

lionaires than all other forms of commercial endeavours put together. It is the reason why so many property investors are among the group who are self-made millionaires. Mortgage gearing is the most important form of leverage, usually it depends on inflation.

For example, Mr Kuware and Mr Mohio have \$100,000 each. Mr Kuware buys a commercial building valued at \$100,000. In five years' time that building is worth \$200,000 so Mr Kuware would be quite happy with himself. But Mr Mohio, having a bit of business flair, using benefits of scale and O.P.M., bought ten buildings at \$100,000, a total of \$1,000,000. Because he has only \$100,000 he borrows \$900,000 for five years, interest only. For argument's sake we will say that the rent he was receiving from the buildings equalled the interest he was paying. Therefore, after five years he would own ten buildings, like Mr Kuware's they would be valued at \$200,000 each, total \$2,000,000. Because he was only paying the interest on his loan, he would still owe \$900,000, hence he would be worth \$1,100,000 compared to Mr Kuware's \$200,000. Maybe you can understand what I said before about capital assets. The money made by Mr Mohio was due to the gearing ratio of his mortgages and inflation not by the rents received.

Many people make the mistake of thinking that the only reason for business is to make a profit. One must understand that business can be used to solve any and all problems, get jobs, get your land back, etc. The reason for this error is the fact that the business arena is dominated by pakehas who do not place any value on being able to provide their people with jobs or regaining ancestral land.

Before we go any further, it is necessary for me to tell you the importance of imagination in business, and why it is dangerous to ever limit your thinking.

The most profitable business transactions are those where the other party do not understand your motives. When the pakeha came to New Zealand they brought their laws and customs including their system of property ownership which was foreign to the Maori. The pakeha possessed an "own property forever" mentality, whereas the Maori possess a "you have to occupy (ahi ka)" mentality and tribal ownership mentality. Because the pakeha was able to enforce his laws he was able to exploit the Maori because of the difference in mentality. Another example: An olden day Maori owns a gold mine. He can't understand why a pakeha is willing to offer him a musket and a couple of fish hooks for this yellow rock, so he is able to be exploited because he does not possess a make money mentality. But mentality can also work in favour of the Maori. If a Maori went into business and all he had was a "get jobs for your people" mentality and he was dealing

with make money mentality pakehas, he would have a field day. The pakehas, like the so called old time Maori in the gold mine example, would be totally ignorant to the other party's intentions, thus both would get exploited. It is important to remember that if your motives are to get jobs for your people you must keep it secret from the pakeha.

For example: A few years ago you could have got a plentiful supply of fish-heads for free. All you had to do was to go up to a pakeha fishshop owner and tell them not to bother dumping their fish heads, tell them that you would take the fish-heads off their hands without charging them (pakeha fishshop owners) cartage. The pakeha would readily oblige. But nowadays the fishshop owners know your motives; they now know fish heads are a delicacy and, as could be expected, charge a fortune. Law of mentality is a difficult concept to grasp, but if you believe when I say to you that if a Maori went into business with a "get jobs for their people" mentality he would whip the pakeha because of their fixations they have on making money. Their reward would be in jobs, not money. The Maori should be able to get control of a large number of jobs with very little capital input. The Maori must never let the pakeha know they are in business to provide jobs for their people, for if they did they would suffer the same destiny as the Maori with fishshop keepers, because their motives would be known and the Maori would lose the initiative and hence would have to pay dearly for what before was so cheap.

Q. Please explain techniques where one can provide far more jobs for the amount of capital employed?

A. One must first go back to what I said before. That the greatest sin in business is to wholly own your own business. Now I will explain methods where one can still control an enterprise with just a fraction of ownership. The first method is double-up.

For argument's sake, we will say that it would take \$24,000 to create a job.

Investor Kuware and investor Mohio have \$1 million each. Investor Kuware starts up a company with assets of \$1 million therefore he can control between 41 and 42 new jobs.

Investor Mohio sets up a company, but he offers half to investors Tom, Dick and Harry. Therefore he has a company with assets of \$2 million. Because he owns 50% of the company he has a controlling interest, therefore at \$24,000 to create a job, he can control between 83-84 new jobs, or alternatively investor Mohio could have used his \$1 million to buy a half share in an existing \$2 million company.

But investor Mohio does not stop there. He has a controlling interest in this first company, so he uses the \$2 million there to buy a 50% share in a \$4 million company, then with the second

company he buys a half-share in a third company with \$8 million company. If it takes \$24,000 to create a permanent job, then investor Mohio could control 333 to 334 jobs.

In theory, Investor Mohio could continue on and on, buying half shares in different companies until he had control of enough assets to eliminate all unemployment among our people. Many Maori people have called for Maori control of resources. Maybe this is a method they could use.

The result is that if Maoris wanted to create new jobs for their people if they took investor Kuware's example they could create one job for every \$24,000 of capital they had. If they took investor Mohio's example they could control one new job for every \$3,000 of capital they had. Only one eighth of investor Kuware's cost. But one must remember, although investor Mohio controls \$8 million he only receives income off \$1 million of that \$8 million. Therefore he controls eight times the number of jobs of investor Kuware, but has the same income. Therefore jobs benefit, but no monetary benefit. That is why you will not find this method in any textbooks or taught at any university.

But it is sometimes not necessary to own half a company to control it. The following is another method, I will call it voting power. When there are restrictive voting rights, a group can get control of a company with just a fraction of the share capital. In this example I will use New Zealand Forest Products, it is a large asset rich company and, like others in this league, scared stiff of corporate raiders. It therefore has structured its voting rights to make it impossible for one large company to come in and take it over. But unknown to their management, they have made it incredibly easy to be taken over by a large group of little people.

Its voting rights are:

1 vote for every \$2 of capital up to \$200 of capital.
From there, 1 vote for every \$4 of capital up to \$400.
1 vote for every \$10 of capital thereafter.
But no-one is allowed more than 15,000 votes.

Watties has a quarter of the shares, but only 15,000 votes. It cost over \$180 million to buy. One could get the same amount of votes with \$180,000 and 150 people. Rough estimation says that 4% of the capital at 1 vote for every \$2 of capital could completely outvote the other 96%. Another important fact is that New Zealand Forest Products has large shareholdings in other large companies, so this 4% would not just have control over the other 96%, but also many other companies, including:

U.E.B. Industries	39 1/2%
Watties	23.7%
Nissan Datsun	28 1/2%