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# THE CONSEQUENCES OF A HYPOTHETICAL ECONOMIC BOYCOTT ON SOUTH AFRICA

by Arnt Spandau

## 1. Boycotts in International Relations.

By a boycott we mean the refusal by persons to deal with one or more other persons. The purpose of the boycott is generally to punish, or induce abandonment of a course of action, by economic pressure. Likewise, an international boycott refers to the refusal of citizens of a state to trade, or enter into other economic relations with the citizens of another state, in order to manifest resentment or bring pressure. A boycott is to be distinguished from measures of economic retortion such as reprisals, sanctions, embargoes or blockades, which are initiated by a government to bring pressure upon a state guilty of unfriendly, reprehensible or illegal behaviour. Boycotts, however, merge into such official procedures if they are encouraged or organized by government.

Historically, one of the most famous boycotts ever to have been imposed was the Continental Blockade which was set up by Napoleon in the Berlin Decree of 21 November 1806. As the British Isles were declared under blockade, all commerce and correspondence with them was forbidden, and all British property or goods on the Continent was declared subject to seizure. No vessel could enter any port if it had touched at a British port first.

The Continental Blockade brought forth a model example of commercial ingenuity when it came to finding ways and means to bypass the detrimental consequences of Napoleon's Edict. In particular, Holstein became a great region for the deposit of British goods, whence they were smuggled across the border at a cost of not more than 40 per cent. Bribery was rife, for French agents readily sold certificates stating a false origin for the goods. This then allowed British goods to find their way through Saxony, Westphalia, Austria, Russia, etc. Letters arrived from England, sometimes even by way of Constantinople, but however devious the route, the connections were kept open. France was also not successful in boycotting British imports and in spite of earlier political tensions, commerce and trade established itself between Britain and the USA. Great Britain had gained in economic strength when, after some years, the Napoleonic Blockade was brought to an end.

During both World Wars several trade boycotts were initiated from time to time, without, however, bringing about the desired result. In the case of Nazi Germany, armament production peaked in the second quarter of 1944. It was not the cutting-off of Germany's trade lines, but the incursion of troops which ultimately led to her surrender.

The most astonishing example of survival potential under sanctions is Rhodesia. After her Unilateral Declaration of Independence, Rhodesia's real GDP rose at an average annual rate of 5,3 per cent for ten years. Moreover, the indices of mineral and manufacturing production doubled between the years 1965 and 1977.

With the escalation of the war, this favourable development has now reversed.

2. <u>Boycotts and South Africa.</u>

As far as South Africa is concerned, there has been a notable tendency for an increase in the calls for an economic boycott. Some years ago it was only a number of anti-apartheid groups and some United Nations agencies which actively campaigned for a boycott against South Africa. More recently, however, several churches, church associations, trade union bodies and some Western Governments have also either demanded, or intimated, the possibility of a demand for sanctions. An arms embargo has already been effective for a number of years, but it could now be extended to a general oil embargo. Andrew Young, Ambassador of the United States to the United Nations, proposed that economic sanctions be used as a political lever against South Africa. To this effect, he is reported to have suggested that taxes paid by subsidiaries of US multinational corporations should not in future serve as credits against US income taxes, which are payable by the head offices of multinational companies. Young is also on record as having demanded that American banking institutions should be prevented from financing trade between the US and South Africa.

An articulate demand for an investment boycott was made last year in a joint statement issued by Chief Gatsha Buthelesi and Dr. C.F. Beyers Naudé.

In a preamble, the newspaper Pro Veritate recalls that "the Investment Debate is widely known in Europe and the USA. Great pressures have been brought to bear upon investors supporting Companies working in South Africa, either to withdraw altogether, or to lobby for increased wages and improved conditions", but "it is immoral for investors to grow fat on profits that belong to Black workers". The Buthelezi-Naudé statement then reads as follows: "If the Homelands exist to make labour available to maintain the cash economy and standard of living of the elite (Black-White or both) and to establish an economic buffer zone of homeland economies to protect the central economy and provide benefits for the favoured few, we can come to only one conclusion. Foreign investment in the central economy is devoid of all morality." Only a "radical redistribution of wealth, land and political power" can make foreign investments acceptible. (Pro Veritate, March 1976).

