

As1983.3 \_9\_|o)

A PAPER ON INVESTMENT IN SOUTH AFRICA FOR DISCUSSION WITH A VISITING GROUP OF GOLD INVESTORS FROM THE UNITED STATES OF AMERICA ORGANISED BY THE MANAGEMENT GROWTH INSTITUTE UNDER THE AUSPICES OF THE SOUTH AFRICA FOUNDATION  
BY MANGOSUTHU G. BUTHELEZI, CHIEF MINISTER KWAZULU, PRESIDENT OF INKATHA AND CHAIRMAN OF THE SOUTH AFRICAN BLACK ALLIANCE  
DURBAN, 28TH SEPTEMBER 1983

The consideration of whether or not to invest in South Africa can perhaps conveniently be explored in three relatively separate but related areas. There is obviously the question of whether or not holdings in South Africa are desirable in any particular company's portfolio. On this question I want only to make some very general remarks. Then there is a question of the implications of investing in South Africa, given the disinvestment lobby and the problems this lobby creates for shareholders at Annual General Meetings. These two questions constitute considerations of what is good for shareholders, your own shareholders. Then the third question is the South African point of view about investments and here I intend to concentrate thought on a Black South African perspective.

In addressing the first question of whether a holding in South Africa is desirable in any individual corporation's portfolio is one in which I must confine my considerations to some general observations. History has locked South Africa into a north/south economic axis and I believe that in medium and long term it is both to the advantage of European and American investors and to the advantage of South Africa that this axis be serviced and kept viable. Existing industrial development in South Africa can perhaps be regarded as the proverbial mustard seed which will one day grow into a great big tree. Undoubtedly the growth potential of the South African economy is enormous, and the servicing of the north/south economic axis at this point in time is an essential forerunner to globally significant economic development.

The mineral riches of this country and the existing industrial base in it provide the circumstances which are perhaps unparalleled elsewhere in the world. As a Black political leader concerned not only with the well-being of my own people but concerned with larger South and Southern African questions, I believe that the north/south economic axis is important for us and the world and I believe that investors have a joint interest and even obligation to each other to preserve and to stimulate development along this axis.

Each industrial nation to some extent is an island unto itself but in broader perspective in the same way that one Western or American national economy is intimately related to the other Western economies generally speaking will be

linked by fate to the Third World, and the South African connection in this link is an important one. I believe that it is globally important for the South African economy to be liberalised to the extent that a true free enterprise system evolves in this country. Foreign investment could play an important role in liberating the economy from ideological controls and should be encouraged. I do not want to go further afield in discussing investment decisions at this level because I am not an international financier or an economist, and wish only to make some observations from the perspective of the peasant background from which I come. As a boy I herded goats and cattle in the fields and grew up amongst peasants in a rural area. Many of my intimate associates have remained peasants and workers and all I wanted to do is to convey a message from this category of South Africans.

The second question of the disinvestment lobby is one in which I am more at home. Having come from a peasant background and having been in politics for something like 30 years, I am in a position to talk about Black South Africa with, I hope, some authority. I want to emphasise that the perspectives you will hear from me today are not those of an individual expressing personal opinions. I have managed to build up INKATHA as a mass movement with a current membership rising well above 750,000 card-carrying members, and I have done this over a short period of eight years. INKATHA was born in 1975 and rose like a colossus through the 1976-78 period Black civic protest. It was born during South African events in which there was a dramatic heightening of Black political consciousness and INKATHA is growing as vigorously in 1983 as it did in its earlier years. The graph of rising membership is ascending at the same rate and as yet there are no signs of it levelling off. INKATHA is Black South Africa in political ascendance.

I make the point about INKATHA as a South African political phenomena of this country as a prelude to saying that in my leadership I capture the idiom of the people and in the democratic mechanisms and procedures which so strongly characterise INKATHA, I am made intimately aware of Black public opinion. INKATHA is as representative of urban South Africa as it is of rural South Africa. It is a cross section of Black South African society unparalleled in the history of this country. No political leader could have built up such a vast political force if he did not embody in his person the views and aspirations of the ordinary people of the country. Whenever I speak, I speak against the background of knowing that I have to return to my people and tell them what I have said. I am their voice and I do not follow double agendas. I am not one thing in Durban and another thing in New York. An analysis of what I have said over the years will show a very high degree of consistency. This is so because I articulate the views of a very determined people with very specific objectives. Whatever is said about investment in overseas lobbies should be tested against what the people in South Africa themselves say.

