January 20, 1978

To: Reporters and Editors

From: Warren Day, executive director, News and Information

Southern Africa continues to be a major story. We believe the enclosed materials can help you keep up with the important involvement of the churches in this issue.

Enclosed you will find:

... Two news releases. One news release deals with the 1978 campaign concerning U.S. investments in southern Africa, which was announced today. The other news release is an overall view of the seven-year-old campaign the churches are waging.

... A background sheet on the 1978 campaign.

... List of companies with which stockholder resolutions have been filed. Most of these companies will be holding stockholder meetings in the spring. We thought you would appreciate knowing which ones are in your area. Let us know if you want more information about a certain company.

... List of spokespersons, in order that you might localize or expand on your story.

... List of those religious organizations filing the resolutions.

... An example of the type of resolutions being filed.

... A background article on southern Africa by Timothy Smith, director of ICCR.

Some of these materials may be useful to you over a period of time.

As always, we hope you will feel free to contact anyone in our office for any help you might need.
CORPORATIONS RECEIVING RESOLUTIONS ON SOUTHERN AFRICA

The following banks have received a resolution requesting the Board of Directors to establish as policy that the corporation not make any new loans or renew any old loans to the government of South Africa unless or until that government's system of racist laws has been revoked and meaningful steps have been taken in the direction of majority rule.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Number of shares filing</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BankAmerica</td>
<td>10,600</td>
<td>$ 221,275</td>
</tr>
<tr>
<td>Crocker National</td>
<td>7,000</td>
<td>165,375</td>
</tr>
<tr>
<td>First National Boston</td>
<td>18,588</td>
<td>462,377</td>
</tr>
<tr>
<td>Manufacturers Hanover Trust</td>
<td>5,706</td>
<td>184,020</td>
</tr>
</tbody>
</table>

The following banks have received a resolution requesting a report on the bank's current commitments in South Africa. The report would include a statement of current policy and the bank's evaluation of how each loan contributed to the well-being of the black majority.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Number of shares filing</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citicorp</td>
<td>54,748</td>
<td>1,154,513</td>
</tr>
<tr>
<td>Continental Illinois</td>
<td>8,886</td>
<td>223,261</td>
</tr>
<tr>
<td>First Chicago</td>
<td>11,410</td>
<td>205,380</td>
</tr>
<tr>
<td>Morgan (J.P.)</td>
<td>16,251</td>
<td>682,542</td>
</tr>
</tbody>
</table>

The following companies have received a resolution requesting the Board of Directors to establish as policy that the corporation not make further investments or expand operations in the Republic of South Africa unless and until the South African government has committed itself to ending apartheid and taken meaningful steps toward the achievement of full political, legal and social rights for the majority population.

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of shares filing</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Carbide</td>
<td>4,820</td>
<td>189,185</td>
</tr>
<tr>
<td>United States Steel</td>
<td>15,000</td>
<td>455,625</td>
</tr>
</tbody>
</table>

The following companies have received a resolution requesting the Board of Directors to establish as policy that the corporation terminate its present operations in South Africa unless and until the government commits itself to ending apartheid and takes meaningful steps toward the achievement of full political, legal and social rights for the majority population.

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of shares filing</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kimberly-Clark</td>
<td>11,058</td>
<td>435,409</td>
</tr>
<tr>
<td>Minnesota Mining and Manufacturing</td>
<td>2,200</td>
<td>102,850</td>
</tr>
<tr>
<td>Motorola</td>
<td>3,000</td>
<td>107,250</td>
</tr>
<tr>
<td>Phelps Dodge</td>
<td>3,400</td>
<td>70,550</td>
</tr>
<tr>
<td>Texaco</td>
<td>58,577</td>
<td>1,552,291</td>
</tr>
</tbody>
</table>
A resolution requesting the Board of Directors to establish as **policy** that the corporation not contract to sell, lease or service computers to the government of South Africa was submitted to:

| Control Data | 19,500 | $ 519,186 |

A resolution requesting the Board of Directors to establish as **policy** that the corporation not contract to sell photographic equipment to the government of South Africa and establish procedures to ensure that no customer shall resell such equipment to the government was submitted to:

| Eastman Kodak | 75,192 | 3,750,201 |

A resolution requesting the Board of Directors to provide a **report** on their new mining and smelting operation in South Africa was submitted to:

| Kennecott Copper | 151 | 3,360 |

A resolution requesting the Board of Directors to provide a **report** on the company's importation of South African coal was submitted to:

| Southern | 9,101 | 156,992 |

A resolution requesting the Board of Directors to provide a **report** on the corporation's application of its worldwide equal employment opportunity policy to its **Namibian** operations was submitted to:

| Newmont Mining | 10,000 | 178,750 |

A resolution requesting the Board of Directors to determine as **policy** that the volume of oil imports into South Africa be reduced by at least one-third in order to insure full compliance with the United Nations and United States ban on sales to **Rhodesia** was submitted to:

| Mobil | 9,755 | 587,739 |
| Standard Oil of California | 19,264 | 705,544 |

A resolution requesting the Board of Directors to initiate an investigation into Caltex's participation in oil sales to **Rhodesia** and **report** results of such an investigation was submitted to:

| Texaco | 19,984 | 548,873 |

**Note:** The list of Roman Catholic orders and Protestant denominations filing the resolutions is contained in the packet of proxy resolutions which may be obtained through ICCR.
LIST OF FILERS

BankAmerica
Nazareth Literary and Benevolent Institution (2500),
Sisters of Mercy, Chicago (6100), Sisters of Notre Dame de Namur, Saratoga (2000)

Citicorp
General Assembly Mission Board of the Presbyterian Church in the U.S. (4000), Lutheran Church in America (4500), the Premonstratensian Fathers (700),
Sisters of Charity of St. Vincent de Paul, NY (2400),
United Church Board for World Ministries (5000),
United Methodist Church World Division (38148).

Continental Illinois
Adrian Dominican Sisters (800), Dominicans,
Province of St. Albert the Great (10), Sisters of St. Joseph, La Grange (10), United Church Board for World Ministries (8066).

Control Data
United Presbyterian Church in the U.S.A. (19500).

Crocker National
United Presbyterian Church in the U.S.A. (7000).

Eastman Kodak
American Baptist Home Mission Society (987), Bryn Mawr College (4103), Episcopal Marianists, NY (600), Order of Servites, Eastern Province (1400), Servants of Mary Ladysmith (4000),
Sisters of Charity of St. Vincent de Paul, NY (900), Sisters of St. Francis of Penance and Christian Charity (100), Society of Jesus, Maryland Province (22000), United Methodist Church National Division (1368), and World Division (17129), United Presbyterian Church in the U.S.A. (22605).

First Chicago
Adrian Dominican Sisters (11400), Dominicans,
Province of St. Albert the Great (10).

First National Boston
Lutheran Church in America (5500), United Church Board for World Ministries (9388), United Methodist Church National Division (3700).

Kennecott Copper
Episcopal Church (100), Nazareth Literary and Benevolent Institution (10), Sisters of St. Ursula of the Blessed Virgin, NY (41).

Kimberly-Clark
American Baptist Home Mission Society (7400),
Sisters of Saint Dominic, Racine (558), Sisters of the Sorrowful Mother (3100).

Manufacturers Hanover Trust
Episcopal Church, Reformed Church in America (900),
Union Theological Seminary, United Church Board for World Ministries (4806).