It is not the purpose of this paper to assess the validity of the theologians' reasoning. Suffice it to say that social and economic devastation is a most unlikely scenario from which South Africa will emerge as a peaceful multi-racial society. In my opinion it is rapid economic growth, and NOT the enforced abandonment of prosperous international economic links, which is best suited effectively to further the case of the South African Black.

Be this as it may, let us look now at the consequences which a hypothetical economic boycott would have for South Africa.

## 3. The Costs of an Economic Boycott.

It is obvious that an economic boycott is costly, both for the countries actively imposing the boycott, and for those which are being boycotted. According to calculations submitted by the British Association of Industries, it has been suggested that a boycott against South Africa would increase Britain's unemployment by 70 000 people. With an export volume exceeding £600 million, one of Britain's most prosperous overseas markets would have to be sacrificed.

Looking at South Africa, an economic boycott is also costly: both for the financing of her investments and the marketing of her products, the country has always been, and still is, highly dependent on the rest of the world. Indeed, more than one-third of South Africa's national income is exchanged internationally.

The fact that South Africa's economy is closely interwoven with the rest of the world produces both strengths and weaknesses. There is an element of strength in that foreign nations can ill afford to lose their South African assets, which at the end of 1975 were valued at R16 450 millions, leading to interest and dividend payments exceeding R700 million per year. South Africa's high foreign liabilities have come about, by the way, not only as a result of net capital imports, but also through the retention of profits by foreign multinational corporations. For many years, the profitability of foreign companies was very high, and as a result, the rate of profit retention correspondingly large. (Tables 1 - 4).

Assume, however, that the multinational companies of a particular foreign nation are forced by law to withdraw their investments from South Africa. In this case, the companies concerned would have to sell their assets. But this, and the repatriation of capital, could presumably only be done at the expense of a considerable discount. Moreover, it is uncertain whether any buyers could be found, as the market for the assets of multinational corporations would presumably not be very strong. Also, it can hardly be expected that the South African government would permit the physical dismantling and repatriation of plant and equipment, and failing this, the withdrawal of investments would be tantamount, in its result, to a straight-forward expropriation. On the other hand, it must also be noted that South Africa's strong international trade links constitute a source of weakness. This is so because domestic and foreign capital may turn out to be bad substitutes, particularly if foreign capital is associated with the influx of foreign entrepreneurs, foreign knowledge, technology, trade links and the like.

We have noted that there would be a considerable resistance by multinational corporations against the withdrawal of capital already invested in South Africa. But what about future capital inflows? To be sure, the South African government has ways and means of making it unattractive for foreign investors, already resident in South Africa, to withdraw. Little can be done, however, to encourage overseas investors to put their money into South Africa under present circumstances.

So as to quantify the disadvantages of a decline in foreign investments, a 52 pole input-output model was designed, capable of assessing the consequences on the South African economy, of a hypothetical investment and export boycott. (The adaptation of the input-output analysis for this question was successfully undertaken by Mr. Yehuda Uliel, Lecturer in the Department of Economics at the University of the Witwatersrand). So as to make the assumptions easily understood, it was assumed that at first 20, and then 50 per cent of the long-term foreign capital investments in the year 1976 would not have taken place. The results are shown in Tables 5 and 6.

In 1976, the long-term capital inflow was R995 million. A 20 per cent investment boycott would consequently have reduced the capital inflow by roughly R200 million, whilst a 50 per cent boycott would have decreased it by about R500 million. The Gross Domestic Product, which in 1976 was measured as R29 000 million, would have dropped by 0,5 per cent in the first case, and by 1,5 per cent in the second case. With a 20 per cent investment boycott, unemployment would have risen by about 37 000 persons, 30 per cent of whom would have been White and 70 per cent Non-White. Hence, in terms of the number of work places lost, Non-Whites would have been hit harder than Whites. The opposite is true for the level of personal incomes:

because of their higher average earnings, 65 per cent of the income loss would have been borne by Whites, and 35 per cent by Non-Whites.

In respect of a 50 per cent investment boycott, these data would have been correspondingly higher.