In any society there is both consensus in majority opinion on crucial matters

and there are also minority groups deviating from a general view. This is as true on the question of investment as it is for any other question. There are Black South Africans, and their voice is not insignificant, who have grown disillusioned with the West; they have grown disillusioned with capitalism and the free enterprise system and they argue for a socialist future. This minority view can at times be tragically careless about industrial and worker well-being as they devise tactics and strategies which are aimed at bringing about radical political change in the shortest possible space of time.

When we go beyond talking about Black South Africa we must also realise that in White South Africa there is also a minority group which is careless about the future of this country as it seeks to establish permanent White political supremacy in the shortest possible space of time. We have therefore two minority groups; one Black seeking radical change towards a socialist future in the shortest possible time; and one White seeking the circumstances of perpetuated White racist domination in the shortest possible time. It is these two groups who catch the investor in their cross-fire. The disinvestment debate and the disinvestment lobbyists fail to perceive this position and I have found that extremely sophisticated Western investors become confused in the rhetoric which flies back and forth.

Both minority groups claim universal support for their contentions. Disinvestment lobbyists will tell you in the United States that Black South Africa has reached the end of its tether and that the Black population very definitely supports the campaign in the West directed at discouraging investment and isolating South Africa economically. The White minority seeking finally to entrench their racial superiority will tell you that the vast majority of South Africans, including Blacks, support apartheid and that the ongoing system in this country is one in which South Africans generally see their greatest benefits.

I who root my life and my politics in the masses of the ordinary people do not have to involve myself in rhetoric and in a sense I stand aside from this scene of rhetoric exchanges and can afford to look at it objectively. I, like Black South Africa as a whole, am aware that the Black people in South Africa neither support the system of apartheid nor do they support the political forces who want to produce radical changes overnight to thrust us into a Utopian socialist future tomorrow.

Poverty is a hard taskmaster. It teaches us what reality is and makes us intimately aware of the consequences of political blundering. Black South Africa has now two generations of experience behind it in a struggle for liberation and in that experience they have again and again been acquainted with false political prophets advocating unrealistic strategies which achieve nothing but increased suffering of the people. It can be simply and safely

said that an assessment of the South African situation will be inaccurate if it revolves around assessments of the merits of the rhetoric which emanates from White right-wing South Africa and Black left-wing South Africa. What actually happens in this country and what will happen in the future will not be orchestrated by rhetorical leadership. History is not herded before rhetorical spokesmen. It is the consequence, rather, of that intricate inter-relationship between myriads of individual and group vested interests. The third question relates to the meaning to us of investments in this country and how we see the utility of those investments.

A people's aspirations are in fact very largely determined by their perceived options. Generally speaking across the country something like more than half of South Africa's African population is 15 years of age or younger and one of the driving motives in adult Africans is to secure a better future for their children. Against the history of two generations of African suffering in apartheid South Africa, there is an adult acceptance that there are no quick and easy solutions and there are no Utopias; there is an acceptance that there is a struggle for liberation which has been a long and hard one and could well remain so for some time to come.

In 1981 I established the Buthelezi Commission to examine the whole question of KwaZulu's location in Natal and South Africa and to seek a consensus view on how we should tackle the question of bringing about change and in what direction that change should move. Commissioners were drawn from every walk of life and from all race groups. The business community was represented on the Commission by members of the Institute of Bankers in South Africa, the Natal Chamber of Industries, the Durban Chamber of Commerce, the South African Institute of Civil Engineers, the KwaZulu Development Corporation, Anglo-American Corporation, the Associated Chamber of Commerce, the Natal Sugar Industry, the South African Federated Chamber of Industries, Inyanda Chamber of Commerce, and the National African Federated Chamber of Commerce. In the broad range of their considerations, the Commissioners called for scientific surveys of Black attitudes and Black aspirations. In one of the questionnaires used in the scientific surveys conducted this question was posed: "If the Government were to ask people like you about improving lives of Black South Africans today, which of the following should it do?"

Respondents were given ten statements with which to agree or disagree. They were:

- 1) open social facilities;
- 2) permit Blacks to purchase homes in White suburbs;
- 3) divide White farms for Black South Africans to buy;
- 4) make home ownership possible;

- 5) release imprisoned leaders;
- 6) curb price rises;
- 7) extend the franchise to Black South Africans;
- 8) remove influx control;
- 9) give higher wages to Blacks;
- 10) equal education.

Respondents were allowed to pick more than one of the suggested improvements and the number of times each of the statements were chosen is as follows:

- 1) equal education: 72 per cent.
- 2) give higher wages to Blacks: 69 per cent.
- 3) remove influx control: 44 per cent.
- 4) extend the franchise to Black South Africans: 33 per cent.
- 5) curb price rises: 30 per cent.
- 6) release imprisoned leaders: 29 per cent.
- 7) make home ownership possible: 16 per cent.
- 8) Divide White farms for Black South Africans to buy: 8 per cent.
- 9) permit Blacks to purchase homes in White suburbs 7 per cent.

