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**Class War on Wonga**

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## **Class War on Wonga**

### **Abstract**

UK activist group Class War's 'WAR ON wonga' campaign is viewed via Boltanski and Chiapello's (2005 [1999]) critique of capitalism, namely as a form of social critique. Wonga has emerged as UK's leading payday loan company since it was founded in 2007, and should be recognized as a product of the culture of financialization. Class War's campaign is a response to the linkage between inequality and entrepreneurial capitalism. As an example of entrepreneurial capitalism, the possibility of free enterprise, Wonga's self-description as an 'innovative digital company' makes directly wealthy the founding entrepreneurs and their current venture capital partners. Yet the economic success of Wonga also represents a growing inequality in a society of unprecedented wealth. Given the UK perspective, the long shadow of Thatcher informs the paper, as does the criminalization of debt during the Victorian period.

### **Key Words**

Activist Practices

Boltanski and Chiapello

Capitalism

Class War

Financialization

Payday Lending

Venture Capital

Wonga

## Class War on Wonga

Under neoliberalism, particularly since 2007-09, financialization has emerged as a term of currency (see, for example, Lapavistas 2009a, 2009b). Financialization is the transformation of the capitalist economy pivoting on the financial system and involving new sources of profit. Based on speculative activity of finance, it is a narrative of the impact of financial deregulation with the role of investment banks in risk-taking ventures. The collapse of investment bank Lehman Brothers, on 15 September 2008, is one point of reference when the burden of so-called sub-prime mortgages in the US, of financial transactions involving the poorest sectors of the working class, could no longer be supported (see, for example, Jarvis, 2009).<sup>1</sup> Indebtedness is a consequence; and it continues, particularly in the UK under austerity measures, with new forms of consumer credit firms being offered by the emergence of 'payday' lenders offering unsecured, short-term loans, often at high rates of interest, to help manage gaps in cash flow. Wonga, now the UK's largest payday lender, was founded in 2007. As a product of the culture of financialization (see, for example, Forslund and Bay, 2009; Haiven, 2014) it is not surprising that Wonga is contested: its economic success as a technology-based example of entrepreneurship in the UK has also provoked political attacks, public outcry, and regulatory scrutiny.

'WAR ON wonga' (see Image), a campaign initiated by UK activist group Class War to 'wipe out all pay-day loans', is cited – for the purpose of this essay – as an instructive example of how Wonga has come to represent the culture of financialization in the UK. Class War's campaign is a form of what Luc Boltanski and Ève Chiapello term 'social critique', as part of their critique of capitalism (Boltanski and Chiapello 2005 [1999]). Attention is drawn to a specific historical constellation to highlight the linkage between growing material inequality and economic transformation of entrepreneurial capitalism. In addition Class War's campaign is an example of the relationship between visual culture and activist practices.

Thatcher appears, as one might anticipate, in an essay on Class War and Wonga. A divisive figure during her premiership of the UK (1979-90), Thatcher casts a large shadow. Thatcher's

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<sup>1</sup> Gillian Tett (2014) promoted, in her *Financial Times* column, a piece of video art by Jonathan Jarvis (2009) called *The Crisis of Credit Visualized* <http://crisisofcredit.com/>.

economic programme of market-orientation included the large-scale denationalization (or privatization) of state-owned enterprises, starting with British Petroleum in 1979, and the so-called Big Bang in 1986, opening the UK's financial services sector to internationalization and deregulation. Class War was established as a class struggle based group counter to Thatcherism, in 1983, by Ian Bone and others, with the skull logo adopted from Welsh punk band Soldier Dolls (The Church of Punk 1, 2012). Another 1980s cultural reference – certainly one relevant to understanding Wonga – is 'loadsamoney', an obnoxious plasterer waving a wad of banknotes, a character of British comedian Harry Enfield. Indeed loadsamoney could have referred to his money as 'wonga', which entered popular speech in the 1980s.<sup>2</sup> With hindsight, it is now clearer that loadsamoney represented the rise of materialistic hedonism of consumer society and immediate pleasure. This was in direct contrast to values of toil and saving desired by Thatcher in her imagined return to Victorian values. One result may be that 'modern Britain', now populated by Thatcher's children, 'created Wonga' (Harford, 2013: 11).

