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Neoliberalism and racist debt practices in New Zealand: Pasifika peoples as the working poor

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Abstract

The paper explores the working of racist debt practices in New Zealand that target Pasifika peoples. In this respect, the racist targeting and representation of Pasifika peoples is hegemonic. We argue that Pasifika peoples exemplify the working poor in New Zealand and are for this reason beleaguered and misrepresented. We review the context of Pasifika indebtedness and operationalize the notion of 'flawed consumers' as a partial explanation.

Introduction

> In Pacific families, in particular, we notice that a number of the mums come in carrying other people's debt. I don't think they do it by choice, they have to, there is an expectation and that's so ingrained that there is no choice …
>
> (Anglican Trust for Women and Children staff member, cited in Families Commission, 2012, p. 15).

This paper operationalizes notions of spoilt identity and flawed consumerism that come from Goffman (1963) and Bauman (1998). However, we don't spend much time on the theoretical underpinnings of flawed consumerism (see Curtis and Curtis, 2015). Our intention in this forum is to summarize and confront racialized debt practices, that target Pasifika peoples as exemplars of the working poor in New Zealand. At the same time, we wish to stress that this is an outsider account of racism and struggle.

A repercussion of increased poverty, inequality and debt over recent decades has been the growth of the debt industry and a rise in the targeting of vulnerable groups. The so-called 'democratization of credit,' - increased availability of credit for formerly excluded groups such as racial and ethnic minorities, has further indebted the vulnerable. In particular, ethnic minorities have become further disadvantaged and the number of working poor have increased. The last census figures indicate that alongside the 7% Pasifika, 71% of the population identified with a European ethnicity, 15% with Māori and 12% with Asian (Statistics New Zealand, 2013a). The Pasifika population is the youngest (by median age), the shortest-lived and the most fertile of the four main ethnic groupings (Curtis and Curtis, 2006).

Pasifika peoples are disproportionately located in Auckland, especially in its most disadvantaged, southern suburbs. Pasifika households are the most likely to have insufficient bedrooms: "43% of Pasifika people live in households requiring an extra bedroom, compared to 23% of Māori and 4% of European households" (Henare et al., 2011, p. 34). Other socioeconomic statistics are equally grim; they include the following. Pasifika peoples have the smallest share of family net worth:

> Families containing at least one person of Pacific ethnicity had the lowest overall family net worth of all the ethnic groups analysed. Very few families had a level of family net worth that put them in the top family net worth quintile, and 86 percent of Pacific ethnicity one-parent families were in the bottom quintile (Statistics New Zealand, 2008, p. 13).

Pasifika workers are the:

> lowest-paid ethnic group with an average wage last year [2013] of $20.59 an hour, behind Māori on $22.45, Asians on $23.49 and Europeans on $27.08. That wage gap has hardly changed in a decade. Pacific workers averaged 25 per cent below Europeans in 2004 and 24 per cent below Europeans today (Collins, 2014).

However, Pasifika people are not particularly over-represented in the main benefits (income support payments) that are available to the working-age population. In June 2014 they represented around 7.8% of beneficiaries – roughly in line with their population share (Statistics New Zealand, 2014). When income from all sources (e.g. including social welfare benefits) is considered, Pasifika peoples on average receive 65.94% of the total average income compared with the 80.19% that Māori receive and the 107.59% that the average European receives (Statistics New Zealand, 2013b). In other words, they under-claim. They also comprise a relatively small proportion of the work-force: 62% in 2014, while the national rate had risen to 69.6% following a decrease to 67.5% during the recession (Tanielu and Johnson, 2014).

Pasifika families are the most indebted:

> For single families, while mortgage debt-asset ratios are broadly comparable (all less than 50 percent), single Māori, Pacific and other families have high non-mortgage debt-asset ratios. The median single Pacific family, in particular, appears to hold twice as much non-mortgage debt as assets. This suggests they have very low or negative net worth… (Families Commission and Retirement Commission, 2008, p.16)

We believe these socio-economic statistics show that the absolute and relative deprivation experienced by Pasifika peoples reflects that endured by the working poor more generally. We believe that Pasifika peoples exemplify the working poor in New Zealand.

