National Transfer Accounts and Inequality
Race and the Economic Lifecycle in South Africa in 2015

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Outline

Race in South Africa

The Economic Lifecycle in South Africa

South Africa’s Demographic Dividend

Conclusion and Way Forward
Race in South Africa
Racial Inequality in South Africa
We continue to use the four *apartheid*-era race categories

- “African” or “Black African” (individuals belonging to South Africa’s various African peoples)
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- “Coloured” (individuals of tracing their ancestry to various groups, including South Africa’s original indigenous peoples, slaves brought in from Dutch colonies particularly in Asia, South Africa’s European settlers, and other African groups)
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- “Asian” (mainly individuals of Indian descent, brought as indentured labourers by the British)
- “White” (individuals tracing their ancestry primarily to the country’s European settlers)
## Extent of Racial Inequalities

<table>
<thead>
<tr>
<th>Indicator</th>
<th>African</th>
<th>Coloured</th>
<th>Asian</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate (%)</td>
<td>41.0</td>
<td>27.5</td>
<td>18.2</td>
<td>9.8</td>
</tr>
<tr>
<td>Employment-to-population ratio</td>
<td>40.4</td>
<td>50.4</td>
<td>53.0</td>
<td>63.2</td>
</tr>
<tr>
<td>Adults (20+) with a degree (%)</td>
<td>2.3</td>
<td>2.4</td>
<td>9.1</td>
<td>16.5</td>
</tr>
<tr>
<td>Median HH Net worth (R ’000)</td>
<td>28.5</td>
<td>40.5</td>
<td>285.8</td>
<td>650.9</td>
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<tr>
<td>Poverty rate (upper bound, %)</td>
<td>46.6</td>
<td>32.3</td>
<td>4.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Access to medical aid (%)</td>
<td>10.6</td>
<td>20.3</td>
<td>48.7</td>
<td>76.9</td>
</tr>
<tr>
<td>Stunting (under 15 yrs, %)</td>
<td>17.9</td>
<td>20.1</td>
<td>10.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Population share (%)</td>
<td>80.8</td>
<td>8.8</td>
<td>2.5</td>
<td>8.0</td>
</tr>
</tbody>
</table>
The Economic Lifecycle in South Africa
Labour Income and Consumption across the Lifecycle

Note: Profiles are normalised by dividing by the overall mean labour income for 30-49 year olds.
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Race-Based Differences in Labour Income

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**South Africa’s Population Structure**

Note: Darker shades represent females, lighter shades males.
## Race-Specific Shares of NTA Aggregate Flows, 2015

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Race</th>
<th>Pop</th>
<th>YL</th>
<th>YLE</th>
<th>YLS</th>
<th>C</th>
<th>CF</th>
<th>CG</th>
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<tr>
<td>Overall</td>
<td>Afr</td>
<td>80.2</td>
<td>51.7</td>
<td>52.0</td>
<td>49.1</td>
<td>58.1</td>
<td>47.9</td>
<td>82.5</td>
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<tr>
<td></td>
<td>Col/Asi</td>
<td>11.4</td>
<td>16.2</td>
<td>16.5</td>
<td>13.4</td>
<td>12.5</td>
<td>13.3</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td>Whi</td>
<td>8.4</td>
<td>32.1</td>
<td>31.5</td>
<td>37.5</td>
<td>29.4</td>
<td>38.8</td>
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<tr>
<td>0-19</td>
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<td>22.8</td>
<td>36.2</td>
<td>15.1</td>
<td>11.9</td>
<td>14.1</td>
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<tr>
<td></td>
<td>Whi</td>
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<td>18.9</td>
<td>22.9</td>
<td>16.6</td>
<td>17.6</td>
<td>29.9</td>
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<td>20-39</td>
<td>Afr</td>
<td>83.3</td>
<td>61.1</td>
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<td>65.3</td>
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<td>83.9</td>
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<tr>
<td></td>
<td>Col/Asi</td>
<td>10.5</td>
<td>17.1</td>
<td>17.5</td>
<td>14.1</td>
<td>12.5</td>
<td>13.4</td>
<td>9.9</td>
</tr>
<tr>
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<td>21.8</td>
<td>21.5</td>
<td>24.3</td>
<td>22.2</td>
<td>27.5</td>
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<td>40-59</td>
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<td>46.4</td>
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<td>40.9</td>
<td>46.6</td>
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<td>74.7</td>
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<td>Col/Asi</td>
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<td>13.7</td>
<td>14.2</td>
<td>14.2</td>
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<td>13.9</td>
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<td>64.2</td>
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<td>59.1</td>
<td>67.0</td>
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<tr>
<td>80+</td>
<td>Afr</td>
<td>59.2</td>
<td>28.9</td>
<td>39.7</td>
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<td>24.3</td>
<td>15.4</td>
<td>66.5</td>
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<tr>
<td></td>
<td>Col/Asi</td>
<td>9.7</td>
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<td>1.0</td>
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<td>Whi</td>
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<td>70.8</td>
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<td>76.9</td>
<td>69.3</td>
<td>78.6</td>
<td>25.0</td>
</tr>
</tbody>
</table>
South Africa’s Demographic Dividend
Race-Specific Age Structures Differ Significantly

12th Global Meeting of the NTA Network, Mexico City, 23-27 July 2018
Three questions:

1. To what extent do the differences in the profiles result in differing dividend estimates by race?
2. To what extent do the differences in population age structures result in differing dividend estimates by race?
3. How might these dividend estimates differ by race taking both sets of differences into account?
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But, we do not have official publicly available population projections by race in South Africa
I. Impact of Race-Disaggregated Profiles Only

Note: Dividends calculated using race-specific age profiles and ZA total population projections.
II. Impact of Demography Only

Note: Dividends calculated using overall ZA age profiles and comparator country population projections.
III. Impact of Demography and Race-Disaggregated Profiles

Note: Dividends calculated using race-specific age profiles and comparator country population projections.
CONCLUSION AND WAY FORWARD
Conclusion

- South Africa’s history of race-based discrimination continues to impact its society, and the generational economy.
- Significant differences in the age-profiles of labour income and consumption by race, in terms of level and shape.
- Between-race-group inequality has a significant effect on the shapes of the overall profiles.
- Understanding these inequalities is important for understanding the evolution of South Africa’s demographic dividend.
• Incorporation of differentiation in public consumption (e.g., subsidies to schools vary according to socioeconomic status of the neighbourhood)
• Decomposition of the overall DD into race-specific components
• Completion of estimates of transfers and asset-based reallocations
• Find race-specific population projections to better understand demographic dividend