# Historical Influences

## Māori and the Economy

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EXECUTIVE SUMMARY

In looking at the historical influences on Māori and the economic system in New Zealand, it is possible to identify four key economic drivers for Māori.

Pre and Early Contact Economy: Economic activity throughout this period was characterised by trade, alliances, and new enterprise. Introduced crops, such as potatoes, and metal implements were incorporated into the economy. The British Government sought to regulate the affairs of New Zealand through the signing of the Treaty of Waitangi. Following the signing of the Treaty, Māori continued to increase their economic production and participation in the cash economy in order to fully participate in the increased economic opportunities provided by growing numbers of settlers.

Land Loss: By the late 1850s, long-lasting economic decline for Māori had begun. Māori were strongly represented in the flour milling and shipping industries and when the flour, produce and wheat markets collapsed, the impact for Māori was significant. There was by this time also an exponentially increasing settler population seeking land. Through Crown purchases, confiscation, title individualisation through the Native Land Court, and private purchase more than eighteen million acres of land had been surveyed and was in individual ownership by the early 1900s. Almost none of this land had been settled by Māori. Through the loss of this base, Māori had lost autonomy and much of their capacity to develop their economic potential.

Urbanisation: In 1965, nearly two-thirds of Māori lived in rural areas. In 2006, 84.4 percent of Māori lived in urban areas. Urban migration for Māori often meant better opportunity for good housing, full-time employment, and education. Māori were significantly under-represented in the higher levels of education, and therefore became predominantly represented in low-skill occupations, such as factory work, forestry, and meat processing.

Reforms and Developments from the 1980s: From the 1980s, there has been an apparent paradox in the actions of Māori organisations and iwi groups, versus the experience of Māori as individuals. Māori organisations and iwi groups began (and continue) to seek Māori-led development and solutions through innovation, enterprise, leadership and enhancing whānau capacities. However, Māori as individuals were significantly impacted upon by the economic reforms of the 1980s.

Māori Economic Recovery Since 2000: The identification of these four key periods highlights the primarily external factors that impact on Māori economic development, and contribute to our understanding of the strength and ability of Māori to adapt, retain cultural values and have a significant impact on New Zealand’s economy as a whole.
INTRODUCTION

This paper seeks to provide an overview of the historical events that have influenced and shaped the way Māori have participated in New Zealand's economic system. By examining the historical influences on Māori and the economy, it is possible to identify four key periods which assist in isolating the economic drivers for Māori. These four key periods begin with the diverse economy prior to the arrival of Europeans, which continued and expanded with early contact with Europeans. The second period began in the late 1850s with a combination of factors. Māori had entered into the cash economy with the flour milling and shipping industries and were significantly impacted upon when these markets collapsed. At the same time, the settler population was increasing exponentially and there was considerable pressure for land. In the period that followed, land was acquired by the Crown and settlers through purchase, confiscation, and the Native Land Court. The third key period for Māori was the steep rise in urban migration in the 1950s and 1960s. Urban living could provide things such as quality housing and full-time employment in the way that rural living was not able to. The fourth key period for Māori occurred in the 1980s. The paradox of this period was that while Māori organisations and iwi groups were increasingly seeking and developing Māori-led economic and social solutions, the result of economic reform within the economy meant the experience of individual Māori generally was negative.

The events detailed in this paper do not create a homogenous story for all Māori. The events and influences affected different hapū/iwi in different ways, for various reasons including their location or access to resources. This paper seeks to provide a broad overview of the historical influences on Māori and the economy generally.

PRE-CONTACT ECONOMY

Māori

Based on the pattern of other Polynesian settlement, it seems likely that New Zealand was located after a voyage of discovery and subsequently settled by voyages of colonisation by eastern Polynesians approximately 800-1000 years ago. Whānau (family groups) were typically independent work groups that gathered food and cultivated crops for their own consumption. Hapū were large groups of closely related whānau that chose to settle in a particular area for access to food resources and defence. Prior to the arrival of Europeans, hapū were the main political and economic unit, recognising the mana (authority) of a senior chief. The role of the chief, the concept of mana, and the importance of the chief's ability to provide food were crucial aspects of early Māori society. Māori leadership and kinship principles were resilient, flexible and adaptable. Due to the temperate and variable climate, much diversity developed in the mode of life for Māori in the different parts of New Zealand. The economy was impacted upon by environmental factors such as climate, locality, and the availability of natural resources.

