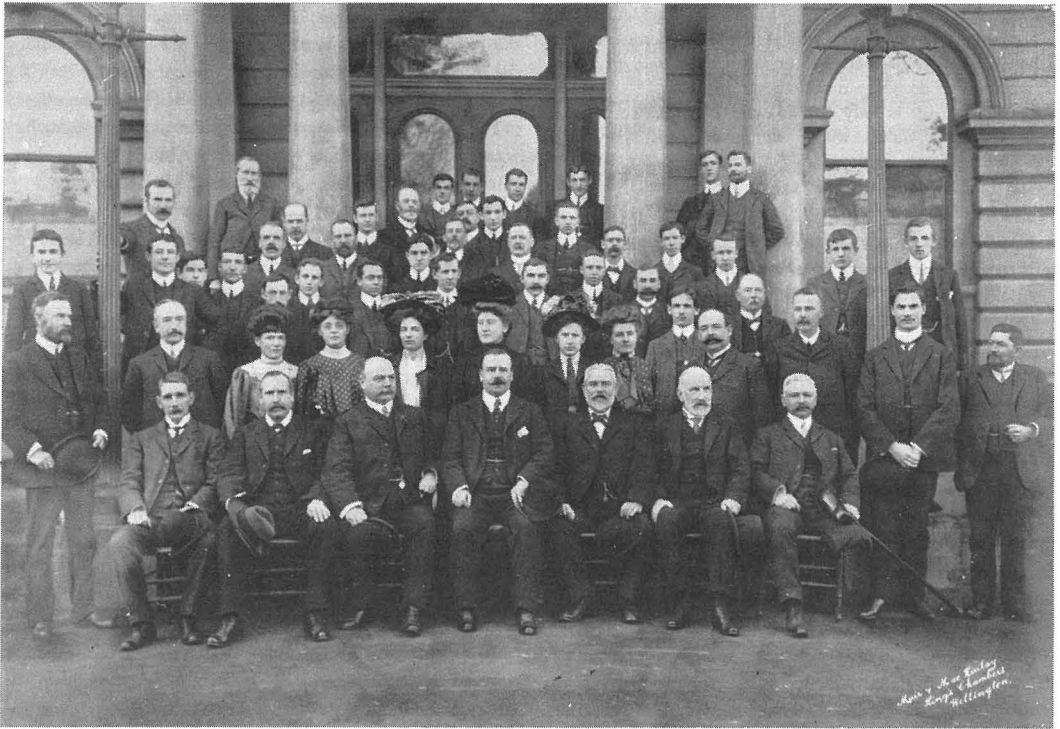
In recent years, however, the powers and influence of Treasury have been considerably strengthened by a vigorous secretary. Originally an agency which did little else than prescribe departmental accounting systems, it acquired a stricter control over departmental appropriations since the depression.³⁸

Indeed, under Ashwin the Treasury extended its role as the keeper of the government finances to its becoming economic manager as well. Ashwin is the founder of the modern Treasury. There is a sense in which the Ashwin Treasury lasted into the late 1970s, well after he died.

Ashwin was also extremely popular among those who worked for him. Henry Lang described him as an 'excellent manager of staff,' and 'very accessible'. Schmitt uses the expression 'worship'.³⁹ All of his staff and colleagues I have met uniformly expressed the greatest admiration for Ashwin. Among the terms used to me by Jim Fletcher were 'approachable' and 'an outstanding public servant'. In contrast to most public servants he was a 'visionary'.⁴⁰ His was the vision of a nation builder.

The active promotion of industrialization was a part of such nation building, a strategy reinforced by the war. In 1942, faced with a crisis of a lack of equipment, Ashwin became deputy chairman of the newly established Supply Council. He commented that 'he was left with a good deal of authority and discretion with which to act'. There was 'only the flimsiest of engineering industry' and yet by 'improvisation we did manage to achieve some impressive results which meant that the country would not have been completely lacking in defensive equipment had the Japanese threat eventuated'.⁴¹ At the same time Ashwin was in charge of financing the war, and he was meeting every day James Fletcher, Commissioner of Defence Construction (later Commissioner for Works).⁴²

Wellington was a small, intimate, and informal place for those inside. Ashwin had close relations with Fraser.



Above: Clerks and accountants of The Treasury on the steps of Kings Chambers, 1908. The Treasury.
Below: Staff of The Treasury on the steps of the House of Parliament, 1935. In the centre of the front row is G C Rodda,

Secretary 1935-1939. On his right is AD Park, Secretary 1929-1935. On Park's right is Ashwin, Deputy Secretary. The Treasury.

