

situation where wages are seen as less of an issue, but also to the operations of the larger firms with significant numbers of employees and healthy profits.

All governments who have these Codes recognize that their imposition could have negative implications for employment generation, particularly in the current recessionary phase of the South African economy, and have attempted to compensate in a general way by increasing their support to the victims of apartheid through programs that are directed at education, community development, literacy, and economic development including the areas of business and agriculture. Canada has been an active and positive participant in this area with a budget of some \$16.0 million this year. While not all related to compensatory support, it is interesting that the comparable, if larger, EC aid program to South Africans is characterized by its beneficiaries as the obverse side of the Sanctions and Code coin.

While it is difficult, from the small sample of Canadian companies reporting since the rating system was initiated in 1987, to say unequivocally that there has been a "lock step" among them towards improvement, there has been significant improvement identified on an individual company basis. More representative and quantifiable evidence of this progress is the recent report of the Signatory Association (under the former Sullivan Principles) where the ratings of some 50 companies are given for a three-year period, and in which of those having less than a Category I standing, the number improving their status over those backsliding was almost double. Similarly, an analysis, provided by a country reporting under the EC Code, shows steady progress of an increasing percentage of companies from 1984 to 1990 that had specific non-White employment and promotion policies (70% to 91%); gave assistance with home purchase (61% to 71%), extended help for local communities (doubled); and provided insurance and medical schemes (89% to 96%). One statistic that remained flat in percentage terms was that of companies having apprenticeships open to employees of all races -- but this could, of course, be an anomaly explainable if the aggregate number of companies within the sample which actually had apprenticeship programs decline with disinvestment. One country, in its official report on compliance, decries the amount of disinvestment that has occurred since the mid-1980s and is specific in stating its policy of encouraging its nationals to invest in South Africa.

The Canadian Code, and compliance with it by the current three or so companies, must be seen within the broader context of something like 600 foreign firms operating in South Africa under various Codes and their ethical context. Of that number, there are something like 10%, including the Canadian, where the degree of foreign management involved is low and, therefore, probably insignificant.

It might be suggested that compliance with our Code, or at least the administrative procedures related thereto, encouraged some of the Canadian companies to divest, but there is no evidence for this -- statistical or anecdotal. While the Canadian Government

is neutral on the issue of "to disinvest or not", had the Code been a factor in disinvestment, it would clearly be a contradiction since their positive demonstration effects and the influence on the non-White employees so affected would have been lost.

In fact, in some limited cases, the existence of Codes and compliance with them allowed companies to continue operating in the Republic of South Africa, without losing the capacity to maintain markets in other geographic and political areas.

On balance, it is arguable that, within themselves, the Codes have been a positive factor in a human rights sense in the South African mosaic as it has developed over the last decade or so. They have clearly had an important demonstration effect within the business and industrial community and have moved to reinforce, if not lead the way to, local reforms. Canada began this exercise when some 32 of its firms were in South Africa. When formal reporting began in 1985, 18 remained. By this latter period, there was something over 18,000 non-White employees; there are now three companies reporting directly with fewer than 70 non-White employees. Given this decline, current discussions on further disinvestment which will bring the non-White employee number down to around 17, as well as the low degree of actual Canadian management control of these activities (except of course for the Canadian Embassy in Pretoria/Cape Town), it is for consideration whether formal reporting under the Canadian Code and the associated administrative arrangements and costs continue to have a rationale.