Tribes had more than one principal food supply. Aruhe (fern root) was a staple food for all, with coastal tribes also relying heavily on fishing and inland tribes naturally relying more on forest products. Due to the difference in economic resources between communities, there was much trade between hapū. The coastal

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1 King, Michael. (2003). p49
4 Firth, Raymond. (1959). p67
communities exchanged fish with inland communities, who reciprocated with preserved birds, rats and various other forest products. Obsidian was popular to trade and was used for minor cutting operations, delicate carving and the scraping of woodwork. Pounamu (greenstone), found primarily in the South Island, was also highly prized for its hardness for cutting tools, and for its ornamental appearance. Life expectancy for Māori in pre-contact times was 28-30 years, which was comparable to people living in Europe at the time.

**EARLY-CONTACT ECONOMY**

When Captain James Cook first arrived in New Zealand in 1769 the Māori population is estimated to have been approximately 100,000. From the beginning of sustained contact with Europeans, Māori generally embraced the possibilities of trade, new alliances and new enterprise. Cook and other Europeans arrived with firearms, cloth and iron, which they traded for food and other indigenous products. Also introduced at this time were many things that would revolutionise the food economy, such as potatoes and turnips. These introduced crops and the metal implements were easily incorporated into the continued trade among hapū and whānau groups. This extended the influence of European contact to inland tribes prior to these inland tribes having contact with Europeans directly.

Contact with Europeans was generally more concentrated around the North Island until the 1820s. Whaling ships called into the Bay of Islands for provisions and refits. Some Māori men signed up as whalers and seamen which resulted in a spread of knowledge about Europeans as well as more exposure to European technology and social life in the Australian ports. The trading environment was untaxed and unregulated. This absence of bureaucracy, planning and coordination meant that there was unrestricted and potentially unsustainable use of some resources. This included whaling, sealing and timber.

Continued inter-tribal conflicts had significant social and economic impact, particularly in the 1820’s. Māori warfare was impacted in the short-term with the introduction of new weapons such as muskets where some regions were well-armed and others were not. This difference created greater probability of success; a greater number of captives taken; and greater numbers of people killed. There were more permanent changes in tactics and the development of new kinds of defence. There were also economic impacts from these inter-tribal conflicts with increased internal migration and a decrease in food production. These events, combined with the impact of introduced diseases, meant that Māori population was declining. Throughout this time there were some land transactions with Europeans. Many of these transactions were with missionaries, who had begun arriving from 1814. The teachings and influence of the missionaries were to have a significant and lasting effect. By the late 1830’s, the British Government was preparing to regulate the affairs of New Zealand – including controlling the sale of Māori land to settlers. In August 1839, William Hobson, a naval officer, was despatched from London with instructions to take the steps necessary to establish a constitutionally bound British colony. His instructions were to negotiate a voluntary transfer of sovereignty, and to essentially protect Māori from being defrauded on land sales by European
investors. The Treaty of Waitangi was signed on 6 February 1840. The Treaty has three articles: the first is about sovereignty and governance; the second is about protection of Māori authority over resources (and included the right of pre-emption by the Crown); and the third is about common citizenship.

At the time Māori signed the Treaty there were approximately 2,000 Europeans and an estimated 70,000-90,000 Māori. Settlers began to arrive in greater numbers from this point, whilst the Māori population continued to decline. By 1858, the European population equalled the Māori population at approximately 59,000. In the first 18 years after the Treaty was signed, Māori continued to adapt and increase economic production to take advantage of the increased trading opportunities with the new arrivals. For many Māori, the shift had been made from a subsistence and barter economic environment to participation in a cash economy. Māori enterprise had thus far focussed on the international market, however, Māori adjusted well to the rapidly expanding domestic market. Wheat was the staple food of the settlers so many Māori groups focussed on wheat growing, flour milling and coastal shipping. Along with their own general food production, these industries dominated the trade economy for Māori until the late 1850’s. Māori investment in trading ships and flour mills was intended to produce wealth as well as build mana (authority) both within Māori society, and with the rapidly growing government and settler community. There is also much evidence to support the idea that hapū cooperated together in the acquisition of flour mills and trading ships.

Governor Grey developed several policies in the early 1850s that were considered enlightened humanitarian ideals. He made private and public loans to Māori for the purchase of ploughs, mills and small vessels. He also established other measures such as subsidised mission schools and hospitals designed to improve conditions for Māori and ‘elevate’ them to civilisation. Grey reported confidently, back to Britain, that there was now a solid base for a peaceful co-existence. New Zealand historian, Keith Sinclair suggests that Grey’s optimism was misplaced. A majority of Māori still lived in tribal areas under what remained of their own laws. Grey’s ‘civilising’ policies were generally confined to main settlements and had superficial success.

