

# DOES MONEY MAKE YOU MEAN?

The wealthy are more likely to lie, cheat and even take candy from a baby, according to new research from the US. Joanna Wane explores the psychological and social fallout of being rich.

**P**lumpers spend a lot of their working week dealing with other people's... effluent. So on this particular Sunday afternoon, one Auckland tradie decided to give some of it back.

Cycling through leafy Parnell, he heard the scream of the engine before he saw the car – a Porsche 911 turbo doing, he reckons, at least 130km/h on a suburban street. When he jumped ahead on his bike at the next traffic lights, the car flashed by so close he could have touched the gleaming polish with his fingertips.

Pulling level at the next intersection, he

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JOANNA WANE IS NORTH & SOUTH'S DEPUTY EDITOR.

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In this famous 1943 photograph by US photojournalist Weegee, socialites arrive at the New York Metropolitan Opera laden with jewels, steadfastly ignoring the poor on either side.

WEEGEE (ARTHUR FELD) / INTERNATIONAL CENTER OF PHOTOGRAPHY / BETTY IMAGES

hammered on the driver's window and gave him some lip. Next minute, the two men were almost coming to blows on the footpath.

"Do you know who I am?" demanded the driver, so puce with rage it took the plumber a moment to recognise the high-profile "rich prick" reaching out to grab him.

"Do you know who I am?" he shot back, jumping on his bike.

"I just scarpered and left him standing there with his mouth hanging open," he says. "People like that don't give a stuff about anyone else; it's all about them. But just because they're rolling in money doesn't mean they own the world."

**T**he idea that wealth corrupts is older than the *Bible*, but if the rich have a rough road to heaven, do they have to drive down it so fast? And you'd better be quick to get out of their way. When a research team in California staked out a pedestrian crossing, half of the cars in the most expensive category drove straight through without stopping, cutting off the person trying to cross.

To social psychologist Paul Piff, who's spent seven years analysing how money makes people behave, that's a symptom of much more than bad manners. According to his research (including the pedestrian crossing sting), the well-heeled are less generous and more likely to lie, cheat and value greed as an asset than those on lower incomes. They're less empathetic, less able to recognise someone is in distress by looking at their face; they even take more candy from a bowl reserved for children.

In fact the bigger someone's bank balance, his findings suggest, the more unethical their behaviour tends to become. "While having money doesn't necessarily make anybody anything, the rich are way more likely to prioritise their own self-interests above the interests of other people," the University of California professor told *New York* magazine. "It makes them more likely to exhibit characteristics that we would stereotypically associate with, say, assholes."

Of course, people have always enjoyed making fun of the rich, from Disney's misanthropic Scrooge McDuck to *The Simpsons'* evil Mr Burns, with his unquenchable desire for wealth and power.



GEORGE CRUIKSHANK DATED MAY 20TH 1828 / GETTY

The privileged life of the wealthy has been pilloried throughout history.

## THE SAME PEOPLE WHO ARE SCATHING ABOUT WELFARE FRAUD TREAT TAX AVOIDANCE AS SPORT.

Money may be a modern marker of status, yet we scorn the acquisition of wealth as morally suspect. "The average person has been brainwashed to believe rich people are lucky or dishonest," writes Steve Siebold, author of *How Rich People Think*. As one commentator put it, perhaps you need a blackened heart to earn a lot of the green.

"Why are rich people such jerks?" ran the headline on an interview with Piff, after his paper, titled "Higher Social Class Predicts Increased Unethical Behaviour", was published in the *Proceedings of the National Academy of Sciences*.

You could argue a hard head and thick skin are just what it takes to kick ass in a material world, where personal gains tend to be made at someone else's expense. But money – so redolent with power – is a seductive commodity, and Piff believes few are immune to its "pernicious" effects. "As wealth accumulates, empathy, compassion and generosity decline," he told CBC Radio. "The wealthier you are and the more status in society you have, the more likely you are to see yourself as deserving of good things in life."

Based in liberal Berkeley, Piff has his critics, who accuse him of filtering the

data through a left-wing ideology. But the question of whether mean people make money – or whether it's acquiring money that makes you mean – is put to the test in what's become known as the Monopoly experiment.

More than a hundred strangers were randomly paired in games that were obviously rigged. One player (who was given the Rolls-Royce playing piece) started with twice as much money from the bank, rolled two dice instead of one, and collected double for passing Go. The other poor schmuck with the elf's shoe never stood a chance.

As the favoured players inevitably began to dominate, observers outside the room noted subtle changes in their behaviour. Raking in the cash, they became ruder to their opponents and more arrogant – smacking their pieces down on the board and polishing off pretzels from a bowl on the table. And the transformation was apolitical: liberals behaved just as badly as conservatives, irrespective of their social or economic class.