Minnesota Mining and Manufacturing
Dominican Sisters of the Sick Poor (1000), Marianists, NY (200), National Council of Churches of Christ in the U.S.A. (1000).
<table>
<thead>
<tr>
<th>Company</th>
<th>Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobil</td>
<td>Union Theological Seminary (4000), United Church Board for World Ministries (5755).</td>
</tr>
<tr>
<td>Morgan (J.P.)</td>
<td>Church Women United (1), Episcopal Church (15000), Nazareth Literary and Benevolent Institution (1250).</td>
</tr>
<tr>
<td>Motorola</td>
<td>Haverford College (800), Order of Servites, Eastern Province</td>
</tr>
<tr>
<td>Newmont Mining</td>
<td>Lutheran Theological Seminary, Gettysburg (1000), United Church Board for World Ministries (9000).</td>
</tr>
<tr>
<td>Phelps Dodge</td>
<td>Franciscan Sisters of Perpetual Adoration (2300), Friars of the Atonement (1100).</td>
</tr>
<tr>
<td>Southern Company</td>
<td>Nazareth Convent and Academy Corporation (5000), Sisters of Charity of Saint Elizabeth, NJ (2900), Sisters of Saint Dominic, Racine (200), Southern Christian Leadership Conference (1), United Christian Missionary Society (1000).</td>
</tr>
<tr>
<td>Texaco (Rhodesia)</td>
<td>Order of Servites, Eastern Province (1500), United Christian Missionary Society (6000), United Church Board for World Ministries (12484).</td>
</tr>
<tr>
<td>(Withdrawal from South Africa)</td>
<td>The Grail (100), Order of Servites, Eastern Province (1500), School Sisters of Saint Francis, Milwaukee (900), Sinsinawa Dominican Sisters, St. Clara College (1200), Sisters of Charity of St. Vincent de Paul, NY (600), United Christian Missionary Society (6000), United Methodist Church Women's Division (3500), and World Division (539), United Presbyterian Church in the U.S.A. (44500), Ursuline Sisters of Thildonck (38).</td>
</tr>
<tr>
<td>Union Carbide</td>
<td>Sisters of Charity of St. Vincent de Paul, NY (100), Sisters of Mercy of the Union, NY (500), Sisters of Saint Ursula of the Blessed Virgin Mary (100), United Church Board for World Ministries (4120).</td>
</tr>
<tr>
<td>United States Steel</td>
<td>Episcopal Church (15000)</td>
</tr>
</tbody>
</table>
Shareholder Proposal on South African Loans

WHEREAS the repressive nature of the South African government continues to attract the attention and concern of individuals and organizations throughout the world;

WHEREAS our bank has made loans to that government's state-owned corporations in recent years;

WHEREAS such loans serve only to undergird the regime and facilitate its repression of the black majority;

WHEREAS one response to this situation has been the call for withdrawal of accounts from offending banks by individuals and organizations, including the National Council of Churches and United Auto Workers;

WHEREAS for a variety of social and financial reasons many international, national and regional banks, including European-American Banking Corporation, Algemene Bank Nederland, Chase Manhattan, First Bank of Pennsylvania and Maryland National Bank have stopped making loans to South Africa or greatly restricted the types of loans being made; and

WHEREAS such loans are not essential for this bank's survival, but are essential for the survival of the white minority regime in South Africa;

THEREFORE BE IT RESOLVED that the shareholders request the Board of Directors to establish the following as corporate policy:

Neither the Corporation nor its affiliates or subsidiaries shall make any new loans or renew any old loans to the government of the Republic of South Africa or to any of its agencies or instrumentalities unless or until the system of racist laws and regulations has been revoked and meaningful steps have been taken in the direction of majority rule.

STATEMENT OF SECURITY HOLDER

In June, 1976 the world was shocked once again by the shooting of unarmed school children in the streets of Soweto. Events in South Africa since that time have demonstrated that the repression in Soweto was not an aberration from, but rather consistent with the viciously enforced policy of apartheid. The last two years have brought arrests, bannings and more deaths.

During these years, our bank has continued to have financial dealings with South Africa. Our loans to the South African government have not helped the black majority. To the contrary, at a time when South Africa is becoming increasingly isolated on the international scene, these loans have said to the white minority that it has friends it can count on in the West. These loans have helped to maintain and strengthen the white minority in its ruthless suppression of the black majority.