There is little doubt that even a 100 per cent investment boycott would not have dealt South Africa a death blow. To be sure, the unemployment rate would have increased drastically. Personal incomes would have dropped, and the confidence in the future of South Africa's economy would have suffered severe damage. But there is no doubt that the country would have embarked on suitable remedial measures. Local investment incentives would have been stepped up, and a higher premium would have been placed on entrepreneurial activity. I would, therefore, maintain that in all likelihood, a total investment boycott in 1976 would not have decreased South Africa's GDP by more than 5 per cent, and that the additional unemployment would not have exceeded 40 000 in the case of Whites, and 80 000 in the case of Non-Whites.

In contrast to an investment boycott, a <u>trade boycott</u> would be considerably more expensive. In 1976, a 50 per cent trade boycott would have reduced South Africa's exports by R4 280 million, and this would have meant a deterioration in the balance of payments of R3 746 million. More than 1,1 million people would have become unemployed, and the very poorest would have been hardest hit, i.e. employees in agriculture and mining. (See Tables 7 and 8).

It would seem unlikely, however, that South Africa's exports can be successfully boycotted. If a foreign vessel travelling the Indian Ocean falls into distress, South Africa will render assistance and repair services. This produces an export income which, by its very nature, can hardly be subject to a boycott. Similar considerations are valid for the sale of gold and diamonds. These goods are easily transportable and foreign countries could hardly succeed in boycotting them. Strategically, Western powers could hardly do without South African chrome, uranium and platinum. Internally, however, there is little doubt that South Africa would react to international economic boycotts with a stepped-up programme of import substitution. It is of course true, that the costs of transfering former export capacities to local market production cannot be evaluated with certainty. It must also be borne in mind, that when import substitution remains incomplete, certain costs will have to be borne by the consumer. (At present, South Africa imports Swiss cheese and exports cheddar. Surely, a break-down of this exchange would cause hardship to connoisseurs!). In other areas, such as computer spare parts, import substitution may even be exceedingly difficult.

Useful quantitative information about the import substitution potential of the South African economy is contained in a research report, published in June 1977, and issued by the Afrikaanse Handels-instituut, the South African Federated Chamber of Industries and the Steel and Engineering Industries Federation of South Africa. This comprehensive study came to the conclusion that the potential for import displacement (where capacity already exists in the South African economy to produce goods) is presently approximately R610 million, whilst the potential for import replacement (where additional and new capacity would first have to be developed over the next 3 or 4 years) is R473 million. The report also states that in terms of 1975 imports, at least 10,9 per cent, and at most 17,4 per cent, could be replaced by 1980, whilst up to 18% of imports could be displaced.

It would seem that at present, South Africa holds open the options of both export promotion and import substitution. Following the Reynders Commission Report some years ago, the country has embarked on a successful export drive, and this has recently contributed to many small and medium South African firms successfully establishing themselves on export markets. At the same time, the country seems to have kept open the "back-door" of import substitution, as is evidenced by the following measures: the imposition of a 15 per cent import surcharge earlier this year; the preference given to local tenders; the refusal of import permits when local suppliers are available, and other measures designed to prevent foreign countries from using dumping practices on South African markets. In conclusion, it would seem that South Africa does not at present rely entirely on the maintenance of free trade: her efforts to promote import substitution policies have been too great.

It is of course difficult to assess the psychological and strategical consequences of an economic boycott. If, for a moment, we look at the psychological consequences, it can be stated that the rate of emigration is likely to increase. Until recently, the growth and the size of the White population were significantly increased by South Africa's ability to attract large numbers of immigrants. This has now changed, and whilst during 1976, White net immigration still exceeded 30 000 persons, 105 net emigrants were counted during the first five months of 1977. The Angolan War, the Soweto Riots and the deterioration in economic and political confidence, can be considered the main factors which have caused this reversal. Unfortunately, it is mostly the best 'human capital stock' that leaves the country i.e. highly trained specialists such as doctors, nurses, professional people, etc. More often than not, it is young rather than old people who opt for emigration.

Assume, however, that South Africa can overcome the psychological impact of a trade boycott. It is also assumed that strategically, possible military aggression can be successfully faced. In this event, an 'exuberant phase' of import substitution may come about. Albert O. Hirschmann, in an important article entitled "The Political Economy of Import-Substitution Industrialization in Latin America", claims that, without doubt, wars and depressions have historically been most important in bringing industries to countries on the 'periphery' which until then had only been semi-industrialized. The 'easy phase' of import substitution is likely to last as long as the manufacturing process is still based on imported materials and machinery, while the importation of the article is firmly and effectively shut out by controls. Under these conditions, the experience of the newly established firm is likely to be most gratifying. This gives rise to an often noted exuberance and boom atmosphere, during which demand is easily overestimated. As a result, the new industry is likely to find itself saddled with excess capacity as soon as it reaches its first stage of maturity.

