Ten Things to Know About Inequality

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Here's the list:

1. One has to be willing to grapple with large normative issues when thinking about inequality.

Consider the parable of the labourers in the vineyard: some hired early in the morning, some at the third, at the sixth, at the ninth and at the eleventh hour. At the end of the day, all are paid a penny, with predictable results:

> And when they received it, [the first hired] murmured against the goodman of the house, saying, these last have wrought but one hour, and thou hast made them equal to us, which have borne the burden and the heat of the day. But he answered one of them and said, Friend, I do thee no wrong: didst not thou agree with me for a penny? … Is it not lawful for me to do what I will with my own? (Matt xx: 11-15)

From a Kingdom of God perspective, Jesus is completely unconcerned about inequality in the hourly wage rate.

Or consider the relative treatment of men and women, about which there is simply no consensus across the globe. A man stepping aside to let a woman enter a room first is politeness in one culture and sexual harassment of the first degree in another. And then, there's the *burqa*.

It is not necessary to become an expert in all religions and philosophies in order to enter a debate about inequality. But it is necessary to keep asking oneself: What is bothering me here, and why? Which forms of inequality should not happen? To which forms of inequality may I be indifferent? And are there any forms of inequality that I should support? To the last question, a positive answer has been returned by people as different as William Blake ("One law for the lion and the ox is oppression"[1]), Friedrich Nietzsche (morality as an expression of the cunning resentment of the weak) and John Rawls (inequality is justified if it leads to improvement of the position of the least well off).

The accumulation of heterogeneous facts about inequality is not by itself sufficient to make a useful contribution to an ongoing debate. Normative clarity is needed to sort through, order and present factual material in an illuminating way.

2. When describing inequality, one must always be in a position to answer the question: inequality of what?

In the economic sphere, there are a number of variables of interest and they are all different:

- Wealth, conceived of as net worth;
- Earnings among employed people;

- Household income before taxation and public expenditure;
- Household income after taxation and public expenditure;
- Consumption;
- The share of gross value added taking the forms of (a) compensation of employees or (b) property income: the shares accruing to labour and capital;
- In segmented societies, income accruing to the segments. In South Africa, racial shares of income are salient.

One may have economic, sociological and political theories relating some of these variables and there are accounting relationships between them, but confusion abounds unless one keeps straight the conceptual basis of what is being measured.

There are other issues which may have economic salience. Take personal beauty, for example. While aestheticians have argued for centuries about what beauty is, most people know that some are more beautiful than others, a fact only partly mitigated by all the plastic surgeons and orthodontists in the world. Studies tend to show that beautiful people tend to earn more than ugly people with the same productive characteristics.[2] Should beautiful people be subject to a special tax in the interests of equality? By way of a thought experiment, it has been suggested that if we could determine economically valuable personal endowments at birth, these should be taxed as lump sums to be paid off over a life time. Such a tax would avoid the inefficiencies of the taxes we are used to, especially the asymmetric treatment of labour, whose product is taxed, and leisure, which is not taxed.