10) open social facilities social facilities: 3 per cent.  
This then is the profile of Black South Africans I am talking to you about.  
It is a profile of a realistic people knowing what their priorities are.  
When the sample was broken down into metropolitan and rural groups, it

remained generally the same with only relatively minor differences, which can be related to their life circumstances.

Black South Africans generally perceive the future as one in which benefits will be derived from relying on themselves. The high ranking given to improved educational needs can be traced to this fact. Black South Africans are not ideological idealists out of touch with reality and it is for this reason that I have repeatedly encouraged White South Africa in general, and industrialists in particular, to build upon the human material which is

available for development in Black South Africa. There is in this country a vast task force committed to progress and development which matches the economic opportunity provided by the mineral wealth of the country and its existing industrial base.

In the pursuit of personal, social and economic objectives, Black South Africans have ranked job opportunities high in their list of priorities. They have thus always supported job-creating investments in this country, and it is simply not true that the vast majority of Blacks support the disinvestment lobby. We recognise that there can be no real political progress in this country unless the veritable sea of destitution around us is eliminated. If we are to have a negotiated future we recognise that on our side the strength of our negotiating position is directly related to our necessity to Whites and we recognise that we are very much more necessary in factories than in impoverished unemployed communities. The drive to make South Africa a better place for ourselves and for our children enhances for us the value of working.

But whenever I have talked about Black South Africa, I have talked about it in the context of Black South Africa's perceived options. I have repeatedly warned that there is already a minority of Blacks who abandoned hope in the future if it is to remain rooted in White vested interests. They see White South Africa as incapable of abandoning its privileged position and incapable of sharing its economic, social and political advantages voluntarily. They see White racism as unchanging if it is left to its own devices, and they see the need to force Whites to change through revolutionary activity. They see capitalism and the free enterprise system as bastions of White strength, and they see the need to destroy these systems and to replace them with a people's republic based on socialist ideals. I have repeatedly warned both investors and White South Africa that the goodwill and the commitment towards orderly progress in this country in Black South Africa is a national asset which must not be wasted and mismanaged politically.

Any dramatic change in the political climate of South Africa would affect the options which Blacks regarded as open to themselves. This country is passing through a dramatic experience of constitutional change and in the context of today's discussion, I need to share with you the implications which the Government's constitutional plans have for us all.

The unfolding of this plan has already commenced with the White parliament having adopted a new constitution and the Prime Minister having set November 2nd as a day on which the Referendum for White voters will be held. Beyond this initial steps, the Prime Minister and his Cabinet colleagues envisage an expansion of constitutional developments in which on the one hand there will be developments at the local government level for Blacks in urban areas, and on the other hand there will be movement towards a confederation of Southern

African states, including so-called White South Africa and so-called independent homelands. I would like to spell out in measured terms what this means to Black South Africa in general but more particularly to Africans.

It means firstly a fundamental change in Black politics. Prior to this new constitution, Blacks were excluded from voting by law but the constitution itself was not rendered unacceptable by our exclusion, and Black politics had the central goal of persuading or cajoling the Whites in the country to agree to extending the franchise. = Blacks sought inclusion in the State. They sought inclusion in the process of government, based on a constitution with which they had no quarrel and they sought inclusion in the country's economic system with which they also had no quarrel. Black politics strove to achieve the kind of objectives which have been sanctioned by the international community in the United Nations Declaration of Human Rights. Together with these primary aims and objectives, Black politics strove to eradicate apartheid at all levels and to work for an open, democratic society in which there would be equality of opportunity and equality before the law. For two generations since the Act of Union in 1910, Black politics has striven to uphold civilised values and to make it possible for Blacks to contribute to the development of South Africa as we knew it, as free and equal citizens.

The African National Congress came into being in 1912 to lead the struggle and remained the country's primary Black political force until it was made an illegal organisation in 1962. By that point in time, the African National Congress had decided to establish a mission in exile as an external support base for Black political developments in the country. Black experience during the decades of the ANC's operation inside the country as a legal organisation, was that the position of the Black man worsened steadily and that non-violent democratic opposition to apartheid was met with violence, bannings, jailings and even death. It is a remarkable tribute to the Black people of South Africa that they continued to pursue high political and spiritual values in the face of the treatment that was meted out to their political organisations.