Of course board games can bring out the dark side in most of us. And winning is fun, right? But Piff's premise is that putting someone in a role where they're more privileged and have more power

in a game makes them behave like people who actually do have more power, money and status in real life. And what he found really interesting was what happened afterwards, when the victors were interviewed and took all the credit for their success, despite knowing the odds had been stacked in their favour.

That's an "incredible insight" into how the mind makes sense of advantage, according to Piff, who sees it as a metaphor for society. We all play with a "stacked deck" in life. Yet, the rich are more likely to believe everyone has an equal opportunity to achieve success and prosperity – as long as they apply themselves and work hard.

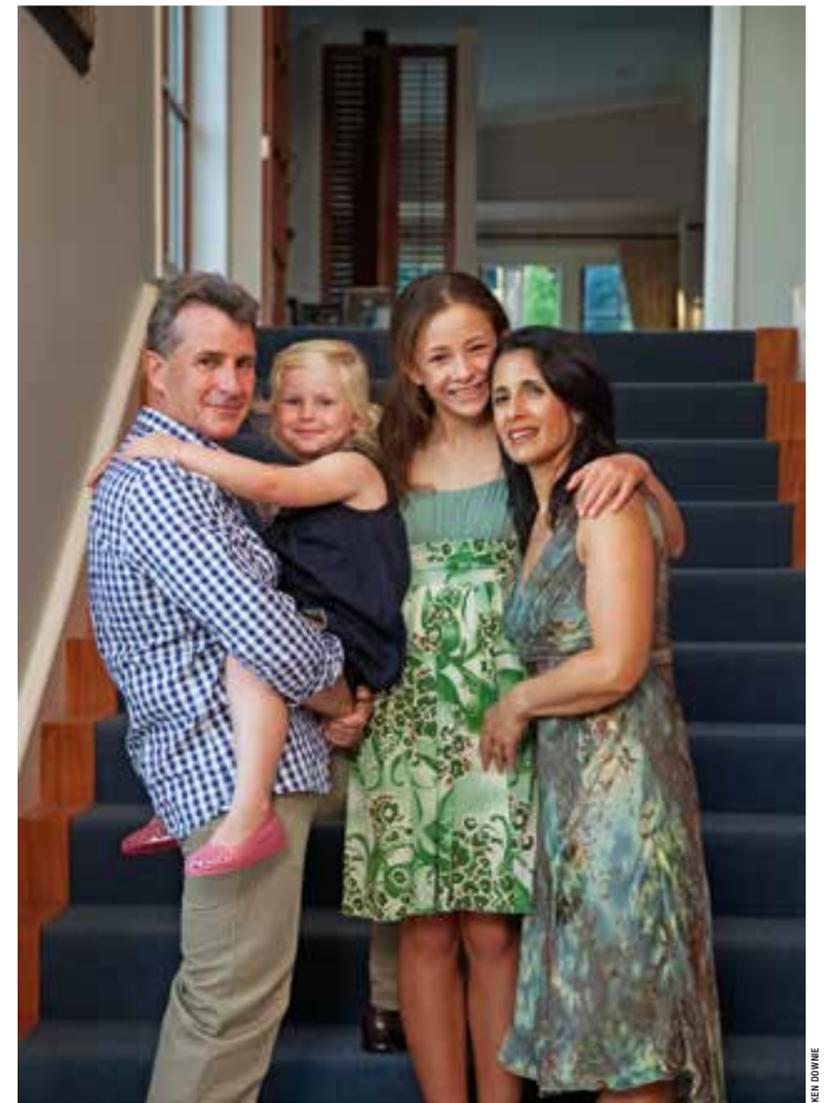
"You see yourself as more entitled to better outcomes, and you also feel like you're directly responsible for all of the privileges you experience," he says, "even if your wealth is inherited as opposed to earned."

**W**hether or not money really does make you a less decent person, perhaps we secretly like to think it does. More people admire Mother Teresa than Bill Gates, although the world's richest man has poured some \$US28 billion – more than a third of his entire fortune – into transforming the lives of the world's poorest through the Gates Foundation.

Well, Gates can afford it, can't he? There's no real sacrifice in that. And what's he doing with the rest of his money? In the hierarchy of compassion, a nun trumps a businessman every time.

Altruism – the selfless act of giving without expecting anything in return – is an innate human characteristic. However it's not a trait that's unique to *Homo sapiens*; spontaneous acts of generosity have been observed in chimpanzees. The wealthy philanthropist has always co-existed to some degree alongside the open-hearted poor. However, when it comes to the virtue of generosity, the top end of society appears to have been somewhat short-changed.