The problem with this kind of protected development is that by virtue of the all-round protection, the very nature of industrial operations - their precision, the need for exact timing, punctuality, reliability, predictability and all-round rationality - is likely to suffer. Thus, the honeymoon phase of import substitution will suddenly be over, and even if international markets were again opened, it would still remain unlikely that the new industries would be able to compete internationally. Their cost structure would be too high. Thus, with the increase in unit costs and an exhaustion of easy import substitution opportunities, the import substituting process is likely to grind to a halt, and the economy is then left with a number of high-cost industrial establishments. Development economists have therefore concluded - (and this has been substantiated by reference to known economic history), that an alternation between market opening and market closure, or an alternation between liberalism and trade restriction, is probably the best policy mix for the growth maximization of an economy. In the case of Germany, this has worked successfully during and after the Second World War, and in the case of South Africa, much industrial advance came about through similar experiences. Unfortunately, however, in respect of the possible imposition of a boycott, there is the fear that the forces working towards its early abolition will not be sufficiently strong to overcome its early reversal.

4. The Justification for an Economic Boycott

From the vantage point of an overseas anti-apartheid group, an economic boycott would appear to be the most effective medium to bring about change in South Africa. One is then concerned only with the overthrow of the system, but little attention is given to the post-revolutionary state. Polarization between the races is then the obvious instrument to use to attain the desired result.

The problem with this approach is that the people who make the recommendations are not the ones who suffer the consequences that they wish to bring about. Consider, for example, the situation of a Black mother with three or four children, who struggles to bring up her family on a meagre income. We have seen that with an economic boycott, the chances of her husband becoming unemployed are greatly enhanced. Moreover, the year 1977 has so far been a bad year from the point of view of job destruction: it is estimated that on average about 1000 persons have lost their jobs during each working day of 1977. We have also noted that the rate of unemployment would increase somewhat with an investment boycott, and that it would rise steeply if an overall trade boycott were to be imposed. Whilst in the short and medium term, some palliative measures such as import substitution policies might remedy the situation, this is unlikely to be of much benefit in the long-run when import substitution is likely to become less effective.

What, then, is the optimal strategy against the threat of the imposition of a possible economic boycott? There are, of course, many answers to this question, such as the restructuring of Black education, Black land tenure rights in urban areas, the electrification of Soweto, etc. As a Business Economist, however, I would like to confine myself to a reference to the continuation of work reservation in this country.

My reference is to a court case, reported by Alan de Kock in the February 1977 issue of the South African Law Journal, referring to the question of job reservation by agreement. In the case of S v. Universal Iron & Steel Foundries (Pty) Ltd. (1971) it was held that an industrial council agreement which had the effect of prohibiting the employment of Bantu workers, inter alia, in certain types of work was not invalid. The appellants had relied upon the proviso to s 24(2) of the Industrial Conciliation Act No. 28 of 1956, which stipulates that no differentiation or discrimination on the basis of race or colour may be made in an industrial council agreement. The agreement in question provided that:

> "No employee shall be employed on work qualified in this Agreement at rates A, AA, AB, B, C or D unless he is eligible for membership of any Trade Union Parties to this Agreement."

In terms of s 48(3)a of the Act, the Minister declared the provisions of the agreement to be binding upon Bantu employed in the industry - with the exception, inter alia, of clause 24 of Part I of the agreement, i.e., the closed-shop clause.

It was held against the appellant that he had employed three Bantu workers in the wage groups A, AB and AA. The appellant argued that clause 24(2) conflicted with the prohibition, contained in the Act, that there shall be no discrimination on the grounds of race or colour. It was also argued that clause 77 made provision for job reservation and that no further procedure was needed in this regard.

The court rejected this, first, because the prohibition against discrimination in s 24(2) of the Act applied only to employees as defined, and this definition excluded Bantu; and secondly, because the two clauses s 24(2) and s 77 were to be read together. It is clear therefore that both s 24(2) and s 77 serve to maintain the position of the White skilled labour force from being undermined by semi-skilled and unskilled workers. In cases where, because of labour scarcities, the 'rate-for-the-job system' ceased to give protection to Whites, the direct support of s. 77 therefore came in as a supplementary measure.