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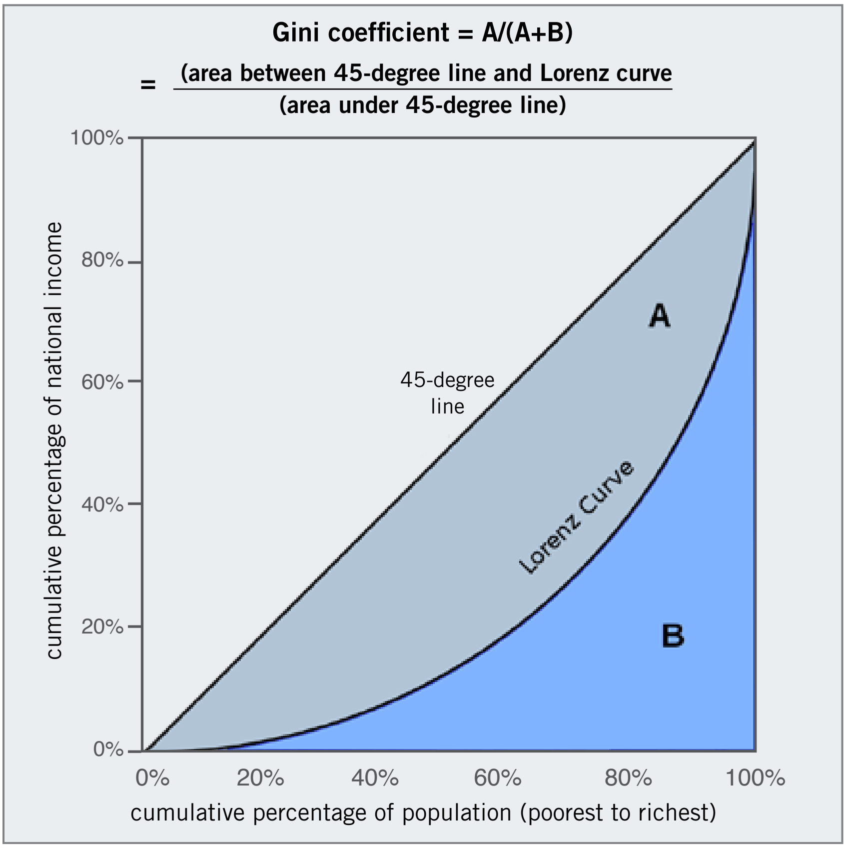
An important distinction is between equality of opportunity and equality of outcome. Outcomes are easier to measure than opportunities, but methods for assessing equality of opportunity have been developed in recent years[3]. At the normative level, there is a school of thought called 'luck egalitarianism' which argues as follows: People should be fully compensated for differentials in fortune over which they have no control. But they should bear fully the consequences of the choices they freely make. Luck egalitarians are therefore interested in equality of opportunity. However, one can argue for equality of outcome on two grounds. The first is that of 'hard determinism'. This holds that ignorance, fecklessness and the like are not freely chosen but are themselves determined, so that decisions could not have been otherwise. And the second is that of 'merciful treatment'. If an ignorant or feckless decision leads to great hardship, the punishment is too great for the crime.

3. *Inequality and poverty are usually taken to be distinct concepts. Yet both can be measured in either absolute or relative terms.*

The most widely used measure of inequality is the Gini coefficient. It is based on the Lorenz Curve, which plots the proportion of the total income of the population (y axis) that is cumulatively earned by the bottom x% of the population (see diagram). The line at 45 degrees thus represents perfect equality of incomes. The Gini coefficient can then be thought of as the ratio of the area that lies between the line of equality and the Lorenz Curve (marked A in the diagram) over the total area under the line of equality (marked A and B in the diagram); i.e., G = A / (A + B).

Figure 1 – The Gini coefficient



The Gini coefficient is a relative measure, which varies between zero and one. The Gini coefficient for the distribution of household income as measured by the South African Population Census in 2011 was 0.68. Suppose the income of every household had doubled overnight. Then the Gini coefficient would have remained at 0.68, since the relative positions of households would have been preserved. On the other hand, had an absolute measure of inequality been used, inequality would have risen. Suppose the gap between two households C and D had been R1 000 per month before the doubling. After doubling, the gap would have risen to R2 000 per month. Absolute measures of inequality have been thought out, but they are virtually never used in practice.

The simplest measure of poverty in a society is the percentage of households classified as poor. The World Bank estimates that 14.5% of the world's population was poor on this definition in 2011. The ratio for sub-Saharan Africa in the same year was 48.6%.