I saw him almost every day during the war. For some reason he liked me and often asked me to call to see him. On my way home from work – usually around midnight – we would sit and talk through the early hours of the morning. He would give me some of his new proposals and seek my opinions of them. I always answered honestly; if I thought his plan crazy I would tell him so and I think Fraser respected me for this. I accompanied Fraser on most of his overseas trips.⁴³

Ashwin's relations with Nash were – as in the case of all public servants who worked with Nash – more of a trial, moderated by the time Nash spent overseas.

The fact that Nash refused to resign when he took up his position in Washington did make things a little awkward for me although I had no difficulty in carrying on without him. ... Nash could not hope to run Treasury from 12,000 miles away. I wrote all the budgets and although he arrived to present them there was never time for him to alter anything of basic importance. I let him play with a few words to make him feel that he had contributed to the budget, for Nash had a great love of the theatrical and made a great show of presenting 'his' budget to the house.⁴⁴

In 1943 Ashwin was made chairman of the newly established Economic Stabilisation Commission. In Ashwin's judgement 'the most important and surprising thing about [it] was that it worked,' insofar as it prevented inflation in a period of great demand and a shortage of supply.⁴⁵ Certainly its success contradicts today's general assumption that interventions are necessarily unsuccessful. The following vignette might suggest why:

I was besieged by numerous deputations and developed quite an art in negotiating. I remember once my office was crowded with twenty pig producers all demanding payment. I immediately set out to provoke them and soon they were all shouting. Walsh then came into my office and gave them a very stern and moving lecture on public duty and sacrifice in wartime. Finally I took over and appeared to come to the pig producers' rescue by pointing out that although their case was very reasonable we were sorry that under present circumstances we could not help them. This tactic worked well with other groups. ... It boiled down to a careful strategy of negotiation and persuasion.⁴⁶

Ashwin was at the centre of economic policy. As John Martin describes it, '[a]t the official level the dominance of Sir Bernard Ashwin [was] extraordinary'.⁴⁷ As well as Secretary to the Treasury and chairman of the ESC and the chairman in effect of the Supply Council, he was chairman of the Office of National Development, on the boards of the State Advances Corporation, the Defence Council, and the Reserve Bank of New Zealand. His resignation in 1955 left a vacuum in the Bank.⁴⁸

As Treasury Secretary Ashwin travelled overseas extensively, including being at Bretton Woods (for the founding of the IMF and World Bank), and negotiating with the British government for the meat and dairy prices. Jim Fletcher says that the deal would be settled by the two

Treasuries on the first day, and then there would be more public negotiations by wider parties to come to the agreement.⁴⁹ There is a widely circulated story that on one occasion there was a gap of a farthing a pound, which was settled by a billiards game, in which Ashwin represented New Zealand. Although versions differ as to whether he won or lost, we may be sure that the outcome was judicious, and in New Zealand's best interests.

One consequence of the overseas travelling was a network of contacts in foreign financial markets, which became especially useful for government financing. This was illustrated by the founding in 1946 of BP (NZ),⁵⁰ which was 51 percent owned by the New Zealand government, 49 percent by the British company (itself with substantial British government ownership). Ashwin was 'largely responsible for BP getting off the ground'.⁵¹ He was a director from 1946 to 1967. Significantly for our story, Fletcher reports that in 1957 Ashwin was angry when the National government sold its share to the parent company.⁵² One takes it he saw New Zealand ownership and control of the oil company as a part of the nation's independence.

It does not follow that Ashwin favoured public ownership. He rejected the full nationalization of the Bank of New Zealand in 1945. There was no inconsistency here. The Reserve Bank controlled the trading bank, so public ownership was unnecessary, but ownership of an oil company gave the New Zealand government information about world oil prices to reduce transfer pricing.⁵³ The full nationalization of the BNZ and the failure to join the IMF are among the few occasions where Ashwin's views as Secretary of the Treasury did not prevail. (The social security system also had some elements to which he objected.) The social creditors in the Labour caucus were probably as much the bane of his life as was Nash.