By the late 1850’s, the most significant and long lasting decline in economic circumstances for Māori had begun. The demise of the flour milling and shipping industries began with the collapse of the flour, produce and wheat markets. Crops were affected by caterpillars and disease, whilst improved transportation and communication meant that low-priced flour from city centres reduced the viability of provincial mills. These market trends also impacted on Pākehā, however, there was no significant diversification amongst Māori. This, among other factors, undermined their political power and therefore affected their commercial endeavours. At the same time, the demand for land by settlers had increased exponentially.

LAND LOSS OF THE 19TH AND EARLY 20TH CENTURY

Some Māori had been willing sellers of land as a means to acquiring new material goods and technology. The government purchased much of the South Island with agreements on the provision of reserves, schools and hospitals. The circumstances

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15 Petrie, Hazel. (2006a). p74
16 Petrie, Hazel. (2005b). p3-4
18 Ibid. p88
19 Petrie, Hazel. (2005b). p12-17
in the more populous North Island, however, were different. There was a growing awareness amongst Māori of the colonisation process and impact of settlers arriving from Britain, Ireland and Europe.\textsuperscript{20} This awareness and corresponding opposition crystallised around an emerging sense of Māori nationalism. In 1858, Kingitanga (the King Movement) was established. Supporters of the King Movement (primarily in the North Island) sought to retain their land, which they recognised as being the basis of their economic and social order.\textsuperscript{21} The simmering tension that had been building over land issues crystallised in Taranaki. War broke out in Waitara in 1860 over a land dispute, and followed in Waikato in 1863. Historian, Sinclair, contends the main reason for war was competition for land, with other factors such as the determination of the colonial government to assert authority over New Zealand and friction due to racial prejudice.\textsuperscript{22}

By 1865, the Crown had acquired the South Island, Stewart Island, and much of the North Island either by purchase, confiscation or it had been claimed as ‘wasteland’. There was, however, a large part of the North Island which remained beyond the current reach of colonisation and settlement much of which now came under the scrutiny of the Native Land Court.\textsuperscript{23} Laws passed through this period were often conflicting and due to frequent amendments, not always easy to understand or apply.\textsuperscript{24} The Native Land Court, through its variety of laws, bestowed legal rights on individual Māori. In 1865 some nineteen million acres of land was considered to be in Māori customary title. By 1909 more than eighteen million acres of this land had been surveyed and was in individual ownership. Almost none if this land had been settled by Māori.\textsuperscript{25}

The colonial economy through this time was dependent on Britain for immigrants, capital, and technology. Its main objective, in turn, was to seek and utilise staple products of value to British importers. In the 1860s the two staples of the New Zealand were gold and wool. By the mid-1870s this was reduced to wool only. Due to the rise in town populations, dairy farming also increased. There was also a rapid expansion of roads and railways, allowing for a steep increase in communications. In the mid-1890s, the introduction of refrigeration gave the New Zealand government new options and the beginnings of some self-reliance from Britain.\textsuperscript{26} Refrigeration changed the character of pastoralism in New Zealand. It allowed pastoralists to intensify farming and breed sheep suitable for slaughtering and exporting. This intensification of pastoral farming was also facilitated by the continued Crown and private purchases of Māori land.\textsuperscript{27}

Historian James Belich discusses nineteenth century New Zealand as being about the growth, contraction, and interaction of two zones (European and Māori). Each zone was economically dependent on the other, however, following the wars, the Māori zone had lost much of its autonomy, and the British zone had grown through the procurement of Māori land.\textsuperscript{28} By 1891, the Māori population had hit its lowest point at approximately 42,000, just 10 percent of the total New Zealand population.\textsuperscript{29}

\textsuperscript{20} Walker, Ranginui. (2004a). p110-112
\textsuperscript{22} Sinclair, Keith. (1991b). p16-18
\textsuperscript{23} Williams, David V. (1999). p52
\textsuperscript{24} Ibid. p12-14
\textsuperscript{25} Ibid. p57-59
\textsuperscript{26} Gardner, WJ. (1992). p57-86
\textsuperscript{27} Mohaka Ki Ahuriri Report. (2004). p644
\textsuperscript{28} Belich, James. (1988c). p302-310
NGATA AND HIS INFLUENCE 1890s TO 1930s