On the other hand, poverty lines are often defined in absolute terms, say 1.25 US dollars per person per day, or purchasing power parity equivalent in other countries. A household is regarded as poor if it has an income of less than two dollars per day for every member. The simplest measure of poverty in a society is the percentage of households classified as poor. The World Bank estimates that 14.5% of the world's population was poor on this definition in 2011. The ratio for sub-Saharan Africa in the same year was 48.6%.

On the other hand, it is perfectly possible to define poverty in relative terms and it is frequently done. The European Union, for instance, regards a household as poor if per capita income in it is less than 60% of the median per capita household income. The justification for this is that low relative income leads to social exclusion, since poor families cannot afford to participate in activities that most of the other members of the society can undertake. If 'society' is taken to be the 'nation', it follows that a poor household in Germany may not continue to be (relatively) poor if it were to migrate to Bulgaria while keeping its purchasing power parity income constant. Its position would not change in relation to an absolute poverty line.

Thomas Piketty, in his much discussed *Capital in the Twenty-First Century*, directs our attention from summary measures of inequality across the entire wealth distribution towards what is going on the top 1% or 0.1% of it. He reminds us more than once of Balzac's Pere Goriot who sacrifices everything so that his two daughters can occupy stations at the top of French society. He has his reasons, since he wants to explain the growing concentration of wealth. But his analysis plays straight into the view that one hasn't lived unless one has consumed in a way that only the richest can sustain. It is a view that has its South African adherents. It betokens a certain hollowness of identity. And it becomes scary when people are willing to corrupt and kill in support of it.

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4. The reasons for inequality, however measured, are multiple, complex, interacting, imperfectly understood and hard to weigh against each other.

Consider the following abstract from a National Bureau of Economic Research Working Paper[4] on inequality in the United States:

> We conduct a systematic empirical study of cross-sectional inequality in the United States, integrating data from the Current Population Survey, the Panel Study of Income Dynamics, the Consumer Expenditure Survey, and the Survey of Consumer Finances. In order to understand how different dimensions of inequality are related via choices, markets, and institutions, we follow the mapping suggested by the household budget constraint from individual wages to individual earnings, to household earnings, to disposable income, and, ultimately, to consumption and wealth. We document a continuous and sizable increase in wage inequality over the sample period. Changes in the distribution of hours worked sharpen the rise in earnings inequality before 1982, but mitigate its increase thereafter. Taxes and transfers compress the level of income inequality, especially at the bottom of the distribution, but have little effect on the overall trend. Finally, access to financial markets has limited both the level and growth of consumption inequality.

And this is not all, as the authors observe:

> One branch of the literature has focused on the wages of full-time men. This work aims to describe the evolution of dispersion in productivity and skills, and to trace its macroeconomic sources to changes in technology, trade, or institutions. Another branch of the literature has focused on labor supply, studying, for example, how changes in female participation affect measures of economic inequality. Other authors have emphasized that the extent to

which increasing dispersion is permanent or transitory in nature has important implications for policy and welfare, and have investigated income dynamics. This shift from studying the sources of rising inequality toward exploring its welfare implications continues with papers investigating the dynamics of inequality in household consumption, a more direct measure of well-being.

So figuring it all out is no walk in the park, even in the United States, with all its data and skilled analysts.

And they conclude:

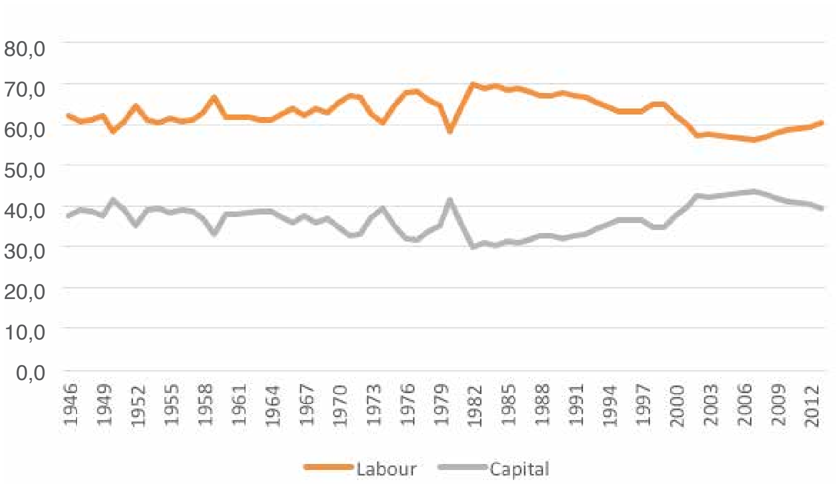
Endogenous labor supply and government redistribution play especially important roles in shaping the dynamics of inequality. Future research based on structural models with heterogeneous agents and incomplete markets should therefore prioritize incorporating these features.