The disadvantaged position of Pasifika peoples in New Zealand, and their overwhelming status as working poor, potential members of the precariat, is a manifestation of racism. New Zealand racism is never far removed from colonialism and the alienation of Māori tribal society from their lands by British settlers. Pasifika peoples are migrants too, encouraged to New Zealand in the boom times of the 1950s and 1960s to fill a range of blue-collar jobs. In a limited way Pasifika peoples benefited from the colonial networks of the British Commonwealth, which facilitated migration to New Zealand (Macpherson, 2004). But, Pasifika migration was of the least-favoured kind and proscribed by its occupational and locational boundaries. When the "Long Boom" ended and decades of stagnation morphed into an outright, neoliberal attack on working people in the mid-1980s, Pasifika blue-collar workers were hit perhaps hardest of any ethnic grouping.

In the context of a prolonged attack on the pay and conditions of working people and beneficiaries, it would be hard to imagine racially victimised Pasifika peoples not having recourse to personal debt. It would doubly racist to make an explanation for indebtedness in terms of Pasifika cultural practices. However, these practices are pertinent. They include three elements:

1. Local and transnational kinship networks: The continued significance of kinship networks is undoubted and informs not just the social life of Pasifika people but also most academic work and policy initiatives. Multigenerational housing is an obvious expression, and overcrowding is its down-side. Kinship networks are frequently transnational, in terms of both migration to New Zealand (Macpherson, 2004) and familial exchanges, but also remittances. An unknown number of Pasifika families send money to their senior male relatives in their original homeland:

They are principally used, at least initially, to repay debts, to finance migration of kin, and to purchase consumer goods including housing. They often reinforce a traditional set of values that emphasizes the prevailing social hierarchy ... Remittances tend to go to senior family members who use them in traditional ways. (Connell and Brown, 2005, pp. 10–11).

2. Dilemmas and features of a gift economy: Kinship networks and remittances overlap with continuing elements of the gift economy, expressed as familial obligations to major events both in New Zealand and their homelands (e.g. community- and family-based celebrations). Debt via kinship and the gift economy can result in some family members (predominantly mothers) holding debt for the benefit of others (e.g. in-laws, male children and husbands).

3. The church as a trope of respectability: The degree to which the Church is a progressive or reactionary force in Pasifika communities is hotly debated and has very potential for racist demagoguery. The Families Commission report *Pacific Families and Problem Debt* (2012) goes to some trouble to discount tithing as a key source of indebtedness, which in part reflects the role of Church-based groups in providing community support. Our focus moves beyond tithing to a more cultural framing. And, again, we must stress our outsider status. Nevertheless, we regard the relative importance of the Church, in combination with kinship and gifting, as significant in perpetuating a trope of respectability in Pasifika communities. By respectability we mean a heightened aversion to the stigma of flawed consumerism.

In summary, we posit that Pasifika peoples are poor, subject to structural racism and over-represented in terms of being working poor, and that these socioeconomic realities are mediated by a culture (or subculture) of stoicism and respectability.

Racist debt: "Thank you, Instant Finance"

In 2012 advertisements for the loan company, Instant Finance appeared across most media; on television and radio, on billboards and online. They targeted the Pasifika community, emphasising stereotypical/racist portrayals of Pasifika peoples: happy, smiling and naïve; needing easy money for a holiday, a daughter's wedding or to fix up the old banger of a car. The tag-line "Thank you Instant Finance" was spoken by a motherly Samoan in stereotypically accented migrant English. This advertising was regarded by many as racist. Members of the public made complaints to the Advertising Standards Authority about several loan companies, including at least five against Instant Finance. The minority that were upheld were on the grounds of non-disclosure of required information rather than targeting the vulnerable and poor (Edmunds, 2012).

Recent years have seen the proliferation of companies that offer unsecured loans at high rates, often in a misleading fashion. They include Cash Train, offering a NZD 750 loan for ten days at a cost of NZD 128 – or 365% per annum (http://www.cashtrain.co.nz/). Payday Loans has advertised rates "as low as 1.38 per cent a day" – equivalent to 503% per annum – while stating that "Pay Day Loans can be a great financial tool to help get you through to your pay day – and can even help save you time and money on things such as bank fees or penalties on bills" (http://www.pay-day-loans.net.nz/). Save My Bacon charges an even higher rate of 547.5% per year. This is explained thus: "this term is an annualised measure that wasn't devised with Save My Bacon small and urgent loans in mind ... Our loans only have a maximum term of 31 days" (https://

www. savemybacon.co.nz / charges). Simple Cash (https://www.simplecash.co.nz) offers a similar explanation, with interest rates of up to 803% per annum.