Statistics in the US show middle-class Americans donate a far larger share of their earnings to charity than the wealthy. And miserliness is contagious, with rich neighbourhoods the tightest of all. In zip codes where more than 40 per cent of taxpayers rake in \$US200,000-plus a year, average giving is 2.8 per cent of their income, compared



KEN DOWNE

Entrepreneur Selwyn Pellett and family, photographed for a *North & South* profile in 2011. He says some of the ideas he's heard the wealthy propose over a few drinks to fix New Zealand's social problems sound remarkably like Nazi Germany.

## STATISTICS IN THE US SHOW MIDDLE-CLASS AMERICANS DONATE A FAR LARGER SHARE OF THEIR EARNINGS TO CHARITY THAN THE WEALTHY.

to 7.6 per cent for households bringing in \$US50,000 to \$US75,000.

No similar figures are available here, but it's common knowledge among fundraisers working the central city that "suits never stop", and charity collectors get a better return in the slightly less-affluent suburbs (perhaps because they can't get past the security gates in the most wealthy communities to knock on the door).

So why do those who've got it so good hold onto their purse strings tightest of all? Surely they can afford to shell out a

few extra bucks?

One psychological theory is "loss aversion", which suggests the desire to avoid losses is hard-wired more strongly in the brain than the desire to achieve gains. In fact, some studies have found a loss is twice as painful as a gain of the same value, even though that's not rational from an economic point of view. So, the loss of \$100 "costs" a person more, psychologically, than the satisfaction gained from a \$100 windfall.

Perhaps it's a kind of loss aversion that

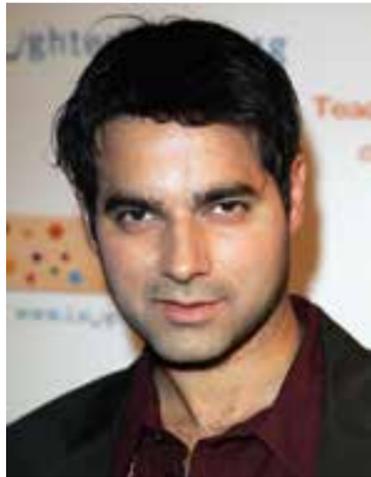


A SURPRISING NUMBER OF VERY WEALTHY PEOPLE HAVE A SORT OF PSYCHOLOGICAL PARALYSIS, DR REEF KARIM SAYS. "BUT IT'S NOT JUST ABOUT GIVING MONEY AWAY; THEY HAVE TO INVEST EMOTIONALLY."

makes the affluent so notorious for driving hard bargains – whether it's negotiating special VIP discounts at luxury department stores like Harrods and Bloomingdale's, or beating down a tradesman's bill to save a few dollars.

Perhaps they're simply better financial managers and place a higher value on their assets, especially if they've put considerable effort into acquiring them in the first place. At the same time, the rich are more vulnerable to being ripped off or hit up by people who see dollar signs and figure there's plenty to spare – one of the reasons why so many Lotto winners fall out with friends and family.

"Sometimes money can cause more problems because the world views you differently," US psychiatrist and relationship counsellor Dr Reef Karim told *North & South*. Founder of The Control Center in Beverly Hills, he helps an elite clientele cope with the psychological fallout of being rich – because being loaded not only makes you mean, it can make you miserable too. One of his clients, who inherited family money and expanded that legacy significantly, felt so isolated he began drinking and popping pills to control his anxiety. "He had an identity crisis and began questioning who his real



Dr Reef Karim, founder of The Control Center in Beverly Hills, where he helps an elite clientele cope with the psychological fallout of being rich.

friends were," says Karim.

Voted one of the sexiest men alive by *People* magazine, "Dr Reef" is the go-to guy for celebrities, politicians, and rich-listers "out of control" in some element of their lives, from drug and alcohol addiction to relationship issues. Last year, he treated two New Zealanders.

Karim believes a significant number

of CEOs from the top Fortune 500 companies have anti-social, narcissistic personalities and lead unhappy, insulated lives. Gaining monetary wealth and moving up in the world often requires manipulation, a high focus on financial means, and relationships with others that are agenda-based, he says. "The issue is that these attitudes can bleed over into other areas of your life."

Part of his therapeutic approach is teaching the very rich how to become nicer people. The centre's personal development courses focus on community service, to help develop what Karim calls an "empathy muscle". He says a surprising number of very wealthy people have a sort of psychological paralysis. "But it's not just about giving money away; they have to invest emotionally."

Some would say meanness has been institutionalised among the rich since the neoliberal revolution of the 1980s, with the wealthy as both its chief promoters and prime beneficiaries. In that decade, an egalitarian ethos in New Zealand and elsewhere in the Western world was largely abandoned in favour of a dog-eat-dog philosophy espoused by the likes of Milton Friedman and his Chicago School acolytes.