So figuring it all out is no walk in the park, even in the United States, with all its data and skilled analysts. South Africa is less well endowed. Students of income distribution here have found that the State does not collect information of sufficient quality to allow reliable inferences to be drawn, despite repeated government insistence about the centrality of the inequality issue. can.

5. ***In the debate about Thomas Piketty's and Simon Kuznets's views about capital's share of net value added, it is Kuznets which fits the South African experience.***

Figure 2 presents the shares of labour (compensation of employees) and capital (net operating surplus) in net value added at factor costs between 1946 and 2013.

Figure 2 – Share of labour and capital in net value added



The share of labour fluctuates around a mean of 63% and the share of capital around a mean of 37%. The share of labour tends to increase in a recession and decline in an upswing, since wages adjust more slowly than prices. Accordingly, gross operating surplus takes a hit when demand is weak and recovers in an upswing.

Kuznets believed that a roughly constant share of labour and capital was one of the 'stylised facts' that growth theory had to explain and which was a feature of the Solow growth model articulated in the 1950s[5]. Kuznets's view was dismissed by

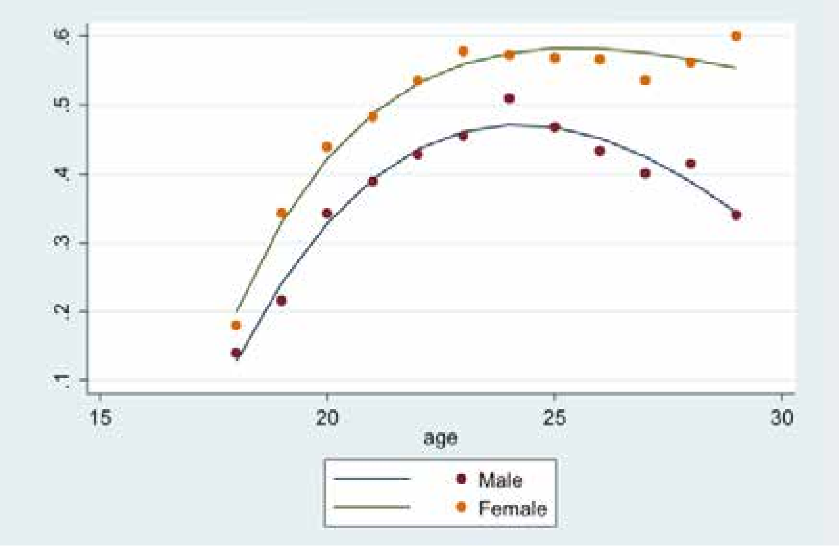
Piketty as a fairy tale, masking a secular tendency for the share of capital to grow. Some might point to the rise in capital's share from 1982 to 2007 as evidence for Piketty's view, but (a) capital's share was at its lowest level during the postwar period in 1982, (b) capital's share has fallen since 2008 and (c) capital's share in 2013 was close to the 1946 level. There is no secular erosion of labour's share leading to a long term increase in inequality in South Africa.

