

VI CONCLUDING OBSERVATIONS

Part II of this report outlined the economic and political conditions under which Canadian and other foreign enterprises are obliged to operate and make decisions on whether or not to remain in South Africa. Given the existing uncertainties and the long run prospect of decline (in the absence of accommodation amongst the races), only those firms which are profitable or potentially so, those without significant business interests in the United States or those unwilling to vacate the field to their competitors, are likely to stay on. At present, that suggests a maximum of seven or eight, along with the Canadian Embassy. Of these only three employ more than 1,000 while the numbers for the remainder range from 2 to just over 40. Their impact on the South African economy is therefore minimal. Even the future of the three major companies in South Africa could be limited if some of the current draft U.S. Congressional Bills were to be enacted, as their parent companies have substantial interests in the United States. Because their total economic impact is limited, their presence or absence in the future will have at most a marginal impact on the South African Government.

Where Canadian and other foreign affiliates until now have had an effect disproportionate to their size and numbers is in the area of social responsibility measures. Both South African officials and businessmen have acknowledged that the various Codes of Conduct have set the standards and exerted pressure on the South African business community to improve employment practices. The departure of foreign firms and the loss of these benefits, along with the technology and capital they generally provided, is genuinely regretted in South Africa. Even the trade unions, whose official policy supports disinvestment and sanctions, have been frustrated in their wish to be an effective part of the disinvestment process. Today they rue the job and benefit losses that have accompanied the departure of foreign control or equity. Ford of Canada has been something of an exception in this respect as it did consult the unions and, additionally, donated 24% of the equity in its affiliate to a trust fund to be used for the benefit of its erstwhile employees. But even here the unions have expressed reservations on the ground that the benefits from the trust fund will be communal rather than an addition to the size of the individual worker's pay packet. Further, the departure of the foreign firms in many cases is more apparent than real as their products continue to appear under the same trade marks, with the same technology and the same components shipped from former parent firms or their other affiliates around the world. Some have included buy-back clauses in their sales agreements.

With respect to the Code of Conduct, the Canadian enterprises still represented in South Africa can be commended generally for their efforts to comply with its requirements. As noted earlier, all achieved a passing mark or better and none can now be categorized as an uncaring company. The working environment in all of them is generally good and

all are racially desegregated. Only four have some distance to go to bring their wages up to Code standards and each of these in the recent past has been faced with strong competition in a time of sectoral recession. This has limited their ability to increase wages rapidly. Nevertheless, in each case, progress has been made during the past year. As a consequence of these efforts and of improvements in other categories, three moved up a grade in 1987: JKS Boyles, Sternson Limited and the Canadian Government/Embassy.

Despite the progress noted above, efforts are still required in a number of areas, notably with respect to Wages, Encouragement of Black Business, Social Justice and, in a few cases, in Training and Promotion and Fringe Benefits.

More specifically, there is a need for greater efforts to train and move non-Whites up the employment ladder to management and technical levels. Women, in particular, are notable by their absence in such positions and only one or two companies have to date addressed this problem.

Some of the larger firms have continued to lobby governments at various levels to speed up the process of dismantling apartheid in its many manifestations; but the smaller enterprises have been slow to act in this direction.

It is clear that the process of improving employment practices in South Africa will continue but probably at a slower pace. The Codes of Conduct have contributed much to the gains already made and they will be needed in the future to complement the efforts of the trade unions. The latter are feeling embattled through the loss of leadership by virtue of recent banning orders and through the anticipated loss of foreign funding when current restrictive draft legislation is enacted. In the existing circumstances, therefore, the value of the Codes in the days ahead seems likely to be enhanced.

Disinvestment is disliked by nearly everyone in South Africa. Most deprecate the loss of capital and technology the process usually entails, as well as the consequent increased cost of their replacement. The non-White trade unions and their members regret the loss of jobs, fringe benefits and social responsibility programs that often follows disinvestment. The Government to date has remained unmoved beyond displaying a growing determination to proceed on its chosen path toward almost certain disaster.

In the meantime, business decisions must continue to be made. Without a break in the current racial impasse, these are likely to be in the direction of further disinvestment. Nevertheless, while Canadian enterprises and their affiliates remain in South Africa they will still have a role to play in promoting, in the words of the Canadian Code, "...the cause of social justice and the peaceful achievement of necessary social and political changes and reforms".