Perhaps Ashwin's greatest industry achievement, and nicely illustrating his pragmatism, was his involvement in the founding of the Tasman operation at Kawerau (originally called the 'Murupara project'), based on processing into pulp and paper the vast Kaingaroa Forest of *pinus radiata*, which had begun planting in the 1920s. His son says Ashwin thought the project so important that he talked of giving up the Treasury Secretary job early, so he could be more closely involved in it. But when he in fact retired in 1955, not yet 59 and entitled to another six years of service, the deciding factor may have been sheer exhaustion, for his was a more demanding 16 years than that of John Heywood at the turn of the century. Moreover the early retirement meant he could still enjoy a new career as a company director. While his power may have diminished, his networks and *mana* did not.⁵⁴

He remained one of the three government appointments on the Tasman Board, and was their director of finance. He ran the Tasman office in Wellington (in the BP building) until his five year appointment ended in 1960,

when he was replaced by the then Secretary to the Treasury. The government then appointed him to the Dairy Products Price Authority. As well as BP (NZ) he held a number of directorships in the private sector.⁵⁵

Tasman symbolizes Ashwin as a nation builder. The story, well documented by Morris Guest, involves the overcoming of the financing (and production) problems, with Ashwin in a central role,⁵⁶ although he was not alone, for he worked closely with Jim Fletcher, and Pat Entrican, head of the New Zealand Forest Service.

The first available record in 1941 has Ashwin 'generally sympathetic with the proposal and ... inclined to suggest for the government's consideration that it might be adopted. ... the scheme, if sound, should assist in the widening of the diversity of industry which is so desirable to a balanced economy'.⁵⁷ But profitability was a concern, as was the cost of government involvement. Not surprisingly then, in 1949 Ashwin sent a memorandum to the incoming government recommending against government funding of the Murupara project (and also of the Auckland Harbour Bridge).⁵⁸ This was not a question of desirability, but the worry of financing it, particularly the likely use of Reserve Bank credit.

By the standards of the day, Tasman was an unusual project, involving New Zealand's largest industrial plant, exporting 70 percent of its output from day one. There was not a lot of government protection, although the infrastructure was government supplied and there was a substantial government financing element.⁵⁹ Ashwin's role was significant. His recommendations for the financing of the Tasman project, set down in 1949 to Nash, were almost exactly those which emerged six years afterwards.⁶⁰ Later he seems to have been crucial in persuading Prime Minister Holland.⁶¹ We observe Ashwin was not adverse to the use of government finance, albeit in a company which was set up in the private sector.

Ashwin and Entrican were engaged in a dispute about the nature of the government involvement in the Tasman enterprise. It was a lot more heated than reported here, not least because Entrican was a 'man who was quick to state his own opinion',⁶² in contrast to Ashwin's more taciturn approach. It can be usefully portrayed as an argument about the means by which the project should proceed. On a spectrum from government department to private corporation, Entrican favoured the left and Ashwin was, with Jim Fletcher, more on the right. It was a dispute largely about means and ends. (The most recent round for this debate was the corporatisations and privatisations since 1986: it would be Entrican who would be turning in his grave.)

It is noteworthy too that the government finance and support was provided by a National government led by Holland, who was at first suspicious of his public servants, but became respectful of Ashwin.⁶³ I have no indication of whether they liked one another. In the case of

Savage and Fraser, Ashwin started off distancing himself, but became respectful of, and warm towards, them.⁶⁴ The Henderson and Sinclair interviews indicate a certain coolness to Nash, over two decades after they parted ways. The gossip has it that Ashwin was frustrated by Nash's dithering (not to mention the uncaring way he treated his officials). There is a story of Ashwin standing over Nash in his last day in office in 1949, and taking a grim pleasure in ordering Nash to sign some documents over which he had been delaying.⁶⁵

Tasman was not the last case of Ashwin as Secretary of the Treasury involved in the development of a particular industry. The secret, though abortive, negotiations between the British and New Zealand to convert geothermal steam into heavy water (but which led to the geothermal electricity generation program),⁶⁶ occurred in Ashwin's office.⁶⁷

The end was economic nationhood, a New Zealand trading internationally but with an independence and status of a nation and not a colony. The New Zealand country boy who got to Bretton Woods, via the hardships of the war in France, the self-discipline of a part-time MComm, and the shambles of public policy in the depths of the Great Depression, saw the need for nation rather than colony, as much as did the younger Sutch, with similar yet different experiences, and from a different political perspective.

Regrettably Ashwin did not use his retirement to his death in 1975 to write up more of his story. By the time Schmitt knew him from the 1940s, Ashwin was a 'doer'.⁶⁸ The discretion of the public servant remained after he retired.