The popular interpretation of the neo-liberals' position was encapsulated in 1987's *Wall Street* by Gordon Gekko and his maxim "Greed is good". Economics editor Ross Gittins summed up the results of this approach in the *Sydney Morning Herald* this month: "It is as if the era of economic rationalism – with its belief that the economy is driven by self-interest – has sanctified selfishness and refusal to co-operate for the common good."

Consequently, the past 30 years has seen a yawning gap open up between the rich and poor. In 2011, an OECD report found that gap had widened in New Zealand more than in any other developed country during the previous 20 years. In the early 80s, the average CEO's pay was 30 times that of the shop-floor workers. Now it's around 300 times more. When Finance Minister Bill English was asked last year what he made of the fact that the government's \$1.9 million pledge towards food in schools matched the annual salary of Mighty River Power chief executive Doug Heffernan, he replied it was what the market seemed to need to pay. In

## THE POWER AND THE PASSION

WHEN DEBORAH KELLAND BECAME AUCKLAND'S \$100 MILLION WOMAN, IT TURNED HER INTO A "SUCCESSFUL MONSTER".

Back in the 90s, Deborah Kelland ruled the auction floor, nailing million-dollar property deals under the hammer like testicles in a nutcracker.

The first agent at Bayleys Real Estate to receive the \$100 Million Award for settled sales, she won the industry's national salesperson of the year award twice – riding high on the market before and after the 1987 crash – and was furious when "one of the boys" got the best office overlooking Auckland harbour, while she was stuck on the west side.

"I could work that auction room, making deals happen on the floor. And, man, I loved the stage," says Kelland, who featured in a TV documentary, *Women in Power*. "I had all these financial targets, which kept growing and growing, and I kept meeting them. But I became this successful monster.

"The more success you have, the more you put on this winning formula of armoury. I felt I was someone of huge egotistical significance and that got in the way of me relating to people in a way that was real."

Although Kelland says she loved working with many of her clients, she also saw greed bring out the worst in people – with seven-figure deals put at risk because the seller refused to give up a washing machine or TV aerial. But the wealthier you get, the more paranoid you become about being taken for a ride. She's twice been pursued in court by financial "stalkers" who've tried (unsuccessfully) to sue her. "You do get judged. And because you're successful, people do go for you more."

No longer involved in her boutique company, Kellands Real Estate (now run by her sister), she's settled into a more private life on Waiheke Island with her long-term partner, Sue,



Deborah Kelland and her giant schnauzer, Strauss.

who she's supported through cancer and married last year after 26 years together. She still likes the stage but these days, she wears her heart on her sleeve. A marriage celebrant, Kelland planned the surprise ceremony herself and says it was one of the happiest days of her life.

A few weekends ago, she married a couple active internationally in the fight against child trafficking. "They've devoted themselves to that for next to nothing. And these guys are on the bones of their arse," she says. "I'm appalled at how little some rich people do. The unhappiest people I know got their money too easily in my opinion and have the least satisfying lives."

In the hours after the Canterbury earthquake, in February 2011, Kelland got out her iPad at 3am and tried to draw something to represent how devastated she felt. In less than a week, she had a fundraising website up and running, and black T-shirts with her "Our Hearts Are with You" logo began rolling off the printer.

Sales eventually raised \$350,000

and Kelland, who later received a Christchurch Earthquake Award, hired two locals to decide where the funds would best be spent. "I couldn't believe the grassroots money that was needed. Every day I was in tears."

These days she still produces a T-shirt range, named after her giant schnauzer, Strauss. A percentage of the profits go to charity (including to Waiheke's geriatric dance troupe, The Hip Op-eration Crew, who competed at the world hip-hop champs in Las Vegas last year) and she's involved at a political level in the campaign to stop party pill testing on animals.

She thinks the "excesses and unfortunate human traits" that flourished in the 80s have largely been forced out of the corporate world. Back then, money meant power and success. For Kelland, it was also a way of proving herself, driven in part by a fear of failure. "What money means to me now is to have some freedom and lifestyle choices, to do my art and garden, but primarily to share with others. It's really the vulnerable that drive me now."

2013, the total net worth of New Zealanders on the *National Business Review's Rich List* increased by \$3.5 billion on the previous year.

Instead of the trickle-down effect promised by Rogernomics in the 80s, the country's wealth has become increasingly concentrated in the top one per cent, with much of the middle class – traditionally a buffer between the two extremes – being siphoned off to become the new working poor. A far greater commitment to philanthropy would help spread the money around, but if you buy into the belief that greed is good for society then, by logical extension, so is keeping the proceeds for yourself.

With little social pressure or expectation to share wealth more fairly, the problems of inequality are further exacerbated by the “empathy divide” de-

of society sound remarkably like Nazi Germany. And the same people who are scathing about welfare fraud treat tax avoidance as a “white man's sport”.