After the National Party first came into power in 1948, hopes of Black inclusion in the country at all levels was dealt one severe blow after another, as White South Africa rallied behind the National Party to an ever increasing extent in support of a general trend towards ever greater White exclusivity in the country's national, political, economic and social life. But despite the deepening political gloom and the dramatic growth of White administrative and political harshness, in general terms Black South Africa retained its sense of values and did not rearrange its national priorities. Increased harshness and the dramatic elaboration of formal apartheid after 1948, and the eventual banning of the ANC, had a radicalising effect but even so it was a minority of Black South Africans who abandoned hope and democracy and turned to become involved in the armed struggle or to support it from a distance. During the boom years of the 1960's, and the early 70's, rapid

industrial growth called White political bluff that so-called White South Africa was sufficient unto itself. Economic factors resulted in the need for dismantling many of apartheid's key structures, and there was in Black South Africa an upsurge of hope that White South Africa could still be brought to its senses and that we need not destroy the foundations of the future in bringing about radical change in this country. In a few brief words we can sum up Black political experience from 1910 to 1983.

In the same measured terms, I want now to turn to the current political situation. The South African Government has introduced a new constitution which de-nationalises 72 per cent of the country's population. It establishes supreme White control over 87 per cent of the country, and virtually all its mineral and industrial wealth. This despite the fact that the majority of the people who live in so-called White South Africa are Africans. The new constitution is a tricameral arrangement in which the White house and the Executive White President are all-powerful and will remain so for as far as one can project political imagination into the future. It has minor Coloured and Indian houses with no effective political power; it entirely excludes Africans. Blacks generally, and Africans in particular, reject the constitution in part and in whole. Even if a fourth house for Africans were to be created we would have nothing to do with the new constitution. The new constitution is the National Party's ideology and White vested interests constitutionalise and put beyond the reaches of Black democratic opposition. The new constitution de-legitimises Black democratic opposition in 87 per cent of our country and the new constitution will radically change the aims and objectives of Black politics. Africans will no longer aspire to the kind of votes which Whites, Indians and Coloureds will enjoy under the constitution. Blacks will no longer accept the constitution as a given for the future, and Black politics will have to turn from fighting for the inclusion of Africans in the parliamentary system to the dismantling of the State as it is based on this abominable constitutional corner stone. Ordinary Black South Africans will now start reconceiving the options open to them and will start to reconsider their political strategies and tactics. We know in all reality that the 22 million Africans in the country can simply not thus be dictated to by the 2.8 million White registered voters. We know in all reality that Whites in metropolitan areas cannot survive without us - and we know in all reality that the grand apartheid dream of forcing Africans to accept the policy of 'homeland' independence and their inclusion as so-called states in the confederal scheme of the Prime Minister will never be realised.

I know as a leader that I would forfeit my leadership rights if I were to accept this new constitutional dispensation and work for African inclusion in it. The people would not tolerate such a direction on my part. What I personally say is therefore perhaps not very important. What is important for you all to understand is that Black South Africa just will not tolerate the perpetuation of apartheid in this most recent and politically virulent expression.



Politics has for an ever increasing minority become a matter of life and death and that minority will now begin to grow. If I do not as a leader give expression to the people's anger and lead them where they want to go, they will forsake me for others. White South Africa is now busy squandering the human material at its disposal and destroying the goodwill which makes that human material available to the country.

The negative impact of the new constitution is twofold. In the first place it is a severe blow to our hopes and aspirations from the National Party itself, but perhaps the greater impact of the new constitution is yet to come. If the White electorate return a 'Yes' vote on November 2nd, Africans will not only face a rejection by National Party ideological politicians, they will face the traumatic rejection by their White fellow countrymen. Negative racial attitudes will deepen dramatically if a 'Yes' vote is returned. There will be a rapidly increasing polarisation in the country between Blacks and Whites. Black politics will then stand in danger of changing its political target from racist policies of a government of the day to White society as such. There is in African opinion a deep-rooted belief that their struggle for liberation in this country will succeed. It is unshakeable in us and we know it beyond all other knowing, and it is upon this conviction that I will be so deeply dependent in the immediate and near future. I know Black South Africa will not have to go too far in militant action and the employment of power where they can employ it to bring White South Africa to its senses, but bring them to their senses we must. This is the demand of my people and this is where my leadership will take me. I must now preserve the options of negotiation and at all costs we must avoid a scorched earth policy in which none will be the winners. But that we are in for a tough political time is not to be doubted.

Nothing which I said at the beginning of this address is changed by what I am now saying, and I am not gainsaying what I have said repeatedly before. I am simply saying it in the context of today's political circumstances. Reality is very harsh for those trapped in Third World poverty and the circumstances in which we wage our struggle for liberation in this part of the globe are harsher than in many other places. Reality decrees that we do not destroy the future for the sake of immediate personal gains and I have no doubt whatsoever that the sense of realism of the country's African population and their own priorities will enable me and other leaders to preserve the future for posterity.