

FACT SHEET - BANKING IN SOUTH AFRICA

GENERAL INFORMATION ON THE SOUTH AFRICAN APARTHEID REGIME

Since June 1976, South Africa has been enveloped in revolt. General strikes, demonstrations and sabotage have shaken the very foundations of its racist Apartheid system and paralyzed the economy. The white minority regime has brought its police state powers to bear, killing thousands and jailing many thousands more; but their places have been taken by others. The struggle will continue until liberation is achieved.

Apartheid is based on the Bantustans/Pass Law system. There are about 4 million whites--less than 20% of the population--yet they have confiscated 87% of the most productive and best situated land. This leaves the black population (which includes all those classified non-white) with 13% of the worst land for 82% of the population. This small amount of land is encompassed by the Bantustans, which are horribly overcrowded, infertile, and provide very few jobs. To support their families, many Africans must go to the "white" areas to work for any wage offered, leaving their families behind. Only whites have the rights of citizens in South Africa. Africans cannot vote, buy or sell land, own means of production, or mobilize their strength as workers in recognized trade unions.

Apartheid is enforced by over a 1000 racist laws and decrees. Aside from the virtually unlimited "security" legislation, the Pass Laws decree that every adult African must carry a pass 24 hours a day; such pass determines where the African may live and work. Anyone caught without it or with any irregularities is liable for deportation to the starving Bantustans, high fines, or jail. It is estimated that half the adult male population is persecuted under these laws every year.

Apartheid is thus a whole system instituted by a white minority to perpetuate its position of absolute power; it aims not at ending the interaction between blacks and whites, but at controlling the terms of that interaction for white benefit. Whites take home over 76% of the wealth created every year, leaving a paltry 23% for the blacks. At least 80% of all Africans live below the poverty line--a hypothetical line which does not include such amenities as educational and medical expenses.

SOUTH AFRICAN ECONOMY AND U.S. BANK SUPPORT

The white-controlled government faces not only the liberation forces being irrevocably forged in the black townships and Bantustans, it is facing a chronic economic crisis. The price of gold is unstable. There is an 11% inflation rate which is rising. The trade deficit and balance of payments shortfall is so critical that the government was forced to adopt a harsh austerity program, which cut all economic growth in 1976, so that the economy shrank by 1% in real terms.

According to Business Week, South Africa must maintain a real growth rate of 6.5% to absorb 250,000 black workers entering the labor market each year. Yet government sources indicate that 15,000 black workers are being laid off each month. Unemployment among blacks is surpassing 20%; there is no white unemployment.

To support this crumbling infrastructure, the South African government must procure sources of capital outside the country. The net inflow of capital, \$184 million in the first quarter of 1976, had become a monthly outflow of \$4.7 million by the third quarter. At the same time defense spending is up some 42% from 1975.

It is to the U.S. that the government has been turning as the European money market tightens its credit and maturation terms for the white regime and its corporations. U.S. banks are granting direct loans to the South African regime of unprecedented

magnitude. According to Reed Kramer of the Africa News Service, as of December 1976, "total lending to South Africa by American banks and their overseas subsidiaries has now surpassed \$2 billion--nearly double what it was one year ago. By comparison, direct U.S. investment, which totals about \$1.6 billion, has slowed its headlong rush of recent years, and may even show a decline".

NATIONAL CAMPAIGN TO STOP BANK LOANS TO SOUTH AFRICA

Seven major U.S. banks are granting loans to the South African government. These seven have been targeted for a bank account withdrawal campaign being organized by the Committee to Oppose Bank Loans to South Africa, composed of church, labor, public interest, and community organizations throughout the U.S. The strategy of the campaign will be to persuade as many organizations, families, and individuals who have accounts in these banks to withdraw their money and place it in alternative institutions. The goal is to force U.S. banks to stop granting loans to South Africa.

The seven banks are concentrated in three areas: (1) California: Bank of America; (2) Illinois: Continental of Illinois and First National Bank of Chicago; and (3) New York: Citibank, Chase Manhattan, Manufacturers Hanover and Morgan Guaranty. Organizers of the campaign agree with the South African Christian Institute which stated in October 1976, "investment in South Africa is investment in Apartheid, and thus immoral, unjust, and exploitative".