From the 1890s, a new generation of Māori leaders began to emerge. People such as James Carroll, Āpirana Ngata, Te Rangihiroa (Peter Buck), and Maui Pomare were all equally at ease with Māori or Pākehā people and with both languages. They were well-educated in the European system, and were able to move between the two worlds.30 In 1907, Chief Justice Sir Robert Stout and Āpirana Ngata were appointed to investigate the best methods for bringing unoccupied and ‘unimproved’ Māori land into production. This became known as the Stout-Ngata Commission. Stout and Ngata reported an urgent need for Government assistance to be provided for Māori in order that they may develop their own land. Government initiatives and assistance had been available for some time due to the establishment of the Department of Agriculture in 1891 and the Advances to Settlers Act 1894. However, these were generally for the benefit of individual owners, and invariably not of use to Māori who held land in communal ownership. The Crown continued to purchase land, for such reasons as providing land for settlement for returning servicemen from World War I. Māori often continued to sell land as they generally lacked access to capital and technological skills to develop the land themselves.31

After becoming Minister of Māori Affairs in 1928, Ngata began initiating and implementing land development schemes for Māori. Ngata saw the consolidation, corporate management, and development of Māori lands as the solution to providing a working economic base for Māori. He sought to make Māori rural communities economically viable. The purpose of the legislation was to promote the ‘better settlement and more effective utilisation of Native Land or land owned or occupied by Natives, and the encouragement of Natives in the promotion of agricultural pursuits and of efforts of industry and self-help’. However, in the mid-1930s the administration of the scheme was centralised to the Native Department, and successive governments moved the emphasis away from rural Māori towards efficient use of land for the ‘national good’. Another significant obstacle was that there simply was not enough suitable land left in Māori hands to provide reasonable prosperity. Increasingly Māori migrated to towns and cities which allowed for the better possibility of good housing, well-paid jobs and other opportunities, rather than continuing to struggle on marginal farms.32

URBANISATION

Māori and Pākehā societies essentially lived and worked in separately located communities until the Māori urban migration after the Second World War brought them closer together.33 This urban migration was stimulated by the situation for Māori in the Depression years of the 1930s. Māori were often the first to lose work, and were paid lower unemployment benefits than Pākehā until the Labour Government rectified the situation in 1936.34 Unemployment however, was dramatically reduced by the Second World War, which brought strong demand for full production on farms and processing work. There were many reasons for urban migration, both of an economic and social nature. Urban migration also often meant superior housing, full-time employment and a potentially more stimulating environment.35 In 1956, nearly two-thirds of Māori lived in rural areas; by 2006, 84.4 percent of Māori lived in urban areas.36 The Government’s Hunn Report (1961) highlighted some of the issues

32 Ibid. p473-7
33 Ibid. p464
34 Ibid. p 659
35 Ibid. p659-661
facing Māori moving to urban areas. The report identified a ‘statistic blackout’ of Māori in higher levels of education. This lack of educational achievement meant that Māori migrants to cities predominantly worked in low-skill occupations such as road maintenance, factory work, freezing works, transport, and building trades. The strong representation of Māori in these areas of work made them vulnerable to changes in the economy in the 1980s.

Ward, a leading academic on race relations, contends that Māori aspirations since the 1960s were about tolerance for cultural differences, the recognition of the validity of two cultures and the ability to make creative use of the other. By the late 1960s there was also increased awareness of human rights and indigenous movements worldwide. Māori were becoming politically active and expressing their determination for social and economic equality, as well as recognition and restitution for Crown breaches under the Treaty of Waitangi. Protests included the Māori Land March of 1975, and the 506-day occupation of Bastion Point in Auckland in 1977-78. In 1975, the Treaty of Waitangi Act was passed, which allowed for the establishment of the Waitangi Tribunal as a mechanism to hear claims of breaches under the Treaty of Waitangi. The Tribunal was limited to hearing breaches that had occurred only after the Act came into force. However in 1985, the Treaty of Waitangi Amendment Act passed which allowed for the Tribunal to investigate breaches under the Treaty dating back to 1840. Since the urban migrations following World War II, Māori were now integrated into the mainstream economic system of capitalism, whilst seeking to maintain their culture, evidenced by the growing numbers of urban marae. Māori were emphasising their continued ability to adapt and the strength of their cultural revival.