Wellington journalist and author Max Rashbrooke agrees that inequality has risen, in part, because people have come to accept it – believing that where someone ends up is very largely or entirely due to the personal choices they've made. In the past, he says, there were more routes out of poverty. Now social divisions are so entrenched that half a person's chances of success is based on how successful their parents are.

Last year, Rashbrooke edited a book of essays titled *Inequality: A New Zealand Crisis*. His personal theory is that the Kiwi mentality has always been more about giving people a fair go, rather than worrying too much about fair

THIRTY YEARS AGO, THE AVERAGE CEO'S PAY WAS 30 TIMES THAT OF THE SHOP-FLOOR WORKERS. NOW IT'S AROUND 300 TIMES MORE.

scribed by Paul Piff, where the well-off have little concern for those who are struggling. Money, he says, desensitises the rich to the realities of life further down the food chain. Not only do the affluent move in different social circles, but being financially independent means they're less reliant on the wider community – and often simply don't care what other people think.

The article in *New York* magazine put it like this: “How does living in an environment defined by individual achievement – measured by money, privilege and status – alter a person's mental machinery to the point where he begins to see the people around him only as aids or obstacles to his own ambitions?”

From what Auckland entrepreneur Selwyn Pellett has observed, the answer to that question isn't pretty. “What I see more in society is people treating other people as the enemy – someone who has to be conquered,” he told *North & South*. “If people are under-performing, they should be isolated and put in special places where they don't have to exchange views with the rest of the populace. And that's dangerous thinking.”

Pellett says some of the ideas he's heard proposed over a few drinks to fix the ills

outcomes. “It's ‘Jack's as good as his master’, not ‘Jack and his master want to go into equal partnership and open a chain of co-ops across New Zealand.’ Jack just wants to be paid well and left alone to get on with the job,” he says.

“But what's most worrying about inequality is the way it divides New Zealand into concentrations of wealth and poverty, so we lose that sense of each other's lives. How can we have a functioning democracy if people who are making decisions on what should happen in the country have no sense of how most of the country is living?”

When Selwyn Pellett showed a TEDx talk by Paul Piff to some of his friends, they were shocked at the inference that people become more “deceitful, conceited and dishonest” as their financial fortunes rise. But Pellett told *North & South* he believes every word of it. “In my circle of business, it's Monopoly with real money so the behaviours are very similar,” he says.

“The self-justification as people move up the economic ladder and how they can look down and distance themselves from the people at the bottom – that's the bit that really rang true for me. I've been up that ladder. I've been at the bot-

## MADE OF MONEY

WHEN GRETCHEN HAWKESBY FIRST HEARD THE WORD “PHILANTHROPY”, SHE WASN'T SURE WHAT IT MEANT. OVER THE PAST FIVE YEARS, IT'S BECOME HER CAREER.

**G**retchen Hawkesby was marshalling the controlled chaos of her daughter's fifth birthday party when a little girl wandered up to her. “Did you know Jemima's granddad is the richest man in New Zealand?” she asked. “I said, yep, I did, and off she walked,” says Hawkesby. “Obviously her parents had said something before they'd dropped her off, because my parents live next door. But why do you need to tell your kids that? They're going to Jemima's house, that's all.”

When Gretchen (daughter of self-made billionaire Graeme Hart) married Duncan (son of popular broadcaster, wine critic and bon vivant Waiheke Islander John Hawkesby) in 2001, gossip columnists gushed about the merging of two Auckland dynasties.

It's a description that makes her cringe, but the 39-year-old mother of four has put those contacts to good use, raising \$1.6 million for our national children's hospital in her time as chair of the Friends of Starship charity. “Often in life it's not what you know but who you know,” she says. “How you use that is up to you.”

The story of her famously publicity-shy father's evolution from 15-year-old panel beater to global magnate is the archetypal tale of a working-class boy's rise through the ranks. Last year, Hart topped the *NBR* rich list with an estimated wealth of \$6.4 billion, but his daughter was no silver-spoon rich kid growing up.

Both her parents worked long hours, and finding the money for private secondary-school fees often meant canned salmon or

mince on toast for dinner, she says. Overseas holidays and flash cars didn't come until she was well into her teens. “I remember when Mum got a white VW Golf convertible, like the one Mercedes has in the [1988] movie *License to Drive*,” she laughs. “Learning to drive in it was the coolest thing ever. But I've got a Toyota now.”

She left home on a budget for a degree in marketing at Otago in 1993; her parents paid two-thirds of her fees, while she worked part-time to cover the rest. She and Duncan, who met at university, co-own Fliway, a transport and logistics company, but Hawkesby stepped down from her role there in 2010, a year after she was shoulder-tapped to chair the Friends of Starship charity.

Those first 12 months, while she was learning the ropes, juggling work and four young children, were so stressful she got shingles. But her fundraising debut, the Diamond and Stars Tea Party at The Heritage, raised \$77,000 and has since become a sell-out annual event.