Some of the organizations already committed to withdraw their accounts include the United Auto Workers, the Furriers Joint Council of New York, the New York Conference of United Methodist Churches, the National Council of Churches, the United Church of Christ, and the Pan African Students Organization in America. Many locally based organizations have also committed themselves; they include locals from the Fur, Leather and Machinery Workers, National Union of Hospital and Health Care Employees, International Longshoremen and Warehouse Workers, Distributive Workers of America; and other groups such as American Committee on Africa, American Friends Service Committee, Clergy and Laity Concerned, Women's International League for Peace and Freedom, plus assorted schools, universities and churches.

LOCAL CAMPAIGN

Bank of America had at least \$188 million in outstanding loans to South African interests in April of 1977. This represents approximately 10% of the amount South Africa has raised in the U.S. and does not include the Bank of America's participation in other consortia. These loans have gone to the government of South Africa, commercial banks and public and private corporations for development projects or trade-related purposes.

In April 1977, 30 leaders of church organizations in Northern California sent an open letter to the Bank of America's Chairman of the Board calling on the Bank to cease further loans to the government of South Africa unless and until that government has ended the policy of Apartheid. Church stockholders affiliated with the Northern California Interfaith Committee on Corporate Responsibility have urged the Bank to stop loans to South Africa and to implement social criteria in lending. The Bank is currently undergoing a review of their South African loan policy.

Stop Banking on Apartheid is presently a coalition of local church, labor, public interest, research and community groups. It was organized in conjunction with the nationwide campaign. \$BoA is protesting Bank of America's support of Apartheid in South Africa in addition to focusing on the Bank's red-lining activities, deficient affirmative action policies, and use of union and public pension/retirement funds to support interests operating in South Africa. \$BoA is also advocating the use of alternative community-based banking institutions with responsible social investment records. \$BoA can be reached at 450 30th Street, San Francisco 94131 or through BA-NAG at 626-3131.

Boycott on banks announced

South African critics name loan targets

By Daniel Southerland
Staff correspondent of
The Christian Science Monitor

Washington

American critics of South Africa's racial policies have launched a national campaign to withdraw accounts from banks making loans to South Africa.

Sponsors of the campaign say they already have indications that withdrawals resulting from the campaign will exceed \$25 million.

For instance, several labor groups are expected to announce withdrawals of money from U.S. banks making loans to South Africa.

Loans from American banks to South Africa have increased dramatically in the past two years, and the total in such loans during that period is now estimated at a minimum of \$2.2 billion.

Contending that almost half the loans go to industries or commercial enterprises fully owned by the South African Government, critics of the loans charge that they are helping to strengthen white minority rule in South Africa.

A Committee to Oppose Bank Loans to South Africa has been formed with more than 150 sponsors, many of them from churches, trade unions, and civic and community organizations. Two of the main sponsors are the American Committee on Africa and Clergy and Laity Concerned, an interfaith group of Catholics, Protestants, and Jews with chapters in 40 cities in the United States.

The increase in American loans to South Africa coincided with a decline in the country's financial fortunes. This resulted partly from a worldwide economic recession and partly from a fall in the prices paid for South African gold. Also, racial unrest has created uncertainty about South Africa's future stability and has contributed to a slowdown in foreign investment.

Because of the uncertainty about South Africa's economic future, some banks already have become reticent about making loans to the country. But sponsors of the new campaign against such loans want loans cut not for economic and financial reasons, but for moral and political ones.

The New York Conference of the United Methodist Church is also expected to announce that it will be withdrawing "sizable amounts" of money within the next three months.

Sponsors of the campaign said that included among the banks affected by the campaign would be Citibank, Chase Manhattan, Manufacturers Hanover Trust, and Morgan Guaranty in New York and the First National Bank and the Continental Bank in Chicago.

Ten years ago the American Committee on Africa organized a bank boycott similar to the one now getting under way. That campaign ended in 1969 with the termination of a \$40 million revolving credit to South Africa by 10 major U.S. banks. Committee records show that at least \$25 million in funds was withdrawn from the banks at that time.