We believe that our bank should join the other banks, large and small, U.S. and European, that have decided that South Africa is no longer a good risk - financially or morally. We call upon our bank to cease its apartheid loans.
SPOKESPERSONS WHO CAN BE CONTACTED TO SPEAK ABOUT THESE RESOLUTIONS ON SOUTHERN AFRICA

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
A Sponsored Related Movement of the National Council of Churches
475 Riverside Drive • Room 566 • New York, NY 10027 (212) 870-2293

1. Tim Smith, Director ICCR
   475 Riverside Drive
   New York, NY 10027
   (212) 870-2294

2. Frank White, Consultant on Corporate Responsibility
   United Presbyterian Church U.S.A., United Methodist Church
   475 Riverside Drive
   New York, NY 10027
   (212) 870-2030

3. Dr. Howard Schomer, World Issues Secretary
   United Church Board for World Ministries
   475 Riverside Drive
   New York, NY 10027
   (212) 870-2187

4. Father Michael Crosby, Coordinator of 16 Roman Catholic orders in Wisconsin
   Justice & Peace Center
   3900 N. Third Street
   Milwaukee, WI 53212 (414) 264-0800

5. Father Charles Dahm, Coordinator of 18 Roman Catholic Orders in Illinois
   22 E. Van Buren
   Chicago, IL 60605
   (312) 427-4351

6. Sister Mary Catherine Rabbitt, Coordinator of 15 Roman Catholic Orders in Ohio, Kentucky
   3001 South Federal Blvd.
   Denver, Colorado 80236
   (303)922-8215

7. Jody Parsons/Robin Jurs, Northern California ICCR
   Flood Building
   870 Market Street
   San Francisco, CA 94102 Tel. (415) 397-0833

8. Martha Savio, Director of Corporate Responsibility
   American Baptist Church
   Valley Forge, PA 19481
   (215) 768-2368

9. Joe Johnston Assistant to the President
   Bryn Mawr College
   Bryn Mawr, PA
   (215) 525-1000 ext. 381

10. Walter Owensby
    I.D.E.A.
    731 State Street
    Madison, WI 53703
    (608) 255-7303
COMPANIES RECEIVING RESOLUTIONS ON SOUTHERN AFRICA

BankAmerica Corporation
555 California Street
San Francisco CA 94104

Citicorp
399 Park Avenue
NY NY 10022

Continental Illinois Corporation
231 So. LaSalle St.
Chicago IL 60693

Control Data Corporation
PO Box 0
Minneapolis MN 55420

Crocker National Corporation
1 Montgomery St
San Francisco CA 94104

Eastman Kodak Company
343 State St
Rochester NY 14650

First Chicago Corporation
One First National Plaza
Chicago IL 60670

First National Boston Corporation
100 Federal Street
Boston MA 02110

Kennecott Copper Corporation
161 E 42 Street
NY NY 10017

Kimberly-Clark Corporation
Neenah WI 54956

Manufacturers Hanover Corporation
350 Park Ave
NY NY 10022

Minnesota Mining and Manufacturing Company
3M Center
St. Paul MN 55101

Mobil Corporation
150 East 42 St
NY NY 10017

Morgan (J.P.)
23 Wall Street
NY NY 10015

Motorola, Inc
1303 E Algonquin Road
Schaumburg IL 90196

Newmont Mining Corporation
300 Park Ave
NY NY 10022

Phelps Dodge Corporation
300 Park Ave
New York NY 10022

Southern Company
64 Perimeter Center East
PO Box 720071
Atlanta GA 30346

Standard Oil Company of California
225 Bush St
San Francisco CA 94104

Texaco Inc
2000 Westchester Avenue
White Plains NY 10650

Union Carbide Corporation
270 Park Ave
NY NY 10017

United States Steel Corporation
600 Grant Street
Pittsburgh PA 15230
BUSINESS AS USUAL WITH SOUTH AFRICA

It is a tremendous moral boost for white South Africans to feel that the "white anti-communist, Christian West," as they
categorize it, may condemn apartheid in the halls of the United Nations but is willing to do “business as usual” with them in critical economic areas. They know they can still count on U.S., European, and Canadian banks to provide capital and that public condemnation of apartheid will not inconvenience essential business relationships. Why then should the South African government take seriously the protest and opposition of America? What incentive is there for the white minority to want to share political and economic power with the black majority when they know that apartheid is profitable for them and likely to remain so?

