

ADDRESS TO THE BOARD OF DIRECTORS OF
THE KWAZULU FINANCE AND
INVESTMENT CORPORATION LIMITED

UMLAZI. 19TH APRIL 1985

ADDRESS TO THE BOARD OF DIRECTORS OF THE KWAZULU FINANCE AND
INVESTMENT CORPORATION LIMITED
BY MANGOSUTHU G. BUTHELEZI, CHIEF MINISTER KWAZULU, PRESIDENT OF
INKATHA AND CHAIRMAN, THE SOUTH AFRICAN BLACK ALLIANCE
UMLAZI. 19TH APRIL 1985

The Hon Dr. Zulu, Chairman of the Board, other Members of the Board of Directors, the Hon. Mr. Hansmeyer, members of the Executive Management of the KFC. It is a privilege for me to be here today and I should like to thank you most sincerely for inviting me to visit you here at Umlazi. This is the first opportunity I have had to meet the full Board in person and I would thus like to again thank all of you for accepting my invitation to serve on the Board of the KFC.

Mr. Chairman, you have already referred to the fact that this is my first visit to the headquarters of the KFC at Umlazi. It is a pity that I have not been able to come before, but as you have pointed out, this has not stood in the way of sound relations between the Corporation and the KwaZulu Government.

This Corporation is the most important instrument for development in KwaZulu and it is thus appropriate that I, as head of the Government and the responsible Minister, should exchange a few ideas with you on how I see the future. It is, however, equally appropriate that I should look back in history a little before looking ahead. There is no need for me to go into great detail in looking back. I have often spoken about the role the KFC and its predecessors have played in KwaZulu and expressed our appreciation for what has already been achieved.

But, I would firstly like to restate what I said in the Legislative Assembly last November. I said then that the KFC was practically the only meaningful point of entry Black people had to the benefits of the free enterprise, capitalist system. It is a pity that so few really appreciate what has been achieved by the KFC under most difficult circumstances.

The private sector will one day come to realise how much the KFC has done without fanfare to enable Black people to go into business and thus become convinced of the merits of free enterprise. I am told that by the end of the last financial year on March 31 the KFC had employed more than R76 million and helped almost 6 000 individuals in the fields of business, housing and agriculture. Almost 1 000 businessmen have been given loans totalling R35,7 million to finance their own businesses in KwaZulu. That is no mean achievement in very difficult circumstances when the KFC was not given the funds to which it was entitled.

I said the private sector would one day come to understand the significance of what the KFC has done to foster free enterprise among Black people and I did so because of the prevalent tendency to criticise both the KFC and the KwaZulu Government for the omissions of others. It is not our fault that all manner of obstacles are placed in the path of Black people to make it difficult for them to reap the fruits of private initiative. But, as you are aware, Mr. Chairman, we are clobbered regularly and are used as a convenient scapegoat.

This brings me to another issue on which there has been full agreement between the KwaZulu Government and the KFC. I have repeatedly warned the adherents of free enterprise that unless capitalism was made meaningful to Black people, pressures to experiment with alternative economic systems would become irresistible. It has thus been a source of encouragement to us to see how the KFC has undertaken a number of initiatives to mobilise the resources of the private sector for development.

I have been particularly pleased to see the progress being made with the KwaZulu Housing Company, since housing is one of the most critical issues facing my people. I should like to congratulate the KFC on managing to gain prescribed status for the KHC and trust that it will now be able to mobilise substantial amounts of pension monies for the provision of black housing.

A further issue I wish to address today is the recent establishment of a joint planning committee involving the KwaZulu Government, the Natal Provincial Administration and the three Central Government Departments under the chairmanship of the Department of Constitutional Development and Planning.

It is absolutely essential that bridges of development be established in KwaZulu/Natal and I see a crucial role for the KFC in this field. We cannot afford the luxury of separate planning in an area which is irrevocably intertwined economically. Furthermore, it is unacceptable that KwaZulu's considerable and growing consumer spending power should benefit the core economy of Natal, while KwaZulu is saddled with the full costs of all the social responsibilities like education, health and welfare. The KFC has played an important supportive role to my Government in economic matters in the past and we shall continue to look to you for support in the critical years ahead.

Dr. Zulu, other Members of the Board, gentlemen, I believe it also necessary for me today to speak to you about the major industrial estates that have been established in KwaZulu and are now under this Corporation's control.

My stand on disinvestment is well known. You will know that I was in the United States again quite recently and that I spoke out strongly against the withdrawal of or curtailment in investments on many occasions. I did so in discussions with the President of the United States himself.

It is, however, very important to note that I spoke out equally strongly in support of fair employment practices and that I favoured the monitoring of codes on employment here in South Africa.

You must be aware that a number of companies located in industrial estates in KwaZulu have become the subject of controversy in the local and international media because they have been accused of paying low wages to their workers. This publicity has now reached the United States and Canada and the issue has featured prominently in newspapers in recent week. I was drawn into debating some of the allegations against Bata Shoe Company in many press interviews in Canada and also in radio interviews.