This lacuna has not been peculiar to Ashwin. A central feature of the New Zealand conservative right was that it had no theorist – no polemicist – like Sutch, to articulate its political beliefs. And yet it was the political party of the left, of Sutch's side, who in the 1980s began dismantling the nation-building state that Ashwin and Sutch had helped to construct. Within the party, the movers came from the right. Without an indigenous conservative intellectual tradition, they drew on foreign ideas just as the colonials, that Sutch – and no doubt Ashwin – despised, had done.

Although his 'desire ... to be an engineer and build bridges and tall buildings' was not realised, Bernard Ashwin became a social engineer and built the mid-century New Zealand economy.

NOTES

- 1 I am grateful for assistance from the following people: Barry Ashwin, Alan Atkinson, Neill Atkinson, John Barr, Michael Bassett, Rob Bowie, Bert Brownlie, Elizabeth Caffin, Ruth Edghill, Tony Endres, Sir James Fletcher, Bernard Ford, Rachel Ford (Ashwin's granddaughter), Morris Guest, Gary Hawke, John Henderson, Henry Lang, Catherine Lawler, Noel Lough, Brent McClintock, John Martin, Claudia Orange, Elizabeth Orr, Jock Phillips, Ian St George, Geoff Schmitt, Keith Sinclair, the staffs of the Alexander