Wonga (2015) describes itself as a 'digital finance firm', 'based in London', an 'alternative to the old world of high street banks and traditional high street lenders', with 'simple, transparent and flexible' services since its first website was launched in 2007. Cofounder Errol Damelin cites the construction of an algorithm, to analyse 8,000 pieces of data to determine credit risk in 15 minutes, to support a claim that Wonga is about technological innovation – alongside the likes of US-based facebook, Amazon, and Apple – not a money lender. In the early stage of development Wonga attracted venture capital firms, including Balderton Capital and Accel Partners, who invested capital (for an equity stake).<sup>3</sup> Balderton Capital (2015) seek 'to help build long-lasting, disruptive – and ultimately profitable companies'; Accel Partners (2015) invest in 'world class, category-defining businesses' and 'support entrepreneurs who leverage mobile-led distribution'. Institutional investors of venture capital firms include university endowments, charitable foundations, and pension

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<sup>2</sup> See <http://www.oxforddictionaries.com/definition/english/wonga> which also indicates the origin of wonga as '1980s: perhaps from Romany wongar "coal", also "money"'.

<sup>3</sup> The British Private Equity and Venture Capital Association (2015), as a leading trade association, makes a case for 'the industry's impact and reinforce the crucial role our members play in the global economy as catalysts for change and growth'.



funds. Past speculation, reported in the financial press of Wonga seeking a stock market listing, had the firm valued in excess of £1 billion.

‘Straight talking money’ is Wonga’s strapline. Betty, Earl, and Joyce, as elderly puppet characters working in an office, represented Wonga in daytime television advertisements. Advertising makes borrowing look easy. A so-called slider – posing two questions, ‘how much cash do you want?’ and ‘how long do you want it for?’ – is proffered to simplify the loan decision making process. Transactions via wonga.com using a mobile phone can be completed within 15 minutes. A commitment to borrowing, which is made easy to transact, includes making repayments, which may be difficult for some.

The high APR (annual percentage rate) of a payday loan, of up to 6,000%, has attracted political and media attention. A leading critic Labour MP (Member of Parliament) Stella Creasy (2011) has labelled payday lenders ‘legal loan sharking’, and takes aim at Wonga. Scrutiny of the payday loan sector includes major regulators, the Office of Fair Trading (2013) and the Competition Commission (2013), and House of Commons committees, the Public Accounts Committee (2013) and the Business, Innovation and Skills Committee (2013). This recognizes that since the financial crisis there has been a rise in new forms of consumer credit (beyond credit cards and personal loans from retail banks) such as payday lenders. Payday loans are described as a ‘relatively small, unsecured short-term loans to meet temporary gaps in cash flow’; they are ‘taken out for less than 12 months’ and the ‘amount borrowed is usually less than £1,000’ (Competition Commission, 2013: para 1). Such loans are used to cover household expenses (including emergency purchases) and bills, and to pay for special occasions such as Christmas or birthdays (Competition Commission, 2013: para 35). ‘Convenience and speed’ and an ‘inability to use self-reported data to borrow anywhere else’ account for why payday loans are used instead of other forms of consumer credit (Competition Commission, 2013: para 36). ‘Irresponsible lending’ is rooted in the way competition works in the payday market, according to Office of Fair Trading (2013: 29), as ‘consumers are in a weak bargaining position, and that firms compete on the speed of approval rather than price’. The Office of Fair Trading recommended a full investigation by the Competition Commission.<sup>4</sup>

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<sup>4</sup> Since 1 April 2014, the Competition and Markets Authority took over many of the functions of the Competition Commission and the Office of Fair Trading. In addition, the Financial

In presenting their critique of capitalism, Boltanski and Chiapello (2005 [1999]) draw a link between sources of 'indignation' from capitalism and how this may lead to 'social critique'. In terms of indignation, capitalism is presented as a source of opportunism and egoism of private interests – such as entrepreneurial capitalism, in which the entrepreneurs of Wonga and its venture capitalist backers are in the best position to benefit from free enterprise – and growing inequality and poverty – represented by the customers of payday lenders, who include the poorest of the working class – in society of unprecedented wealth.<sup>5</sup> Indignation is the domain of emotions; an emotional response serves as an important starting point, though is insufficient. Critique requires a theoretical fulcrum and an argumentative rhetoric to give voice to individual suffering. Class War, which has evolved to being an anarchist struggle based group, maintains an ideological stance.