Current projects include a \$6 million upgrade of operating theatres and surgical facilities, and helping to raise the \$1.5 million needed annually to run the hospital's National Air Ambulance Service, which flies top medical experts to emergencies around the country to stabilise children and bring them back to Starship for the care they need.

She recently stepped down as chair but remains on the board of trustees and both her parents are active Starship supporters. Daughter Jemima and her friends sell raffle tickets and often help out at events.

There are 24,000 registered charities in New Zealand and in such a small country, the wealthy are asked to donate all the time, says Hawkesby, who's also a patron of The Robertson Circle at her old school, St Cuthbert's.

“Our family is about education and children's health. You have to pick your causes. Some wealthy people out there are very generous but aren't public about it. Some like being seen to give; others just do it quietly. And there are a lot of people with not much money who give what they can. We appreciate every cent, whoever it's from.”

Gretchen Hawkesby has used her connections to help raise \$1.6 million for Auckland's Starship hospital.



KEB DOWNE

As for her own kids, there's no way they'll ever be “trustafarians” – the pop-culture phenomenon of privileged dropouts bumming around aimlessly on inherited wealth. “I know some families, like the Todds, who handle it very well and their kids are really motivated and successful. But others grow up thinking they can just live off their trust. That won't be happening in our house.”

Her down-to-earth attitude is reflected in the way she and Duncan are raising their children (aged seven to 12), with the expectation they'll have to earn their way in the world through hard work, rather than have life dished up on a plate.

Like any typical family, they have a roster of chores and get pocket

money. Whatever they save, their parents double it. Giving is also gently encouraged, with half of any donations reimbursed. “They need to understand what it means to give money away, but they shouldn't be punished for being generous.”

Hawkesby believes the greatest influence on how well (or badly) rich people behave is their family values – before they made money. She reckons becoming wealthy hasn't changed her parents at all or their close social circle, although her father – who'd be up and in his office by 5am when she was little – now takes time off in the school holidays to spend with his grandchildren and his friends. “Dad definitely has more toys now, but he's worked hard. He deserves them.”



Victoria University psychologist Ron Fischer: "At the extreme level of feeling rich, it's about a sense of entitlement – feeling better than other people. And that's particularly worrying as the income gap widens."

tom and I've climbed up and I've seen myself halfway up doing the same thing."

Pellett's first company went broke in the late 80s, leaving him with so much debt he and his wife struggled to pay the rent, even with both of them working. Now a multi-millionaire, he was inducted into the NZ Hi-Tech Hall of Fame in 2009, winning the Flying Kiwi Award.

He believes there's a tipping point when a person becomes so successful and financially secure that they have the luxury to sit back and consider society as a whole. In fact, it could be said that while money can make you mean, being very rich can make you magnanimous.

"The more reasonable their attitudes become, and the more they care," says Pellett. "And it's because they have time. The problem is the people still fighting their way up two layers below."

Now in his 50s, the father of five has told his own kids not to expect they'll inherit his fortune one day. "I'll give them money to create jobs during my lifetime, but I imagine a big chunk of my wealth when I die will go to something else worthwhile."

In the US, where there are significant tax breaks for charitable giving, it's almost standard practice for businesses to put at least 10 per cent of their capital wealth

into endowment funds. Last year, the top 50 philanthropists there (including former New York mayor Michael Bloomberg, Nike chairman Phil Knight and Facebook founder Mark Zuckerberg) made donations totalling \$US7.7 billion.

Here, our welfare system has created an expectation that the state should pay through its tax take, says Sir Eion Edgar, the Queenstown-based chairman of investment firm Forsyth Barr. He helped fund Dunedin's Edgar Centre (an indoor sports complex which replaced an outdoor site nicknamed Pleurisy Point) and talks of the pleasure he's found through philanthropy.

Edgar believes others with deep pockets could afford to give more. However, he says the generosity of businesspeople such as Stephen Tindall, Graeme Douglas and David Levene mainly fly under the radar (see pages 46-47). "Some people like to show off their wealth, but that's only a small percentage. Particularly down this end of the country, you don't see a lot of that. There are some incredibly wealthy and influential people here and you wouldn't know it – you'd think they were drawing the dole."

Trade Me founder Sam Morgan, one of a new generation of social investors, has turned the traditional model of phi-

lanthropy on its head. Most of the money invested through his Jasmine charitable trust goes offshore to ventures that are not only sustainable but accountable, showing a high impact per dollar. He's described the whole philanthropy sector as "broken". Funding doesn't follow performance, he says; it usually goes to the best marketers.

"There is absolutely stuff that works, but you need to have the time to invest in finding it. It's like investing in anything – most people lose their money on most things. It's just that in philanthropy, you're happy to."