6. The structure of the labour market is a major determinant of inequality

The South African labour market has been worked over extensively during the last century by special interests with political clout and is inefficient as a result. Specifically,

- The employment ratio[6] is considerably lower than the median for any countries with per capita income in the range US $5 000 – 8 000 in 2013[7]. The median for these countries was 55%. South Africa's employment ratio was 39%.
- The corollary is very high unemployment. The Quarterly Labour Force Survey estimated unemployment at 25.4% in the third quarter of 2014. If one adds in discouraged workers (those who have given up looking for work), the rate rises to 32.2%.
- The situation is particularly bad among the young. A NEET is defined as a young person not in employment, education or training. Figure 3 graphs the proportion of NEETS by age in September 2011. Figure 3 shows the slow absorption of young men into employment, with NEETS constituting over 40% of the population at age 24. The position is worse for young women, with NEETs constituting nearly 60% of the population in their late 20s. The youth wage subsidy should make a useful contribution in raising absorption into employment among the young.
- The Extended Public Works Programme offers employment at wages between R70 and R130 per day. The size of the programme is limited by the funds available and the ability of the three tiers of government to develop shelves of labour intensive projects. There are plenty of people willing to work for these wages.

Figure 3 – NEETs



At present, the labour market protects the position of some workers by shutting out others.

Limited competitiveness in the product market worsens unemployment. Professor Johannes Fedderke[8] points out that markups are high in South Africa. Worse, they are unevenly distributed throughout the economy. Workers can share in monopolistic and oligopolistic rents and negotiate up wages in leading firms, and these wages are then extended to all in the same industry. This serves to inhibit employment by small firms which, in other countries, are a major source of employment, as does elaborate procedures for dismissals. Advice from organizations such as the World Bank, OECD and IMF, as well as top economists who have studied the South African economy is to get rid of extension.

Growth is weak and the wage elasticity of demand for unskilled labour is high. Intensification of shut out will be the inevitable result.

Under these circumstances, the wisdom of extending minimum wages in South Africa at present is questionable, even though such measures are under active consideration in the United States and Europe. A rise in minimum wages is most likely to improve equality when the wage elasticity of the demand for labour[9] is low and the economy is growing strongly, so that people thrown out of work are soon reabsorbed. Both conditions are satisfied in the United States at present. Neither is in contemporary South Africa. Growth is weak and the wage elasticity of demand for unskilled labour is high.[10] Intensification of shut out will be the inevitable result.

7. ***The inability of the educational system to turn uneducated and untrained people in educated and trained people in sufficient numbers is a major source of inequality.***

Table 1 shows that unemployment rates among adults of prime working age vary considerably by education.

Table 1 – Unemployment rates by level of education
Third quarter 2011
Ages 35 to 49

	Men	Women
Up to complete general education	27.2%	27.2%
Incomplete further education	21.1%	26.8%
Complete further education *	14.0%	17.3%
Higher education	5.7%	5.4%

Note: *Complete further education does not imply a pass in the relevant examination at the end of the phase. It merely refers to reaching the highest level in the system

There is effectively full employment among those having completed a higher education qualification, with unemployment rising as one descends the educational hierarchy.

From an economic point of view, education and training should be undertaken until the marginal private rate of return drops to the rate of return on other investments of similar risk. There is no incentive on the part of any individual to pass this point, which occurs at different stages for different people. The position is complicated by the facts (a) that the social rate of return is different from the private rate (my literacy is worth more in a generally literate society) and (b) that much education is subsidized by the State. Judged by this criterion, the South African education and training system is deficient because:

- primary and secondary schooling are inefficient. Study after study has shown that 'time on task' is on average considerably below the official standard. Coverage of the curriculum is slow and incomplete, teacher knowledge is lacking (especially in mathematics and science), schools are disorganized and accountability has largely been lost.
- the vision of multiple pathways through further education and training (post Grade 9) has been very imperfectly implemented. Senior secondary schooling remains the dominant path and many learners enter Grade 10 unequipped to complete the national senior certificate curriculum. High rates of repetition and drop out ensue, with fewer than 50% of Grade 10 entrants emerging with a pass in the NSC. Enrolments have increased in further education and training colleges, but without a commensurate increase in resources. Moreover, many learners drift into technical education, having failed in the school system, rather than as a result of a conscious decision taken at the end of Grade 9 (or Grade 12 for more senior technical qualifications). The reform of industrial training undertaken more than a decade ago has not worked well across the board. And there is no short cycle, unit standard and practically based vocational education system for those who have emerged from Grade 9 functionally illiterate and innumerate.

