

From Faith to Fortune: The TSB Bank Story 1850–2010. By David Walter. Dunmore Press for TSB Bank, Wellington, 2010. 272pp. NZ price: \$69.99. ISBN 978-0473-167-837.

THIS HISTORY IS EXCEPTIONALLY TIMELY in view of the continuing international banking crisis. Founded in 1850, after some cajoling by Governor Grey, the New Plymouth Savings Bank (NPSB) initially had as its trustees over one in 20 of the local European adult male population. While David Walter may be right that ‘more than probably some saw an opportunity for enhancing their own standing or social status’ (p.13), the fact that most were already part of the tiny settlement’s elite suggests that public duty, a sort of *noblesse oblige*, was paramount. Collectively there would have been little about the local economy and prospective borrowers they didn’t know. Until the 1970s their successors were still travelling out to inspect farms before mortgages were approved. These were people who took their responsibilities very seriously, unlike those who allowed so much of the international banking industry to stumble into disaster over recent years.

The bank’s early decades saw steady but unspectacular growth. The wars of the 1860s harmed the region’s development, but military pay and demand for supplies counterbalanced this. Taranaki and its bank did well out of the subsequent ‘Vogel boom’, while ‘the long depression’ of the 1880s still saw some local expansion. Thereafter the province’s economy boomed with the growth of the dairy industry, and the NPSB benefited accordingly.

However, Walter notes that a true revolution in the bank’s development took place in the early 1920s, following the appointment of George Dinniss as manager. Dinniss appears to have been largely responsible for turning the NPSB from a staid, customer-unfriendly institution into a true retail bank, with extended hours, children’s bank accounts, newspaper advertising, a suburban branch in Fitzroy and an impressive new headquarters. Deposits grew eightfold and the number of depositors sevenfold between 1920 and 1930. The Depression slowed this growth somewhat and made it difficult to find profitable and safe investments. Yet surprisingly little money had to be written off in bad debts.

Walter highlights the bank’s mixed relationship with the state from its inception. On the one hand, the government provided a guarantee, and state spending on war and development boosted local economic activity. On the other hand, the bank chafed at the restrictions that Wellington placed on it. Together with its fellow trustee savings banks, formed into an association in 1932, it pressed for more freedom. For many years official fears that unleashed local savings banks would take deposits from the Post Office Savings Bank (POSB), a major source of finance for the government, seem to have discouraged any liberalization. For instance, the second Labour government permitted the local banks to offer investment accounts but limited them to £1000, as opposed to £7500 in the POSB. It also specified that interest on such accounts had to be lower than that offered by the Post Office and all the funds invested in government stock. The same administration allowed the POSB to introduce personal cheque accounts but withheld them from the trustee savings banks.

A cautious freeing-up by National governments permitted depositors from more than 25 miles outside New Plymouth in 1964 and a subsequent renaming as the Taranaki Savings Bank; permission to introduce cheque accounts (1972); and progressive reductions in the percentage of deposits that had to be held in government stock. In 1977 both the POSB and the trustee savings banks were allowed to determine their own interest rates and structure of accounts. An almost total liberalization was signalled by the fourth Labour government in 1985, but it was to come at the cost of the removal of the government guarantee on deposits and was accompanied by pressure for all the trustee savings banks to merge.

The heart of this book lies in its examination of the decision by the TSB to remain outside the ill-fated Trustbank conglomerate created in 1986. This was in many ways the bank’s finest hour as its trustees defied the opinions of the government (conveyed principally by Roger Douglas and David Caygill), the Treasury and a host of businesspeople, some of

whom, like Selwyn Cushing and John Anderson, remain prominent today. The reasons why the TSB proved them all wrong comes through clearly: the desire of Taranaki people (and more widely New Zealanders) to put their money in a bank of 'their own'; the immense financial strength TSB had built up through conservative policies in distributing profits; and the innovative approach to marketing and new products followed by its management. Taranaki and New Zealand patriotism were not carelessly given free rein by the trustees — they knew how strong their institution was. Furthermore, that financial strength allowed the bank to invest in innovation, even when some of its investments, like the Centre Court complex in New Plymouth, proved problematic. The tireless lobbying of Ron Barclay, former Labour MP and TSB trustee, may have helped mitigate government pressure. Ironically Barclay had been an advocate of a more liberal distribution of profits in the mid-1970s, which would have seen the bank much less able to remain independent in the 1980s. Interestingly, the Reserve Bank appears to have been less keen on bringing about the amalgamation than Treasury.

There was understandable suspicion that the refusal of the National-led government in 1999 to make any sale of the bank subject to approval by 75% 'of the people of Taranaki', and widespread criticism of TSB's low dividend policy, indicated continued dissatisfaction in financial circles with the bank's independence. Proposals from the Labour–Alliance government and NZ Post to incorporate the TSB in what was to become Kiwibank also threatened its autonomy. With no assurance as to what might happen to the state-owned entity if National returned to power, perhaps as early as 2002, the Taranaki people wisely stayed out. Indeed, from 2001 the TSB went more thoroughly nation-wide, opening branches in other cities, principally in the North Island, to complement its well-established electronic banking facilities.

From Faith to Fortune brings the TSB story up to the end of 2009, as the collapse of shonky finance companies and the bank's strength and excellent customer service brought it almost an embarrassment of New Zealand deposits. Again, its conservative lending policies stood it in good stead.

The author, a former journalist, writes in a very clear and readable style, and seeks to place the bank's history into wider developments in New Zealand's society and economy. Inevitably some minor blemishes slip through: deaths in New Zealand from the Spanish Influenza in 1918 were under half, not 'more than the number of soldiers who had lost their lives in the five previous years of war' (p.34); and when Robert Muldoon became Minister of Finance in 1967, he was not 'to hold the post for the next 17 years' (p.83). For such a substantial book there are remarkably few proofreading errors: 'feedbank' appears for 'feedback' (p.134), 'principle' for 'principal' (p.160) and 'Anne Pod' for Anne Podd (p.228). It is a pity that no footnotes or endnotes are provided, but *From Faith to Fortune* is excellently produced and illustrated. David Walter and Dunmore Publishing have done the TSB proud.

JAMES WATSON

Massey University

Trading Nature: Tahitians, Europeans and Ecological Exchange. By Jennifer Newell. University of Hawai'i Press, Honolulu, 2010. 296pp. US price: \$45.00. ISBN 978-0-8248-3281-0.

JENNIFER NEWELL'S *Trading Nature: Tahitians, Europeans and Ecological Exchange* is beautifully presented, well researched and written in a style that effectively and eloquently transports the reader to another place and time. This book explores the complexities of cross-cultural exchanges between Europe and Tahiti and the neighbouring Society Islands from 1767. It challenges the notions of a passive Pacific and an ecologically destructive