

# The “Hidden Depression” that never really went away

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Covid-19 is a unique conjunction of a serious disease pandemic coupled with a serious economic crisis. I took the opportunity during level four<sup>i</sup> lockdown to catch up on some reading. Two books in particular discussed the previous two named depressions that Aotearoa New Zealand went through. *Children of the Poor* by John A. Lee (1973) dealt with poverty in Dunedin following the “Long Depression” of the late 19th century and *The Slump* by Tony Simpson (1990) looked at the lead-up to the “Great Depression”, its effects and its lasting legacy.

What stood out was the similarities between those generations and this. The availability of easy loans and the use of leverage leading to the bank and share market collapses of the Great Depression were very similar to the causes of the Great Recession of 2008 (Aiginger, 2010). Other similarities included farmers farming capital gains instead of increased productivity, the rise of the dairy industry and, when hard times came, the blaming of the workers themselves who couldn’t work and abandoning them to their poverty (Simpson, 1990). The effects of the grinding poverty caused by these two depressions are what stood out the most.

It is difficult to find the definition of a depression or a recession, with a number of competing definitions that are complicated to measure, but are usually linked to a retraction in the economy (Abberger & Nierhaus, 2008; Breuer & McDermott, 2013). However, if we look at everyday people, we can identify the measureable impacts that affect them, particularly unemployment. If 20% unemployment constitutes a depression, as it did in New Zealand and the USA in the Great Depression (Iacurci, 2020; King, 2003),

we could take an arbitrary number such as 10% employment to signal a serious recession. Unemployment hit at least 10% in the years after the share market crash in 1987 (Reddell & Sleeman, 2008) although, even at its worst, in the Great Recession of 2008/9 the Aotearoa New Zealand overall unemployment rate never got over 7% (StatsNZ, n.d.).

Simpson’s book, written in 1990, argued that Aotearoa New Zealand at that time was going through an economic down-turn time because of the 1987 share market crash that he thought had many similarities to the Great Depression. Obviously, as a whole, New Zealand did not revisit the collective trauma of the 1930s. The rise of neoliberalism in the 1980s, implemented through Rogernomics, fundamentally changed many of the givens of New Zealand society (Trotter, 2007). It was this that, many of its proponents argued, saved Aotearoa New Zealand and set the economy on a firmer economic footing (Osborne, 1990). However, it could be argued that a depression *did* occur, except the consequences were transferred elsewhere. Following the 1987 crash, at its worst, New Zealand had sustained unemployment of 10.5% in 1992 (StatsNZ n.d.). However, Māori unemployment at the same time was 26%, with Non-Māori unemployment, including Pasifika, at around 7–8% (StatsNZ n.d.). Mainstream Aotearoa New Zealand shifted the pain of its restructuring from itself to the Māori population and, to a growing extent, to its Pasifika population.

For five years, the Māori adult population lived with depression level impacts—an unemployment rate of over 20% (StatsNZ n.d.). We were not supported or

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comforted by the Government as we went through this “Hidden Depression”, instead, at the very height of the crisis, we were punished by a cynical National government that hit us with the “mother of all budgets” that funded tax cuts through a 20% reduction in unemployment, sickness and solo parent benefits. It is interesting that benefits that were dominated by Pākehā, namely National Superannuation, were left mainly intact (Starke, 2008).

The attack on beneficiaries at the time of their greatest vulnerability was, and still is, unforgiveable. Since those times, Māori unemployment has been unacceptably high. From 1986–2020 for only seven of those 25 years has the Māori unemployment rate been under the 10% measurement for a serious recession (Fyers, Kilgallon, Parahi, Rodrigues, & Smith, 2020; Locke, 2010).

It is unlikely that the Pākehā population has had more than 7% unemployed since the 1940s. At the height of the GFC, when Māori unemployment was 13.8% and Pasifika 14.6%, the Pakeha unemployment rate was 5% (StatsNZ, n.d.). In other words, employment-wise, as a group they have not endured a recession in 70 years as Māori, and increasingly Pasifika, have been the buffer to protect them.

I raise what may be considered as ancient history to some, but it is not so for the Māori community, as the economic consequences have been our constant companion. Many parts of our community have never recovered from the Hidden Depression of the 1980s and 1990s. Certain members of our community certainly recovered as there are families, who before the covid-19 crisis, had never done so well, mine included. However, there are large parts of our community that have struggled enormously. I recall an acquaintance saying how a friend had said after the recession of 2008, “Recession? What recession? I’ve always been poor, I haven’t noticed any difference.”

The on-going tragedy of child abuse, drug addiction, long-term unemployment, overcrowding and homelessness have sat there growing for decades, unable to be resolved. In 1983 when I started work as a youth worker with “at-risk” youth in South Auckland, most of the teenagers we worked with were part of a nuclear family of mum and dad where dad was nearly always working. We had social problems but nothing like what was to hit after 1988.