I have made reference to this somewhat elaborate legal machinery to give but one of the many cases where the White's prerogatives are firmly entrenched in South African law. To be sure, job discrimination will eventually come to an end only through a change in attitude, not solely by new laws. But we should learn from the experience of the United States that new laws relating to fair employment practices are the cornerstone of the elimination of discrimination. The necessary change in attitude is the second step.

The example discussed is only one of the many serious acts of discrimination presently found on the South African labour market. Until these and other discriminatory measures are removed, the danger of an economic boycott cannot be set aside.

Table 1 South African Foreign Liabilities, 1956 to 1975, all Values in Rand Million

| Year | Foreign liabilities | Foreign Assets | Net indebtedness | Net indebtedness as per cent of GDP |
|---|---|---|---|---|
| 1956 | 2767 | 826 | 1941 | 47,3 % |
| 1960 | 3121 | 922 | 2199 | 43,7 % |
| 1965 | 4005 | 1385 | 2620 | 33,4 % |
| 1970 | 6017 | 2400 | 3617 | 29,9 % |
| 1971 | 7183 | 2486 | 4697 | 34,9 % |
| 1972 | 8255 | 3072 | 5183 | 34,4 % |
| 1973 | 10380 | 3397 | 6983 | 38,0 % |
| 1974 | 12757 | 3814 | 8943 | 41,0 % |
| 1975 | 16450 | 4776 | 11674 | 47,3 % |

Table 2 Financing of Gross Investments, 1970 to 1976

| Year | Gross investments R million | Source of Capital, Per Cent | | | | |
|---|---|---|---|---|---|---|
| | | Private saving | Corporate saving | Depreciation | Foreign capital inflow | Others |
| 1970 | 3730 | 23,9 % | 10,5 % | 29,8 % | 15,6 % | 20,2 % |
| 1971 | 4257 | 27,6 % | 10,5 % | 29,7 % | 19,2 % | 13,0 % |
| 1972 | 4048 | 37,1 % | 15,6 % | 34,8 % | 11,1 % | 1,4 % |
| 1973 | 5065 | 20,0 % | 28,9 % | 31,1 % | - 1,0 % | 21,0 % |
| 1974 | 7064 | 19,9 % | 22,9 % | 25,3 % | 12,9 % | 19,0 % |
| 1975 | 8397 | 25,5 % | 17,5 % | 24,7 % | 23,2 % | 9,1 % |
| 1976 | 8296 | 26,1 % | 19,7 % | 29,3 % | 12,0 % | 12,9 % |

Table 3 South Africa's foreign liabilities, 1956 to 1975, R Million, percentage values in brackets.

| Year | Great Britain | USA | France | Switzer land | Germany | Interna-tional Organis-ations | Others | Total |
|---|---|---|---|---|---|---|---|---|
| 1956 | 1731 (62) | 342 (12) | 147 (5) | 88 (3) | . | 134 (5) | 348 (13) | 2790 (100) |
| 1960 | 1815 (60) | 347 (11) | 168 (6) | 97 (3) | . | 203 (7) | 394 (13) | 3024 (100) |
| 1965 | 2100 (62) | 454 (13) | 200 (6) | 150 (4) | . | 125 (4) | 369 (11) | 3398 (100) |
| 1970 | 3202 (55) | 812 (14) | 442 (8) | 337 (6) | 339 (6) | 123 (2) | 563 (9) | 5818 (100) |
| 1971 | 3696 (53) | 1033 (15) | 454 (6) | 402 (6) | 382 (5) | 215 (3) | 851 (12) | 7033 (100) |
| 1972 | 4126 (53) | 1348 (17) | 467 (6) | 480 (6) | 433 (6) | 235 (3) | 697 (9) | 7786 (100) |
| 1973 | 4545 (44) | 1687 (16) | 507 (5) | 572 (6) | 500 (5) | 208 (2) | 2361 (22) | 10380 (100) |
| 1974 | 5062 (40) | 2429 (19) | 551 (4) | 683 (5) | 1066 (8) | 205 (1) | 2761 (23) | 12757 (100) |
| 1975 | 6490 (39) | 3121 (19) | 691 (4) | 939 (6) | 1631 (10) | 230 (1) | 3348 (21) | 16450 (100) |

