

## PLUTOCRATS, PROPHETS AND PITCHFORKS – by Anahera Herbert-Graves

American, Nick Hanauer, is a proud and unapologetic capitalist who has founded, co-founded or funded more than 30 companies, including [aQuantive](#) which he sold in 2007 to Microsoft for \$6.4 billion.



With numerous homes, his own plane, a super-yacht and a bank, Hanauer is by definition also a plutocrat; i.e. he derives his power from his wealth.

He describes himself as “not the smartest person” nor the hardest working, and credits his success to a combination of spectacular luck, of birth, of circumstance, and of timing. But Hanauer is demonstrably very good at a couple of things. First, he has an unusually high tolerance for risk. Second, he has a good intuition about what will happen in the future.

In June 2014 he wrote a prophetic piece for [Politico](#) magazine in which he foresaw [pitchforks](#) coming for him and his “fellow 1%ers” because of the increasing [wealth inequality](#) between themselves and the rest of us.

To demonstrate, in 1980 the top 1% of Americans shared about 8% of national wealth while the bottom 50% shared 18%. Today the top 1% share over 20%, and the bottom 50% share less than 13%.

Are wealth and income inequality rising to the same extent in New Zealand? Last year, [Treasury](#) reported that while there are inequalities here, they haven’t increased in twenty years. Of course that is cold comfort to those with whom the [Salvation Army](#) work.

The fact is that we don’t have access to [the kind of data](#) that Hanauer uses. The only in-depth report ever done on wealth distribution in New Zealand was [completed in 2004](#), and the annual [Household Economic Survey](#) doesn’t capture wealth and income inequalities at all. So we must rely on informal indicators and our own intuition.

For example, the [Salaries Interactive app](#) shows the top annual salary earned by an individual in New Zealand last year was almost \$5million. But we know the average income for individuals working fulltime was only [\\$45,000](#). We also know that during the same period the average income of beneficiaries was a mere [\\$13,000 per annum](#), including allowances.

Although they are informal, those are all very powerful indicators of inequality. But how can they be resolved?

Because middle class consumers are far greater job creators than wealthy entrepreneurs like himself, Hanauer argues that he and his fellow plutocrats need to give higher median incomes to the workers rather than lower tax rates to the wealthy. “If tax breaks for the rich created jobs,” he says, “We would be drowning in jobs today.”

Although it sounds simplistic, a [living wage](#) is the pivot to addressing the poverty and inequality cycles which Hanauer knows must be broken. However, if the plutocrats do not address the growing inequality at all, he predicts the inevitable destruction of the [middle class](#) and an uprising against the wealthy class that will match the [French Revolution](#) in ferocity.

He is right. No free and open society can long sustain rising economic inequality. It has never happened. There are no examples. You show me a highly unequal society, and I will show you a police state or an uprising. While the inequalities here are not as bad as those in America, they are similar, and so too will be the results if the plutocrats do not heed the prophets. Pitchforks.