- Turnbull Library (including their Oral History Archive), the Evening Post Library, National Archives, and The Treasury, and those who attended the March 1997 seminar of the Historical Branch of the Department of Internal Affairs, at which this paper was first presented.
- 2 K. Sinclair, *Walter Nash*, AUP, 1976, p.208.
 - 3 J. Martin, "Economic Policy Making in the Early Post-war Years", *Society and Culture: Economic Perspectives*, Proceedings of the Sesquicentennial Conference of the New Zealand Association of Economists, Vol I, June 1991, New Zealand Association of Economists, Wellington, pp.245-272.
 - 4 The originals are in Ashwin's personal papers, currently held by his son Barry Ashwin. I have copies, which (with the other material I have collected) I intend to deposit in the Alexander Turnbull Library in due course with the agreement of the family.
 - 5 From an interview by J.C. Barr, 4th(?) July 1969. A copy of the tape and transcript is in the Oral History Archive of the Alexander Turnbull Library.
 - 6 In Gary Hawke's personal papers.
 - 7 Interview by John Henderson, March 1970. Henderson's summary is in Ashwin's personal papers.
 - 8 Interview by Keith Sinclair, 18 Jan. 1971. The tape is in the Oral History Archive of The Alexander Turnbull Library.
 - 9 From a memoir written by G. Schmitt in 1997. A copy is held by B.H. Easton.
 - 10 From a memoir written by Ashwin between 1926 and 1929(?), held in personal papers.
 - 11 Schmitt (1997:63-4).
 - 12 Letter to A.G.B Fisher, 9 July, 1956, in the possession of the Fisher family.
 - 13 G.R. Hawke, *Between Government and Banks: A History of the Reserve Bank of New Zealand*, Government Printer, Wellington, 1973.
 - 14 E. Hansen, *The Politics of Social Security*, Auckland University Press/Oxford University Press, 1970.
 - 15 M.W. Guest, *The Murupara Project: The Tasman Pulp and Paper Company Ltd and Industrial development in New Zealand 1945-1963*, MA thesis, Victoria University of Wellington, 1997.
 - 16 To avoid confusion I have called Sir James Fletcher the elder, "James Fletcher", and Sir James Fletcher the younger, "Jim Fletcher".
 - 17 W.B. Sutch, *Colony or Nation*, Sydney University Press, 1969.
 - 18 Guest (1997:19).
 - 19 Ashwin (1926).
 - 20 Schmitt (1997:63).
 - 21 Ashwin (1926).
 - 22 Ashwin (1926).
 - 23 Ashwin (1926).
 - 24 Schmitt (1997).
 - 25 B. C. Ashwin, "Financial Problems in Local Government", in R.J. Polaschek (ed) *Local Government in New Zealand*, Studies in Public Administration, NZIPA, Wellington, 1956, pp.57-69.
 - 26 J. Martin, "Changing Governance: The State Services in the Holyoake Years", in M. Clark (ed) *Sir Keith Holyoake: Towards a Political Biography*, Dunmore Press, Palmerston North, 1997, pp.57-84.
 - 27 A. Marshall, A. *Principles of Economics*, 8th edition, Macmillan, London, 1920, reset and reprinted 1949, p.642.
 - 28 I owe this point to Tony Endres.
 - 29 From intermittent diary notes written by Ashwin between February and October 1939, in personal papers.
 - 30 B.C. Ashwin, "Banking and Currency in New Zealand", *Economic Record*, November 1930, pp.188-204.
 - 31 Coates Papers MS 1785/188. I am grateful to Brent McClintock for this citation, and that of endnote 36.
 - 32 Interview by J.C. Barr (1969). There is a dating problem here. The instance could not have occurred before September 1931, when Coates joined the coalition ministry. But according to Hawke the first Treasury paper (probably written by Ashwin) is dated 20 June 1930, and Otto Niemeier had visited New Zealand in August and September 1930. (1973:26) Thus Ashwin's story, which is told to illustrate Coates as a man of action, is one of a new minister being persuaded about an existing Treasury policy. This suggests it was shortly after September 1931. If so, the familiarity of Coates with Ashwin suggests they may have worked together during the Coates government of 1925-1928.
 - 33 *Proceedings of the Royal Commission on Monetary, Banking, and Credit Systems*, Wellington, 1956.
 - 34 Economic Committee, *Report of the Economic Committee*, Government Printer, 1932, p.7.
 - 35 Hansen (1980).
 - 36 R.M Campbell Papers MS 1900/15 (letter to Sutch 30, Sept, 1971).
 - 37 B.H. Easton, *In Stormy Seas: The Post-War New Zealand Economy*, Otago University Press, Dunedin, 1997, Chapter 4.
 - 38 L. Lipson, *The Politics of Equality: New Zealand's Adventures in Democracy*, University of Chicago Press, 1949, p.443.
 - 39 Schmitt (1997).
 - 40 Interview 13 February, 1997. Record held by B.H. Easton.
 - 41 Henderson (1970).
 - 42 According to his son, Barry Ashwin.
 - 43 Henderson (1970:13-14).
 - 44 Henderson (1970:13). Schmitt recalls that, of course, the budget was not written by Ashwin, but by various Treasury officials.
 - 45 Henderson (1970:7-8).
 - 46 Henderson (1970:10-11).
 - 47 Martin (1991:217).
 - 48 Hawke (1973).
 - 49 Interview, 13 February, 1997.
 - 50 Or, as it was then, the Anglo Iranian Oil Company (NZ).
 - 51 Interview, 13 February 1997.
 - 52 Interview, 13 February, 1997.
 - 53 Noel Lough at the Public History Seminar, 4 March, 1997.
 - 54 In 1957, Sutch asked for Ashwin's support in his application for the Secretary of the Industries and Commerce, according to G. Fraser, *Both Eyes Open Now: A Memoir*, John McIndoe, Dunedin, 1990.
 - 55 *Who's Who in New Zealand* (10th edition, 1971) reported Coulls Sommerville Wilkie, Dalgety and Co, Thomas Ballinger, Colonial Mutual Life, Holland & Hannen & Cubitts, and Reid Rubber. Newspaper obituaries also mentioned C.A. Odlines (e.g. *Auckland Star*, 13 Feb. 1975; *Evening Post*, 14 Feb. 1975; *New Zealand Herald*, 15 Feb. 1975).
 - 56 Guest (1997). See also Schmitt (1997) and S. Parker, *Made in New Zealand: The Story of Jim Fletcher*, Hodder & Stoughton, Auckland, 1994.
 - 57 Memo to Nash, reported in Guest (1997:36).
 - 58 Guest (1997:40).
 - 59 Interview with Fletcher 13 February, 1997, and Guest (1997).
 - 60 Guest (1997:42-3).
 - 61 For example, Parker (1994:96).
 - 62 Guest (1997:18).
 - 63 See Martin (1997).
 - 64 Ashwin (1939).
 - 65 A major source is John Martin, but he is relating other's stories.
 - 66 J.E. Martin, (ed) (1992) *People, Politics, and Power Stations: Electric Power Generation in New Zealand, 1880-1990*, Bridget Williams Books/Electricity Corporation of New Zealand, Wellington, 1992, pp.259-60.
 - 67 Interview with A.D. Brownlie, who was his personal assistant in 1955. Record held by B.H. Easton.
 - 68 Schmitt (1997).