years of adverse growing conditions. As a consequence of these gains business confidence improved.

Against these favourable trends there were others operating in the opposite direction. Inflation remained in the 18%-20% range, contributing to the persistent erosion of incomes and low consumer spending. Growing Black and White unemployment was paralleled by emigration of an increasing number of professionals. Capital continued to leave the country, though at a slower pace, while fixed investment declined in favour of investment in stocks. A slowdown in political reform was accompanied by a rising tide of disinvestment by foreign firms. All these factors, along with unremitting social unrest and the spectre of international sactions combined to discount any incipient short term optimism and to encourage uncertainty and pessimism concerning economic and political prospects over the long haul.

At the same time, pressure by anti-apartheid forces continued to grow in North America, the primary source of income for most of the Canadian firms with South African affiliates. Senior management found themselves devoting a growing portion of their time to dealing with such forces, to a degree unwarranted in terms of the return obtainable from their South African interests. Consequently, the combination of the "hassle" factor, the growing threat to income from major North American interests, two years of low returns from South Africa and uncertain future prospects convinced a growing number of Canadian companies to disinvest in 1986 and early in 1987.

III CANADIAN COMPANIES IN SOUTH AFRICA

The profile of Canadian companies with affiliates in South Africa has changed radically in the past year. In 1986 four firms sold their South African interests and a fifth suspended operations. In the first four months of 1987 six Canadian firms disinvested and several more are considering doing so in the near future. Table I reflects this situation.

TABLE I

DISINVESTMENT OF SOUTH AFRICAN INTERESTS BY CANADIAN COMPANIES

1986	1987
1. Alcan Aluminium Ltd. (Mar.)	1. Cominco Limited (Apr.)
2. Bata Ltd. (Nov.)	2. DeLCan Ltd. (Apr.)
3. Dominion Textile Inc. (Oct.)	3. Falconbridge Ltd. (Mar.)
4. Jarvis Clark Co. (CIL)(Aug.)	4. International Thomson Organization Ltd. (Mar.)
5. Menora Resources Inc. Suspended operations (Nov.)	5. Joseph E. Seagram & Sons Ltd.(Mar.)
	6. Moore Corporation (Mar.)

N.B. The dates of disinvestment noted above are approximate but generally refer to the public announcement of intention to disinvest. Conclusion of legal formalities and final transfer of ownership usually has been a month or two later.

The reasons generally stated by Canadian companies for disposal of their interests in South Africa are fourfold:

(1) The "hassle" factor: Senior management has had to spend too much time dealing with anti-apartheid forces in Canada and with the public relations exercises needed to counter them. Annual shareholder meetings have frequently attracted opposition to company policy on South Africa.

(2) Income from South African affiliates is a small proportion, generally 1% or 2%, of total company income and is not worth salvaging when the main sources of income in Canada and/or the United States are threatened by the retention of South African assets. Especially in the United States, but increasingly in Canada, institutional, municipal, state/provincial and other local or governmental authorities are governed by resolutions forbidding the award of contracts to firms involved in South Africa.

(3) Several years of economic recession and sociopolitical turmoil in South Africa have made that country unattractive for investment purposes. Some Canadian affiliates have been unprofitable in recent years. Others, while moderately profitable, have not been sufficently attractive to warrent their retention in in the light of larger corporate strategic interests.