**N**ot that the rest of us should feel more virtuous just because we're not in the top one per cent. In one of Professor Paul Piff's studies, where participants were first primed to view greed as positive, those in the low socio-economic bracket were just as likely to display unethical behaviour as the rich – if not more so. Another researcher, in Minnesota, has shown merely thinking about money can decrease empathy.

"So in the right circumstances, that could happen to any of us," says Rashbrooke. "It tells you again that a lot of what determines things is how society



Hugh Green, a quiet philanthropist, died in 2012 at the age of 80.

## FOR THE GREATER GOOD

NEW ZEALANDERS GAVE \$2.67 BILLION TO CHARITABLE AND COMMUNITY CAUSES IN 2011 – PUTTING US AHEAD OF CANADA, AUSTRALIA AND THE UK AS A PERCENTAGE OF GDP. HOWEVER, IT'S NOT ALWAYS THE WEALTHY WHO ARE THE MOST GENEROUS.

**W**hen Auckland businessman Hugh Green got on the phone to drum up some money for Christchurch after the earthquake, he was astonished when one "very, very wealthy" person turned him down flat.

That was the government's job, the man said, then started to complain about plans to raise the minimum hourly wage by 25 cents.

"I just couldn't get over it, and he's rotten with money," Green recalls in *The Power of Us*, a book of interviews with 50 "extraordinary New Zealanders" published in 2012, a few months after his death at the age of 80. "I would've thought he'd be happy to give some of it away... But, you see, he's tight holdin' onto it. There's a lot of people like that."

Some spread goodwill or good fortune by paying it forward; Green paid it back. An Irish immigrant who left school at 12 and became one of

Auckland's richest men, he quietly gave away millions to philanthropic causes – leaving behind a charitable foundation which is still run by his family. "It's been a good achievement to be able to give money away," he said, "and give it to people when you're not looking for anything back."

A lot of generosity, like Green's, goes under the radar in New Zealand, says Kate Frykberg, executive director of the Todd Foundation, one of the country's largest charitable trusts.

While quick to point out she's very small fry in comparison, Frykberg became involved in philanthropy after she and her husband, Dave Moskovitz, were "lucky enough" to ride the internet wave in the 1990s with their boutique web-development company.

Bought out by a much bigger fish, they found themselves living in a nice house, mortgage-free, with cash in the bank. "How much more do you really need?" she says. "So with

some of the proceeds we established a little charitable trust, because it seemed the right thing to do."

Thinktank gives three or four grants a year aimed at helping young children and their families, because the couple believe early intervention helps avoid problems later on. "It's easy to give," she says. "It's harder to give in a way that creates change."

Frykberg, who has three boys of her own, is also the chair of Philanthropy New Zealand, on the Ngai Tahu Fund committee and on the board of Conscious Consumers, a fledgling initiative that aims to harness consumer power for the greater good by accrediting businesses on their sustainability practices. She'd like to get more people thinking about philanthropy – whether it's on a large or small scale – but says few donors are prepared to go public. It took her a while to feel comfortable talking about it herself.

"Empathy is such an important quality, but it's not necessarily easy to break out of your world and see what other people's realities might be," she says. "But if you're lucky enough to live comfortably – and most of New Zealand doesn't live comfortably – why wouldn't you share it around a bit?"

is structured. And that's kind of comforting, because it means there's not necessarily something inherently wrong with people, and it's open to change."

Auckland University economist Tim Hazeldine doesn't have much time for "pseudo-science" like Piff's and thinks his research is pretty poor. As a teenager himself, he remembers being so obnoxious no one would play Monopoly with him.

"I have a competitive streak that came out badly as a young man. But I've managed to control that and it's not the only aspect of my character in maturity. It's dangerous to go from that to [claiming]



PERHAPS NO ONE REALLY KNOWS HOW THEY WOULD COPE WITH WEALTH UNTIL IT DROPS INTO THEIR BACK POCKET.

money corrupts your behaviour or that money makes you mean."

However, he does believe the empathy between New Zealanders has become strained as the gaps in society have widened, and has argued for a cap on public-sector salaries.

Legislating to control the private sector is more problematic. That would need a cultural shift in society – "almost an embarrassment thing where people think, 'Oops, we've really gone a bit far and had better rein it in.'"

Hazeldine says the very foundation of a market economy is based on mutual gain. And it's possible the first baby steps are being taken to redress the balance with the concept of a living wage, which he describes as a powerful idea gaining more traction than might have been expected.

As the old saying goes, money can't buy you happiness – or kindness, it seems – but it helps. Victoria University psychologist Ron Fischer analysed data from 63 countries and found that freedom and personal autonomy are more important to a person's overall well-being – but only if they have enough money to meet their basic needs.

"People who live in poverty cannot make informed decisions about their lives. At the other end, at the extreme level of feeling rich, it's about a sense of entitlement – feeling better than other people. And that's particularly worrying

as the income gap widens."