The upshot of all this is supernormal rates of return for the minority of people who succeed in the educational system and high unemployment for everyone else, with clear adverse consequences for inequality.

- The aim is to have 1.6 million university students by 2030, up from just under a million at present. This goal can be reached, but all the main actors would have to do things they are not currently inclined to do:
    i. the Treasury needs to subsidize universities at a somewhat higher rate (at 0.9% of GDP),
    ii. the Department of Higher Education and Training needs to encourage private higher education and to fix the National Student Financial Aid Scheme,
    iii. the universities need to move a trimester rather than a semester system and to increase third stream income (i.e. income from sources other than fees and the state subsidy), and
    iv. students will have to accept that it will get harder to find a university place.
- The constraints on effective education and training are all the more serious because the demand for labour has become steadily more skill intensive since the 1970s.

The upshot of all this is supernormal rates of return for the minority of people who succeed in the educational system and high unemployment for everyone else, with clear adverse consequences for inequality. This shows up as high ratios of (a) earnings at the 50th percentile to earnings at the 10th percentile and (b) earnings at the 90th percentile compared with earnings at the 10th percentile in wage/salary/commission formal employment. Table 2 compares the ratios with other countries whose 90-10 ratio is above seven.

Table 2 – Earnings percentile ratios: high wage inequality countries

Country	Date	50-10	90-10
South Africa	2013	3.8	14.2
Brazil	2013	2.8	7.2
Colombia	2013	2.2	9.1
India	2012	2.8	7.2
Indonesia	2013	2.4	9.7
Latvia	2013	2.5	9.2
Malaysia	2012	4.0	9.3
New Zealand	2010	2.2	10.3
Peru	2012	2.2	11.5
Turkey	2012	3.4	7.1
United Kingdom	2013	2.1	10.9

8. Social disorganisation worsens inequality.

Start with the nuclear family as depicted in 1950s American primers: Mom, Pop, Dick and Jane, and their dog, Spot (your waitron can substitute halaal, kosher or other culturally preferred names). Gramps and Granma, having saved prudently throughout their working lives, are self-sufficient in retirement. Mom and Pop's siblings are all in nuclear households of their own, except Bob who seems happy enough in San Francisco. That is about as good as it gets as far as household income distribution goes: two adults looking after two children with no other claims on household income.

Of course, it wasn't like that throughout American society in the 1950s. Rougher conditions were to be found in the projects[11]. And things are certainly very different in contemporary South Africa, as Table 2, drawn from the 2013 General Household Survey, shows. Table 3 looks at the available information from the point of view of children, of whom there were 21.7 million under the age of 21[12].

Table 3 – Position of children in South Africa, 2013

Panel A – Orphans

Both parents definitely alive	79.0%
Mother only definitely alive	12.2%
Father only definitely alive	3.7%
Both parents definitely dead	4.6%
Unknown	0.5%
Total	**100.0%**

Panel B – Parents in same household

Both parents in household	42.7%
Mother only in household	37.5%
Father only in household	3.0%
Neither in household	16.8%
Total	**100.0%**

Panel C - Relationship to household head

Head/Acting head	0.9%
Husband/wife/partner of head	0.5%
Son/daughter/stepchild/adopted child	
Male head	33.1%
Female head	19.6%
Brother/sister/stepbrother/stepsister	2.2%
Grandchild/great grandchild	
Male head	11.4%
Female head	22.5%
Other relative	9.2%
Non-related persons	0.7%
Total	**100.0%**

Panel D – Income support

	No social grant	With social grant	Total
Without wage/salary/ commission/business	2.5%	28.4%	30.9%
With wage/salary/ commission/business	22.7%	46.4%	69.1%

Panel A shows that nearly 80% of children have both parents alive. However, only 43% of children in the same household as both their mother and father. A further 37% live in a household containing only their mother and 3% in a household containing their father only. One sixth of all children do not live with either parent.