Although providers of short-term ('pay-day') loans argue that annualized rates are misleading, research from the USA found that nearly 70% of such borrowers borrow to meet recurring long-term needs and are therefore unable to pay off the loan within a year. Because approximately half of those who use these loans refinance at least 11 times annually, they end up not only paying several times more than they originally borrowed, but are almost perpetually in debt (Koku & Jagpal, 2015). Such loans are usually used as a last resort, generally occurring when other credit options are exhausted and the search for funds is intense but unsuccessful (Bhutta, Skiba, & Tobacman, 2015; Kuebler, 2012).

Several loan companies in New Zealand target Pasifika people through the images that they use, such as Pasifika families attending a family event. Research by the NZ Families Commission (2012) noted that many of the participants commented on tailored advertising strategies, including advertisements on Pasifika-targeted radio stations in Pacific languages. Many explicitly target people with poor credit histories. For example, the Aqua Cars & Finance advertising and website states: "We provide vehicle finance for almost anyone … Even if you think your credit's a bit dented – think again! With Aqua car finance, you could still get a loan for the car you need. It's quick, and it's easy to put yourself in the driver's seat!" (http://www.aquacars.co.nz/).

Pasifika peoples as flawed consumers

> The poor borrow to hide their spoilt identities as consumers… to pass as proper consumers (Goffman, 1963).

> [The] poor of a consumer society are socially defined, and self-defined, first and foremost as blemished, defective, faulty and deficient – in other words, inadequate – consumers (Bauman, 1998, p. 38).

Bauman's work on flawed consumers has evolved into a broader discussion of "liquid fear" – the notion that contemporary capitalism is marked by amorphous fears and anxieties. These fears are reified in hegemonic accounts to obscure the structural contradictions of capitalism; to destroy class solidarity by stigmatising and scapegoating some fraction of the working class; and to foster false consciousness. In this respect, Pasifika people are the perfect "fall guys". Without racist accounts, indebtedness among Pasifika peoples might be understood in terms that would foster working-class solidarity. The notions that they are working poor, family-centred and respectable just like other working people might in themselves be stereotypes, but they are ones that invite comparison and inclusion. Racist formulations provide the opposite dynamic, simultaneously empowering a form of vulture capitalism which predates precisely on the working poor while inviting explanations that are based on difference and exceptionality.

Possibilities for reducing debt, and the underlying issues of vulnerability and inequality, may be targeted at the macro- and community (and individual) levels. The Families Commission (2012) offers a range of actions that are aimed specifically at Pasifika families, though many are more broadly applicable. These include financial literacy education (also see Reed and Sutton, 2012); social skills training, including budgeting and communication; intensive case management; advocacy with agencies; and engagement with community leaders and churches. Calls for financial literacy training and coordination across services have been common since the global financial crisis, both in New Zealand and internationally (see e.g. Balmer et al., 2006; Fitch et al., 2010). Some other suggestions for managing debt rely very simply on managing psychological factors within families:

> A better understanding of the interplay between factors in a family decision-making setting is also required. For example, where in a two-parent family one partner has an internal locus of

> control and the other an external one, it may be in the family's long-term interests for each to be aware of their tendencies, strengths and weaknesses and to empower the internally focused partner to make decisions about the family's finances. (Legge and Heynes, 2009, p. 40)

However, it seems unlikely that such an approach will assist the increasing numbers who simply have insufficient money about which to make decisions, even if it were possible to ignore or overcome other factors that come into play within families and from their social contexts. Similarly, as noted by Balmer et al. (2006), improving access to financial and budgeting advice may help people to deal with acute financial crises but it will not change the underlying drivers of poverty and social exclusion. Additionally, disadvantaged groups are likely to experience difficulties (further inequalities) in accessing services, serving to further exacerbate their social and economic marginalisation.

Conclusion: combating hegemony

Much of the writing around debt and ways of combating it have focused on reforms, including budgetary advice and access to credit/debt. It is undoubted that such programmes will assist individuals, families and communities. However, they also focus on the symptoms of debt and only marginally engage with its socio-economic, structural causes. While the authors we cite here are careful not to, at worst ameliorative programmes perpetuate a "blame the victim" attitude, and thereby reinforce racist / hegemonic stereotypes. We acknowledge that this is in itself a somewhat typecast critique of reforms (with a small 'r'). But, the provision of government-sponsored programmes can readily be turned into its opposite: hiding the drivers of debt, and the construction of debtors as a group of careless and/or ignorant individuals. Because of this we shall end with a rallying call: The end to racist debt practices in New Zealand requires an end to neoliberalism, and to hegemonic attacks on Pasifika peoples, and all working peoples!

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