Class War's 'WAR ON wonga' campaign is an example of activist practices that circulate in the public sphere. The Anarchist Media Project – with the transgressive message of 'obey little, resist much' – is used by Class War as a social media vehicle to contribute to a broader visual culture. 'WAR ON Wonga', posted on 18 December 2013, is one of the first suggested policies of Class War. The campaign poster can be followed top to bottom in four related parts. A combative theme 'WAR ON wonga' appears at the outset. This is followed by a clash of brand logos with Class War smashing Wonga. This particular visual conflict is emphasized and generalized with text, 'CLASS WAR WILL WIPE OUT ALL PAY-DAY LOANS'. 'CLASS WAR' can be interpreted in a complementary manner: as the activist collective; and as a political stance. From an anarchist stance the text suggests scraping current repayments of existing loans, thus bankrupting all payday lenders. The bottom of the poster ends with a call to arms: 'VOTE FOR CLASS WAR', which is also used as a Twitter hashtag, #VoteForClassWar.

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Conduct Authority, as the 'conduct regulator, responsible for ensuring that markets operate with integrity, promoting effective competition, and requiring firms to put the well-being at the heart of how they run their business', is equipped with the competition powers, including the consumer credit market (such as payday lenders), which will operate concurrently with the Competition and Markets Authority as the central competition authority.

<sup>5</sup> The theme of growing inequality arising from capitalism is more recently pursued by Thomas Piketty (2014 [2013]).

By way of comparison, the Archbishop of Canterbury, made a public – and widely reported – declaration (on 25 July 2013) ‘to compete Wonga out of existence’. It reflects ongoing social welfare initiatives of the Church of England towards the common good. This includes the Church advancing credit unions, not-for-profit financial cooperatives, as part of an ethical financial system for people on low incomes who are inadequately served by major retail banks and who struggle to access affordable credit and other financial services (Sefton, 2013). However, the Archbishop’s indignation turned to embarrassment when the Church’s indirect investment stake – via a pension fund totalling £5.5 billion with £75,000 invested in Accel Partners, one of Wonga’s main venture capital partners – was revealed. This certainly highlights both the complexity of Wonga and the pervasiveness of financialization.

‘Capitalism needs’, as Boltanski and Chiapello (2005 [1999]: 27) remind us, ‘its enemies to find the moral supports it lacks and to incorporate mechanisms of justice’. Class War contributes to this debate in a vivid manner. Every society needs to address the morality of inequality. The criminalization of debt associated with the Victorian period no longer exists in the UK.<sup>6</sup> However, the contemporary demand for easy consumer credit, readily fulfilled by payday loans, is really a form of structured debt, with such individuals suffering negative consequences.

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<sup>6</sup> Charles Dickens’ early experience influenced his novels: his father, inspiration for the character Mr Micawber in *David Copperfield*, was imprisoned for bad debt; and, as a consequence, young Charles was sent to work in a blacking factory, with fictionalized accounts appearing in *Great Expectations*.

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Image: Class War, 'WAR ON wonga' (2013)

# WAR ON wonga



**CLASS WAR WILL  
WIPE OUT ALL  
PAY-DAY LOANS**

**VOTE FOR  
CLASS WAR**

Source: Anarchist Media Project (2013) Class War 'WAR ON wonga' (18 December)  
<http://anarchistmedia.wordpress.com/2013/12/18/war-on-wonga-class-war-to-scrap-pay-day-loan-repayments-voteforclasswar/>