One of Fischer's areas of interest is how human values and social norms are shaped by economics. Originally from East Germany, he's always been struck by the narrative of New Zealand as an egalitarian society, when the distribution of income and wealth shows that's not true at all. He says Piff's Monopoly experiment shows how quick people are to rationalise their success, rather than be seen to have taken advantage of somebody else.

In fact often it's hardship, not success, that brings out the best in people. Auckland City Missioner Diane Robertson says the public tends to be more generous when times are tough. Last Christmas, the average donation to the mission was \$210, and a special appeal raised more than \$1 million in just five weeks.

"When people who never expected to be struggling have lost their jobs or had their hours cut back, or have such high levels of debt, it's no longer someone else's problem over there."

Just as a rich person might struggle to imagine what it's like to be poor, perhaps no one really knows how they'd cope with wealth until it drops into their back pocket either. In January, a Lotto winner told the *Dominion Post* how she'd been dumped by her live-in partner after they split the \$2.8 million windfall. "He's a good person," she said. "It's just money changes people."

## A snapshot of philanthropy in New Zealand, from old money to new.

### THE TODD FOUNDATION

Established in 1972 by the Todd family, whose energy empire has its roots in the Otago gold rush of the late 1800s. Focused on funding for children, young people, their families and communities, the foundation awarded \$4.5 million in grants last year. A dedicated Earthquake Recovery Fund has also raised \$2 million for Canterbury.

### THE TINDALL FOUNDATION

The Big Red Shed founder Sir Stephen Tindall and his wife, Margaret, have given away more than \$100 million through their family trust since 1994, to give a "hand up" to New Zealanders in need. The couple, who set up the foundation when The Warehouse became a public company, say spending their own money allows them to target areas others might consider too risky.

### THE MORGAN FAMILY

Sam Morgan did pretty well out of the secondhand business, selling Trade Me in 2006 for \$750 million. So did his parents, Gareth and Joanne, who backed him. The Morgan Family Foundation's mission statement is to reduce wealth disparities, while Sam Morgan's Jasmine trust funds social entrepreneurs "targeting big problems with a market-based approach". Both are focused largely offshore.

### JAMES DILWORTH

A "farmer and gentleman", Dilworth died in 1894 and left £100,000 in his will to establish a boarding school in Auckland for orphaned or disadvantaged boys. Today, each of the school's 640 students is funded by a full scholarship worth more than \$30,000 a year, and its academic record for Maori and Pacific Islanders is three times better than the national average.

### NEAL & ANNETTE PLOWMAN

The Auckland couple gifted Rotorua Island to the public in 2010,

negotiating a 100-year lease with its owners, the Salvation Army, which used to run a drug and alcohol rehab centre there. They've also spent an estimated \$35 million on capital works including heritage restoration, replanting, a visitor centre and an endowment fund for maintenance.

**SIR PETER LEITCH** The Mad Butcher, who dropped out of school with no qualifications at the age of 15, has been described as a one-man hurricane with a heart of gold. Organisations he's supported included Allergy NZ, Diabetes Auckland and the Prostate Cancer Foundation, while the Mad Butcher Suburban Newspapers Community Trust has raised millions of dollars for charity.

**SIR DAVID LEVENE** In 2012, Sir David was outed as sole contributor to a trust set up to cover golf star Lydia Ko's expenses until she turned professional. In 1994, he sold the Levene home-decorating empire for \$73 million, and his charitable foundation supports organisations



in the social, medical and education sector. "I had reasonable success and feel it's only fair to share it out in the community that has helped me."

**GRAEME DOUGLAS** The 85-year-old entrepreneur isn't exactly rushing into retirement. In February, he stepped down from Douglas Pharmaceuticals, the company he founded in 1957 with \$500 capital – and immediately launched a new business. He and his wife, Ngaire, support a number of medical causes and a \$27 million all-weather track at the Waitakere Trust Stadium bears his name.

**TEDDY GOLDSMITH** An Anglo-French environmentalist, who died in 2009, Goldsmith believed he had a moral duty to use his vast inherited wealth to leave the world a better place. A frequent visitor to New Zealand, he bought swathes of native bush to place in trust as a safeguard against commercial development. His younger brother, Sir James Goldsmith, was a billionaire and ruthless corporate raider who inspired one of the main characters in *Wall Street*.

### JULIAN ROBERTSON

The New York billionaire banker, who considers himself part-Kiwi, has joined Warren Buffett and Bill Gates in The Giving Pledge, a commitment to give away half their wealth to philanthropic causes. He and his late wife, Josie, have gifted 15 paintings worth \$115 million to the Auckland Art Gallery on their deaths. Robertson is also believed to have given \$5 million to the Christchurch earthquake recovery effort. +

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