When I left Auckland in 1994 to return to Dunedin, South Auckland had changed. This was before the growth of legal highs and widespread meth addiction, but already there were bottle stores and bars opening up all over the place. The National Government’s response at the time to the huge unemployment rates and the emotional depression that went with it seemed to be to let people self-medicate by increasing the availability of alcohol along with the false hope promoted through the liberalisation of casinos and pokie machines. Another thing I noticed when I arrived in Auckland in 1983, was that all the road gangs were Māori. When I left they were almost entirely Pākehā. A sinking lid policy appeared to be in place that as unemployment increased, it was often Māori or Pasifika who lost their jobs. A case in point being the West Huntly coal mine that laid off approximately 100 staff and were dogged by accusations of unfairly laying off Māori at the expense of Pākehā (*New Zealand Herald*, 1993).

For the past 40 years, when economic hard times hit, it has been Māori and increasingly Pasifika that have felt the full force of the negative effects of economic downturns. In fact, you could argue that we have shielded many of the Pākehā population from the extreme effects of these downturns. It is no wonder that unemployment and its fellow travellers of depression, drug and alcohol addiction, violence and homelessness hit our communities the hardest. Admittedly a portion of us are also shielded from it as there is a burgeoning, educated Māori middle class, thankfully much of it based

in sectors trying to mitigate these negative effects through the health, welfare and education sectors. But every day we see evidence of the effects of poverty.

The almost criminal indifference to the struggle this has placed on beneficiaries is really only now coming to light. Covid-19 has led to a huge increase in unemployment, the difference now is that this new group are inclined to be young, Pākehā and wealthier than the unemployed pre-Covid (Tibshraeny, 2020). The government response has been to choose a date of March the first, where those unemployed before this date get \$250 a week but those wealthier, younger, whiter job seekers get \$490 a week for three months at least. The Minister of Finance's explanation for this was, "People who have been in work have suffered a very sharp income drop, and that obviously that's very unexpected because of Covid-19 ... It's a recognition that we need to cushion the blow for people" (Manch, 2020). The ease with which this was accepted, almost without question, is nothing less than scandalous, as if unemployment at any time is not sudden and difficult to manage. It was a slap in the face for those already unemployed, who were browner and poorer but, in the Government's eyes, more able to handle their poverty because they were used to it. A special report on the financial impact of covid-19 showed that of those on the lower jobseeker benefit, 48% are Māori (Fyers et al., 2020), and is an almost identical state of affairs to the bigotry of the Great Depression when Māori, if they were entitled to benefits at all, got paid less because it was expected that they were able to live on less (Mulengu, 1994; Sinclair, 1988).

I expect this Covid-19 recession / depression to hit Māori and Pasifika the hardest. Even those of us in the protected middle class will find that our jobs are not as secure as we think. As we have seen in other times of austerity, institutions looking to cut costs will, all of a sudden, decide that it is the role of everyone to implement the Treaty of Waitangi and be competent to work with Māori and that maybe we don't need

specialist Māori teams, units or individuals. As we found after the GFC, specialist positions that incorporate Māori knowledge in tertiary institutions are fine when the funding streams are strong, but become an expedient "luxury" in harder financial times. In the rush to protect mainstream, read "Pākehā jobs", Māori and Pasifika are likely to suffer, but many of us can deal with that. With more skills gained, many will land on our feet.

The problem has been, and will be, the growing Māori underclass. The growth in homelessness over the last few years has revealed a growing vulnerability in our population. Maybe we should relook at state housing for all who need it and not as it has become a handout for those who do not seem to be able to make it. My dream as a teenager in the 1970s was, not to own my own house, that was too far away to aspire to. I hoped for a state house that in those days had reasonable rent and meant that you could build a secure future for your family.

At the risk of the accusation of paternalism, if there isn't enough employment then job training and government work schemes are a possible option. This is not so much for the workers who have recently lost their jobs, but for those who have rarely worked. Both my brothers, until recently, worked for large companies where they were regularly hiring staff. They often struggled finding people who were ready to work and that were used to the demands of a 40-hour week. While some of the old government schemes were punitive and of doubtful value, many schemes worked well such as PEP Project Employment Programmes and, VOTP Voluntary Organisation Training Programmes. (I did a stint on VOTP in 1983–84.) These were rejected as "not being real jobs". Those on the left saw them as demeaning because they did not pay unionised rates and so were considered exploitive and those on the right saw them as subsidising work that private companies could do. As a pragmatist I saw the value of them first-hand to get people

working, socialising and contributing to the community. While some people advocate for higher benefits, I believe our people do not aspire to exit poverty through welfare. We all have aspirations for ourselves and our whānau through employment, education and housing and therefore, as we come out of the consequences of covid-19, we need to keep our eyes on the big picture of creating a more just and secure future for all our people, even if some of the processes are distasteful to the adherents of political dogmas.

Many of our Māori people did not recover from the Hidden Depression let alone the GFC. We can't have the next 30 years dealing with the fallout of Covid-19, just as we have spent the last 30 years failing to solve the fallout from the 1980s.

#### Note

- i In March 2020 the New Zealand Government announced four levels of alert for the Covid-19 pandemic. These levels specified the actions required and Level 4 was the highest. <https://covid19.govt.nz/covid-19/restrictions/alert-system-overview/>

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