**ECONOMIC REFORMS**

The 1970s saw pressure exerted on New Zealand's economy with external factors such as the ‘oil shock’ of 1973 and the advent of Britain joining the European Economic Community (EEC). New Zealand’s terms of trade had dropped by 40 percent in the mid-1970s. The fourth Labour Government came to power in 1984. Widespread economic reforms resulted in high interest rates which in turn impacted upon small businesses and saw unemployment rise. Many local level services were cut-back, including postal, banking, health and education services. Due to the prevalence of Māori working in the primary sector (for example, forestry) and the aforementioned secondary industries, these events had an enormous impact on Māori communities. In 1990, the incoming National government further expanded upon these reforms to include industrial relations, social welfare and political reform.

There were, simultaneously, some positive developments occurring for Māori with an increased focus on local level solutions, self-determination, and Māori-led development. One example was the inaugural Hui Taumata in 1984, a Māori economic development conference, held with the support of government. One outcome of this Hui was the establishment of the Māori Economic Development Commission which was charged with looking at matters pertinent to economic development for Māori and report to the Minister of Māori Affairs. Issues highlighted at the hui included recognition that Māori suffered disproportionately when the

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40 Belich, James. (2000a). p367
42 Belich, James. (2000a). p408
economy performed poorly due to high unemployment and their strong representation in low-skilled, low-paid occupations. Education and training were seen as vital, with a particular emphasis on Māori being provided with the resources and authority to help Māori at a local and national level. There was also strong advocacy for more Māori language schooling and second-chance education. With regards to assets, Māori land was recognised to be a great resource, but that it was often under-utilised due to lack of capital for development. What followed this hui was a decade of development where the key themes were the Treaty of Waitangi, self-determination, iwi development, economic self-reliance, social equity and cultural advancement. The Treaty of Waitangi Amendment Act 1985 broadened the scope of the Waitangi Tribunal. The Tribunal is a commission of inquiry which investigates claims of breaches under the Treaty of Waitangi, which can date back to 1840. It then makes recommendations regarding settlement with the Crown. The Office of Treaty Settlements then negotiates the claim with claimants. The first two major claims to be settled were with Ngāi Tahu in 1997 and Tainui in 1998. Each settlement was valued at approximately $170 million.

NOW - CONCLUSION

For Māori, the first years of contact with Europeans were about engagement in trade and interaction. The Māori world changed at a rapid pace, and yet there was much embracing of these new ideas. Māori signed the Treaty of Waitangi with the Crown in 1840, at a time when Māori outnumbered Pakeha by 40:1, and could not have predicted what significance the new government and settlers would have on their lives. The impact of the exponentially growing settler population and the corresponding desire for land, combined with the colonial government’s determination to assert authority meant that Māori were now struggling to participate in the economy, rather than leading it.

The renewed strength and visibility of Māori in the last 50 years has allowed for a different relationship between Māori and Pākehā to develop. The 2006 census provides a snapshot overview of the place of Māori in the economy today. The Māori population is 565,329; which is approximately 14 percent of the total population of New Zealand. The median age of Māori is 22.7 years, as opposed to 35.9 years for non-Māori. These statistics highlight the significance of the Māori population in New Zealand now and in the future, particularly in the labour market. The recent census shows improved economic conditions in employment, income and education for Māori, however these improvements are not yet impacting on inequalities in the health and justice areas. The settlement process is continuing, with the government dealing at an iwi level, or with large natural groupings. Since 1985, there have been a total of twenty settlements, involving many individual claims. In March 2005, there was a second Māori economic development summit hui – Hui Taumata 2005. Approximately 450 leaders from the Māori world gathered to reflect on the Māori economic and social development of the last twenty years, and to forge a vision for the next twenty years. These influential leaders concluded that Māori-led economic development was key to building prosperity and success for Māori in New Zealand. Work to drive that vision forward is now continuing through the action of committed individuals and organisations around New Zealand, as well as, with the support of government, the Hui Taumata Action Taskforce. There was continued emphasis on local level solutions as the key to local challenges, whilst also calling for a whole-of-government approach to Māori issues, and capacity building for Māori. Māori development is occurring though the building of collaborative networks, innovation

44 Hui Taumata 2005: a brief backgrounder. p4-6
45 www.ots.govt.nz
46 www.stats.govt.nz
47 www.huitaumata.Māori.nz
and enterprise, leadership, and increasing whanau capacities. Much of this development is also complemented by the inclusion of the Māori perspectives. There has been significant growth in the participation of Māori in today’s economy, and this development and realising of Māori potential will only continue to have a significant impact on New Zealand’s economy and place in the global economy.
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