South Africa can and does point with pride to its solid economic relationships with the United States, Britain, and France, etc., as a sign that it is respected and indispensable to the West.

ECONOMIC SUPPORT

We are all aware that the image of stability and economic milk and honey, which was once the picture of South Africa, has changed drastically. South Africa is in very difficult economic circumstances and has an acute balance of payments crisis. The price of gold has fallen considerably. Inflation is escalating. Many of these economic problems are the result of a shortsighted labor policy. During its economic trials South Africa has increasingly turned to international banks for capital for its budget and huge development projects. In 1975 South Africa borrowed $518 million and in the first six months of 1976 borrowed $460 million, making it one of the world’s top ten borrowers.

Such loans give relief to South Africa in the midst of its balance of payments crisis. Moreover, the fact that major U.S. banks are ready to make sizable loans is an indicator of investor confidence which bolsters South Africa’s credit rating. To make such loans now is to flash a signal that U.S. banks have faith in South Africa’s economic and social future. If the loans were not forthcoming South Africa would be forced to look elsewhere and the rate it would pay would rise. Moreover, the government backed by these loans does not have to apply unpopular economic controls at home, thus further consolidating its support politically.

Since South African economic propaganda has been so blatant in arguing that South Africa offers an excellent investment climate, a cessation of bank loans would create greater shock than one would expect.

Let us look at some other implications of an open door loan policy to South Africa to bolster the conclusion that loans to the government strengthen apartheid and minority rule.

The machinery of the apartheid system is very expensive to maintain. The intricate complex of racial laws or the passbook system all cost appreciable amounts. For instance, the recent example of authorities removing 40,000 Africans to be resettled in a “black area” is but one example of the human and financial costs of apartheid. To remove these people, or to arrest and try hundreds of thousands of passbook offenders, the government needs funds. If foreign funding were not available to the parastatal agencies, the government itself would have to finance them, thus limiting the cash available for maintaining apartheid. Let us not deceive ourselves that a loan to ESCOM can be simply classified as a loan for electric power. It is a loan directly to an agency of the apartheid government that helps that government balance its overall budget.

Foreign loans insure that the overall budget is in a strong position and the economy is viable. These factors relate directly to the strength of the military and police which are determined to preserve white power. I do not feel that it is an overstatement to say that U.S. bank loans subsidize South Africa’s military capability and thus are a direct resourcing of machinery for oppression of the black majority.

The South African government’s budget cannot be neatly compartmentalized in the belief that some loans are questionable but others are socially appropriate. However, until this time major U.S. leaders such as Citibank, Manufacturers Hanover Trust, Morgan Guaranty Trust, and Chase Manhattan Bank have made the task of the critics easier. These banks seem to have no operating social criteria which would negate one kind of loan to South Africa while allowing another. The basic criteria espoused by these banks is that South Africa will repay the loans in a timely fashion with interest. Whether such loans increase white power and black suffering is not at issue in these banks’ international loan departments!

AMERICA’S VESTED INTEREST

Hundreds of millions of dollars of U.S. loans and $1.5 billion in investments create a major American vested interest in South Africa. In a sense the United States becomes mortgaged to South Africa. As in any major mortgage relationship, the bank has considerable interest in the financial health and well-being of the person paying the mortgage, and in fact becomes de facto partner in the project. Certainly U.S. banking circles would not be happy if racial strife grew more extensive in South Africa and economic chaos resulted. They have a vested interest in economic and social stability. Whether such stability is gained at the price of oppression does not seem important.