Mr. Chairman, I am aware of the fact that the KFC does not run factories and that it is thus, essentially a landlord. But neither the KFC nor the KwaZulu Government will be in a position to escape public culpability if it is shown that companies in our estates have been guilty of exploiting their workers. I accept that this Board will in future be in a position to exercise a measure of control because it can now choose the companies that will operate in the estates under its control. By selecting only reputable companies you will, to a degree, be able to ensure that fair and reasonable employment practices pertain.

I believe the time has, however, come for us to commence work on drafting a code of employment practice for industrialists operating in our estates. This would be an involved and complex procedure and I would like to offer some of my thoughts on the subject. The KwaZulu Government is committed to ideals which are entirely compatible with the best in all of the codes of practice which are in use today. I endorsed the Sullivan Code when it was first drafted, and when I was in the United States earlier this year, I said simply that I continued to endorse the Sullivan Code and recommended that it be strengthened and that its scope be extended very much further beyond the factory gates. I suggested that it be made mandatory by the United States Government.

KwaZulu is not in any position, legally and constitutionally, to make any code of conduct mandatory. Some hurl abuse at us and lay all the evils of apartheid at our feet and blame us for employment practices in KwaZulu/Natal, as though we had the powers of the South African Government. If we cannot make a code of conduct mandatory, then we should strive to make a KwaZulu code of conduct binding on both employers and workers by their mutual consent. I

function would serve the purposes we need to serve in KwaZulu. We need to establish a working relationship based on trust, both with workers and with employers.

I cannot over-emphasize the importance of maintaining sound industrial relations in KwaZulu. We need to attract industrialists to KwaZulu who will provide people with jobs, and we need conditions of employment and employment practices which will make the sound working relationship between employee and employer. The people of KwaZulu reject the notion of importing exploitative capitalism simply because they are starving. On the other hand they are prepared to pull themselves up by their boot-strings; they are prepared to labour honestly and I believe that the circumstances are more propitious in KwaZulu both for profitable investments on the part of the entrepreneur, and for sound industrial relations which not only give worker satisfaction but which increase productivity.

I face so many challenges that I simply cannot afford to be told that people in glass houses should not be throwing stones. All human affairs need to be regulated. Unless we set about regulating the relationship between KwaZulu and entrepreneurs, and unless workers and management set about regulating relationships between themselves, I can foresee endless strife from which nobody will gain in the final analysis.

I would see little point in indulging in tokenism by introducing a code of conduct for employers which lacked a dynamic which would make it a trendsetting event. I believe we are in a position to break new ground as far as employment practices are concerned. Inkatha is a mass organisation with nearly a million paid-up members, and the vast majority of these members are workers and peasants. I believe that a joint effort by the KwaZulu Government, Inkatha and the KFC could present industrialists and trade unionists with a basic discussion document which through negotiation could become almost universally acceptable.

Mr. Chairman, I propose that at this year's Annual General Conference of Inkatha I should raise the question of employment practices with Inkatha's members. The KFC is in a very advantageous position to draw up a draft document for discussion at this year's Conference, and I invite the KFC to do so. If Inkatha really endorsed a code of conduct, in every factory and place of employment in KwaZulu we will find workers committed to it and this makes negotiations about its amendment and adoption very promising.

It is my firm belief that KwaZulu, by adopting a code of fair employment, could become a magnet for development because of the stability that sound and acceptable employment practices can bring. You know that labour laws in our areas are something of a nightmare

through no fault of our own and this state of affairs is another compelling reason why we should strive to implement a code of practice. My call for more investment in KwaZulu and in South Africa should not be distorted naively, as happens sometimes, as a call to foreign investors and others to come here to exploit my people.

One last point I wish to make in this connection is that we should seriously consider making the code of employment practice relevant beyond the factory gates. While many an industrialist might argue that they have no social responsibility, I believe that race relations in this country are at a stage that all of us need to work together - even outside the factory gates - to try and shape a better tomorrow. This is a lesson which the trade unionists will have to learn as well. Black poverty and unemployment have reached such proportions in South Africa that trade unions cannot simply argue the case in support of a few insiders. They will have to be very careful not to make unrealistic wage demands for a few. This will ultimately promote capital intensive industry and lead to even more unemployment. When that happens there is a real prospect of open feuding in the ranks of workers. Hungry people will not be able to understand why their families should go hungry while a few workers are well off. I invite the KFC to devise a code that will be an effective compromise between reasonable wages and employment practices in an environment in which unemployment will be with us for years to come.

Mr. Chairman, I shall conclude by again assuring you that the KwaZulu Government has no intention of interfering in the affairs of this Corporation. It is a statutory and autonomous body and I have full faith in this Board and the staff of the KFC. I know that we will be able to work together well as it behoves friends with the same ideals and goals. But I ask KFC to understand that while I state what I have been practising for a long time, not to interfere, I jealously guard my political reputation, and if I continue to make suggestions now and then, this should not be seen as interference on my part. After all, I am the shareholder as the Minister responsible, and I have certain moral obligations in that capacity. I have full confidence in the Chairman and members of the Board of KFC, and I say these things notwithstanding this fact. I believe that this Corporation will make history in black industrial development and entrepreneurship in South Africa. This is no mean task and I wish you God's blessings in performing it. You have the KwaZulu Government's full moral support.