Table 4 Profitability of Foreign Investments in South Africa, 1957 to 1975.

| Year | Dividend payments | Retained profits | Nominal share capital | Share capital plus reserves | Dividends on Share capital | Dividends on Share capital plus retained earnings | Dividends plus retained Profits on Capital and Reserves |
|---|---|---|---|---|---|---|---|
| | R m | R m | R m | R m | Percent | Percent | Percent |
| 1957 | 77 | 41 | 422 | 1021 | 18,2 | 7,5 | 11,6 |
| 1960 | 79 | 33 | 478 | 1194 | 16,5 | 6,6 | 9,4 |
| 1965 | 133 | 94 | 502 | 1512 | 26,5 | 8,8 | 15,0 |
| 1970 | 173 | 181 | 705 | 2499 | 24,5 | 6,9 | 14,2 |
| 1971 | 155 | 205 | 747 | 2746 | 20.8 | 5,6 | 13,1 |
| 1972 | 177 | 249 | 774 | 3022 | 22,9 | 5,9 | 14,1 |
| 1973 | 215 | 978 | 758 | 3984 | 28,4 | 5,4 | 29,9 |
| 1974 | 174 | 448 | 804 | 4478 | 21,6 | 3,9 | 13,9 |
| 1975 | 169 | 238 | 884 | 4796 | 19,1 | 3,5 | 8,5 |

Table 5 Consequences of a Hypothetical Investment Boycott on Gross Domestic Product, Employment and Gross Incomes.
Assumption: 20% of Long-Term Foreign Investments of 1976 are boycotted.

| Economic Sector | 20% of Foreign investments of 1976 R Million | Decrease in Gross National Product R Million | Increase in Unemployment | | | | Decrease in Disposable Incomes | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | White | Colour | Asian | Black | White | Coloured | Asian | Black | Total |
| Metal Industry | 30 | 27 | 2280 | 540 | 90 | 4830 | 13,2 | 1,0 | 0,21 | 6,1 | 20,51 |
| Furniture | 7 | 6 | 371 | 329 | 98 | 889 | 2,1 | 0,6 | 0,23 | 1,1 | 4,03 |
| Rubber Products | 8 | 6 | 344 | 112 | 48 | 688 | 2,0 | 0,2 | 0,11 | 0,9 | 3,21 |
| Non-metallic Mineral Products | 13 | 10 | 611 | 195 | 39 | 1248 | 3,5 | 0,4 | 0,09 | 1,6 | 5,59 |
| Iron and Steel Industry | 26 | 19 | 1404 | 130 | 52 | 2210 | 8,1 | 0,2 | 0,12 | 2,8 | 11,22 |
| Non-ferrous metal industry | 10 | 8 | 270 | 50 | 30 | 570 | 1,6 | 0,1 | 0,07 | 0,7 | 2,47 |
| Agricultural machinery | 4 | 3 | 704 | 44 | 8 | 380 | 4,1 | 0,1 | 0,01 | 0,5 | 4,71 |
| Electrical Machinery | 8 | 5 | 512 | 144 | 24 | 672 | 2,9 | 0,3 | 0,06 | 0,8 | 4,06 |
| Radio and Television | 11 | 8 | 583 | 176 | 55 | 715 | 3,4 | 0,3 | 0,13 | 0,9 | 4,73 |
| Motor Vehicle Industry | 19 | 9 | 722 | 342 | 38 | 855 | 4,2 | 0,6 | 0,09 | 1,1 | 5,99 |
| Railway Equipment | 4 | 3 | 204 | 28 | 8 | 292 | 1,2 | 0,1 | 0,02 | 0,4 | 1,72 |
| Construction | 59 | 51 | 3363 | 1829 | 295 | 7375 | 19,5 | 3,4 | 0,70 | 9,3 | 32,90 |
| Total | 199 | 155 | 11368 | 3919 | 785 | 20724 | 65,8 | 7,3 | 1,84 | 26,2 | 101,14 |