53% of children are sons, daughters, stepchildren and adopted children of the household head. One third of children live in a household headed by a grandparent, though one or both parents may also be present. 9% are other relatives of the household head. Nearly 1% of households are child headed.

Over 30% of children live in households without any private income from wages, salaries, commissions or businesses. Most of these children live in households with one or more social grants, but one in forty children live in households with no reported income at all. Less than a quarter of children live in households which depend only on private income. Nearly half of children live in households which receive private income augmented by social grants.

These statistics indicate the limits of the extent to which children participate in their parents' incomes, though in some cases remittances will be sent from parents living outside the households containing their children. Inequality between children is something children can do little, if anything, about.

One might note, in passing, that there is an economic literature on the distribution of income within individual households, but little is known about this topic in South Africa.

9. The distribution of income is more primary than the distribution of wealth

This is for two reasons:

- While great fortunes are different[13], most people hold wealth in order to smooth consumption over their lives. In the early stages of adult life, people may borrow to finance education, so that their net wealth is negative. As they start to earn, they put aside money to repay debt, finance rainy days and their retirement. Their wealth accumulates, reaching a maximum at retirement and then starts to decline. Some people may plan bequests, and their heirs are in any case jointly entitled to any estate left at death. It follows that, if there is an unexpected wealth windfall, a person will revise upward their planned consumption path and liquidate part of their wealth to finance it. This explains the tendency of black economic empowerment beneficiaries to liquidate wealth transfers. Poorer people will probably contract their time horizons to age 60, when the state old age pension becomes available, and may adopt an even shorter time horizon, given the excitement of unprecedented consumption opportunities. To this extent, wealth transfers do not stick and the wealth ends up in the hands of people willing to hold it. The life cycle theory also implies that the distribution of wealth at any point in time tells one a limited amount, because two people may have exactly the same lifetime consumption, but may have different levels of wealth because there is a difference in age.

Distribution of wealth is always more unequal than the distribution of income, which is more unequal than the distribution of consumption.

- Distribution of wealth is always more unequal than the distribution of income, which is more unequal than the distribution of consumption. Moreover, there are surprising facts about the distribution of wealth across countries. Credit Suisse publishes estimates of the distribution of wealth. Table 4 sets out estimates of the share of the top decile (10%) in total wealth 2014 for 46 countries. Bear in mind that estimates of wealth are more uncertain than estimates of income and the considerations above.

Table 4 – Share of the top decile in total wealth, 2014

Less than 60%	Australia, Belgium, Canada, Finland, France, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Portugal, Singapore, Spain, United Kingdom [15]
Above 60% and less than 65%	Austria (63.8%), China (64.0%), Germany (61.7%), Korea (62.8%), Mexico (64.4%), Poland (62.8%), Taiwan (62.0%), United Arab Emirates (60.4%) [8]
Above 65% and less than 70%	Chile (68.9%), Colombia (65.2%), Czech Republic (67.3%), Denmark (67.5%), Israel (67.3%), Norway (65.8%), Saudi Arabia (66.4%), Sweden (68.6%) [8]
Above 70%	Argentina (71.8%) , Brazil (73.3%), Egypt, Hong Kong, India, Indonesia, Malaysia (71.8%), Peru (73.3%), Philippines, Russia (84.8%) , South Africa (71.7%), Switzerland (71.9%), Thailand, Turkey (77.7%), United States (74.6%) [15]

Notice:

- how high the concentration is in three Scandinavian countries (Denmark, Norway and Sweden) with extensive welfare states, and

- that the concentration is lower in South Africa than either Switzerland or the United States.