The basic relationship of economic friendship thus develops between the banks and South Africa’s white power structure, not the black majority. As a result, we see so often in statements by banks sympathetic sentences which try to interpret white South Africa in a positive light. We are told for instance that “things are becoming better” for the black population because of the loans and investments of U.S. corporations. A look at the facts plus an alert ear to the political spectrum of black leadership negates the claim that life is improving for blacks. Exactly the opposite is true. Thus the “mortgaging bank” develops a vested interest which leads to influencing American public opinion favorably toward white South Africa.

Inevitably this vested interest affects U.S foreign policy. The architects of U.S. policy toward South Africa look at a series of factors—high among them is the economic relationship between these two countries. With such a large economic vested interest our government would be loathe to seriously antagonize a commercial ally or to jeopardize U.S. business interests in the region. Our loans and investments become a magnet drawing policy toward a “don’t rock the boat too severely” “philosophy. Certainly, U.S. policymakers would find it unthinkable to openly support the movements for liberation and majority rule. As one result, the struggle in South Africa becomes quickly characterized as a contest between a white minority which protects U.S. economic and diplomatic interests and a black majority fighting for liberation which the U.S. deems “unfriendly” or
"Communist-supported." Thus business-supported political positions wind up affecting U.S. foreign policy.

Finally, in U.S. military journals sympathetic to an alliance with South Africa, we often see references to the need to increase the U.S. economic stake in South Africa so that we would have clear interests to protect in that region of the world. Prime among these interests to protect is the economic involvement of U.S. banks and corporations. These commentators understand that U.S. policy and U.S. economic interests in South Africa are closely linked.

THE BANKS' POSITION

Many U.S. banks have argued that they are politically neutral and are simply involved in business transactions as they lend money to South Africa. It is a simplistic smokescreen to pretend that loans to the South African government are simply business and not politics. Certainly the apartheid government understands the political implications and the bridges of friendship that such loans build. While South Africa, for political reasons, is urgently trying to reach economic self-sufficiency and thus has established key agencies such as ISCOR and ESCOM, loans to these agencies or to government departments such as the Department of Finance are clearly political in nature.

Another public position taken by the banks to interpret loans to South Africa is that these loans inevitably help the black population. In fact these loans generally go to government sectors which mainly serve the needs of the white population. Such loans do not go to social development programs in the black communities. In fact, the cash flow creates more wealth and power in white hands thus exacerbating the growing income gap between blacks and whites.

If our premise is correct, then it is an obligation of churches, the Congress, organizations in the black community, groups working on international affairs, and thousands of individuals to express their opposition to an open door loan policy to South Africa. Such support for apartheid should end immediately.

Opposition to bank loans to South Africa is international in scope. The World Council of Churches has urged banks to end these loans and has severed connections with certain banks with which it did business over the issue. Dutch churches have challenged the Amsterdam-Rotterdam Bank's policy on loans and a boycott of this bank has begun in Holland.

Last year British churches made British history when, for the first time, a stockholder resolution was filed with Midland Bank requesting an end to future loans to South Africa. It was supported by the Methodist Church and the Church of England.

Churches, working through the Interfaith Center on Corporate Responsibility, have used their leverage as stockholders to raise questions with dozens of companies doing business in southern Africa. In response to resolutions requesting disclosure of relevant information about operations in South Africa, over twenty companies have prepared reports for shareholders and the public.

In response to stockholder resolutions and other pressures requesting withdrawal from Namibia, Texaco, Standard Oil of California, Continental Oil, and Getty Oil withdrew from that illegally occupied territory.

Other companies have been pressed to alter discriminatory employment patterns and starvation wage rates. ITT was urged to cease all sales to the South African police and military which it did in 1976. Several other corporate groups have been asked to withdraw from South Africa entirely.

Excerpts from the testimony of Timothy H. Smith, Director of the Interfaith Center on Corporate Responsibility, 23 September, 1976, before the Subcommittee on African Affairs of the Committee on Foreign Relations, United States Senate.