Table 6 Consequences of a Hypothetical Investment Boycott on Gross Domestic Product, Employment and Gross Incomes. Assumption: 50% of Long-Term Foreign Investments of 1976 are boycotted

| Economic Sector | 50% of Foreign Investments in 1976 R Million | Decrease in Gross National Product | Increase in Unemployment | | | | Decrease in Disposable Incomes | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | White | Coloured | Asian | Black | White | Coloured | Asian | Black | Total |
| Metal Industry | 74 | 61 | 5624 | 1332 | 222 | 11914 | 32 6 | 2,5 | 0,5 | 15,1 | 50,7 |
| Furniture | 17 | 14 | 901 | 799 | 238 | 2159 | 5,2 | 1,5 | 0,6 | 2,7 | 10,0 |
| Rubber Products | 19 | 14 | 817 | 266 | 114 | 1634 | 4,7 | 0,5 | 0,3 | 2.1 | 7,6 |
| Non-metallic Mineral Products | 33 | 26 | 1551 | 495 | 99 | 3168 | 9,0 | 0,9 | 0,2 | 4,0 | 14,1 |
| Iron and Steel Industry | 65 | 48 | 3510 | 325 | 130 | 5525 | 20,4 | 0,6 | 0,3 | 7,0 | 28,3 |
| Non-ferrous metal industry | 23 | 19 | 621 | 115 | 69 | 1311 | 3,6 | 0,2 | 0,2 | 1,7 | 5,7 |
| Agricultural machinery | 8 | 6 | 512 | 88 | 16 | 760 | 3,0 | 0,2 | - | 0,9 | 4,1 |
| Electrical Machinery | 21 | 14 | 1344 | 378 | 63 | 1764 | 7,8 | 0,7 | 0,2 | 2,2 | 10,9 |
| Radio and Television | 28 | 20 | 1484 | 448 | 140 | 1820 | 8 6 | 0,8 | 0,3 | 2,3 | 12,0 |
| Motor Vehicle Industry | 48 | 23 | 1824 | 864 | 96 | 2160 | 10,6 | 1,6 | 0,2 | 2,7 | 15,1 |
| Railway Equipment | 13 | 11 | 663 | 91 | 26 | 949 | 3,8 | 0,2 | 0,1 | 1,2 | 5,3 |
| Construction | 149 | 130 | 8493 | 4619 | 745 | 18625 | 49,2 | 8,6 | 1,8 | 23,6 | 83,2 |
| Total | 498 | 386 | 27344 | 9820 | 1958 | 51789 | 158,5 | 18,3 | 4,7 | 65,5 | 247,0 |

Table 7 Consequences of a hypothetical Export Boycott on Gross Domestic Product, Employment and Gross Incomes. Assumption: 20% of 1976 Exports are boycotted.

| Economic Sector | 20% of Foreign Exports of 1976 RM* | Decrease in Gross National Product, RM* | Increase in Unemployment | | Decrease in Disposable Incomes | |
|---|---|---|---|---|---|---|
| | | | White | Non-White | White | Non-White |
| Agricultural Products | 134 | 124 | 7102 | 49312 | 45,8 | 68,1 |
| Gold and Uranium | 548 | 498 | 21920 | 135904 | 162,2 | 188,9 |
| Other Mining Products | 273 | 242 | 9009 | 41769 | 66,2 | 57,6 |
| Food, Beverages, Tobacco | 197 | 166 | 10244 | 49644 | 68,9 | 69,7 |
| Clothing and Textiles | 45 | 32 | 1710 | 9450 | 10,5 | 13,2 |
| Timber, Paper, Printing | 21 | 16 | 1050 | 3171 | 7,1 | 4,5 |
| Chemical Products, Rubber, Glass | 56 | 42 | 2184 | 4760 | 14,5 | 6,8 |
| Metal, Minerals, Iron and Steel | 77 | 60 | 4081 | 6699 | 28,2 | 6,5 |
| Machines and Transport | 37 | 26 | 2997 | 3182 | 20,6 | 4,6 |
| Other Industrial Products | 79 | 60 | 5372 | 10507 | 36,2 | 13,5 |
| Commercial Services | 73 | 70 | 6789 | 8906 | 35,0 | 12,0 |
| Transport, Storage, Communication | 111 | 106 | 9879 | 11211 | 51,5 | 14,7 |
| Other Services | 61 | 56 | 7747 | 8784 | 39,1 | 11,3 |
| Total | 1712 | 1498 | 90084 | 343299 | 585,8 | 471,4 |

*RM = Million Rand