All this said, it cannot be denied that resentment will build up in societies where the median wage in stagnant or declining, but where the positions of the wealthy improve. A sign of the times is a poll conducted at the annual meeting of the American Economic Association in December 2014, where participants were asked to decide what was more important for contemporary investigation. The majority decided that the distribution of wealth was more important.

10. The Gini coefficient may not have changed much over the last forty years. However, much has changed as far as racial shares of personal income are concerned.

Professor Michael McGrath[14] estimated that, in 1970, Black people received 20% of personal income, Coloureds and Asians 10% between them and Whites 70%. These proportions were practically constant between 1917 and 1970.

No longer. Table 5 sets out estimates from the 2011 Population Census. Since nearly all households in South Africa remain racially homogenous, households can be classified by the race of the household head.

Table 5 – Racial shares of personal income, 2011

	Racial share	Average household income per year (Rand)	Household income index (All=100)	Gini coefficient within group
Blacks	46.2%	76 709	60	0.615
Coloureds	8.0%	131 970	103	0.622
Asians	5.9%	292 090	227	0.658
Whites	39.3%	427 057	332	0.622
Unspecified	0.7%			
All	**100.0%**	**128 477**	**100**	**0.681**

The "within group" Gini coefficients are similar, Asians having a slightly higher level than the other groups, and they are nearly as big as the overall Gini coefficient. White households have average incomes that are 3.3 times the overall average and the corresponding figure for Asian households is 2.3. The average Coloured household is virtually at the overall average and the average Black household has income 40% below the overall average.

Conclusions

The main conclusions are these:

1. One has to be clear about one's normative concerns and about which aspects of inequality one want to measure.
2. The explanation of inequality is always complex and not fully understood anywhere, and in South Africa, in particular.
3. Major sources of household income inequality in South Africa are (a) the functioning of the labour market, (b) the educational system and (c) social

disorganisation. Next to these, the distribution of wealth plays a part, but a relatively minor one.

4. Racial shares of personal income have altered a great deal in the past forty years.

Focus, caution and careful analysis are all required when thinking about inequality. Uncritical endorsements of fashionable positions will not do.

FOOTNOTES

1 Like many of Blake's epigrams, this one rewards pondering

2 Thus Bertolt Brecht and Kurt Weill's satirical sung ballet, The Seven Deadly Sins, contains the following lines:
She shows off her small white behind/ worth more than a small factory. (Easily true in 1933 when the production first appeared.)

3 By among others, the World Bank

4 Jonathan Heathcote, Fabrizio Perri and Giovanni L Violante, Unequal we stand: an empirical analysis of economic inequality in the United States, 1967-2006, National Bureau of Economic Research Working Paper 15483, November 2009

5 Both Simon Kuznets and Robert Solow were eminent American economists in that era

6 The employment ratio is employment divided by the population age 15 and over

7 South Africa's per capita income in 2013 was US $ 6 618

8 Professor Fedderke is a leading South African econometrician

9 The wage elasticity of the demand for labour is the percentage drop in employment in response to a one per cent increase in the wage. So if a 1% wage increase results in a 0.2% drop in employment, the elasticity is 0.2.

10 Professor Fedderke cites an elasticity estimate of 2.2 for unskilled labour.

11 The American term for government owned rental housing

12 Children are taken to be under the age of 18. But this is unrealistically low when considering the dependence of young people on their households. The average age of leaners in Grade 12 is almost 20, for instance.

13 In so far as great fortunes are transmitted down generations, each generation acts as a curator of this wealth, drawing down some of the proceeds to finance consumption.

14 Formerly professor in the Department of Economics at the University of KwaZulu-Natal