U.S. Banks Target of Apartheid Critics
Groups Urge Boycott Against Those Loaning Funds to S. Africa

By PHYLLIS TOULDEA
Los Angeles Times

Labor unions and the American Committee on Africa are mounting an ambitious campaign to target 47 banks that do business in South Africa.

Campaign sources are urged to withdraw checking, savings, time, demand and NOW accounts from these banks, and are calling for a complete boycott of the funds in banks that do not make loans to South Africa.

Campaign organizers said their ultimate objective was to pressure the banks to withdraw their support for apartheid, which they see as a particular political tool that can be used by the American Committee on Africa, the two New York-based groups that are the boycott's main sponsors.

The committee also has the support of about 700 other groups, including congressmen, other legislators, civil rights, civic and community organizations and student groups.

About 10 years ago, the American Committee on Africa launched a similar bank boycott. It ended in 1963 when a consortium of 10 major American banks, including one on the present withdrawal list, terminated a $40 million revolving credit to South Africa.

The present campaign is being combined with other protests against South Africa. Companies that sell the Krugerand, a South African gold coin, have been picketed.

American companies that do business or invest in South Africa are under pressure to withdraw their investments or to use their economic influence to undermine apartheid. The South African system of legalized racial separation which keeps all political, economic, social and military power in the hands of the ruling 4.25 million whites while leaving the country's 18 million blacks powerless and voiceless.

Gilspie Nichols also has warned a number of multinational banks that they face a boycott if they continue to deal with South Africa.

Don Gillman of the UAW said his union has endorsed the bank boycott.

"As a union we want to do what we can to encourage equality and full human rights everywhere, especially in South Africa," he said.

He said the union was studying information provided by the boycott, which is the banks that make loans to South Africa.

"It will take us some time, about a month, to see which banks do business with which also make direct loans to South Africa," Gillman said. "We will check the information thoroughly before we do anything to pressure the banks.

"Once we have the information we will approach the banks and we will make it known to them that if in future we will not deposit money in banks that make loans to South Africa. It is likely that where we have money on hand we will withdraw it from such banks."

Harold L. Shapiro, president of the Furriers Joint Council of New York, said his union had already terminated an $8 million a year payroll account with Manufacturers Hanover and was also in the process of terminating a $16 million welfare and pension account with the same bank.

"We have contacted other unions to do the same thing and they have reacted sympathetically. I think that the unions, by using their pension funds, which are a major source of investment funds in this country, can have an effect on the banks," he said.

Another sizable withdrawal was made by the United Electrical, Radio and Machine Workers of America, which closed down a $4 million payroll account with Chase Manhattan.

"We have no illusion that the withdrawal will stop the repression of the apartheid government in South Africa. But we do see it as a token of our support for the South African people and as an example of working class solidarity," Shapiro said.

The withdrawal campaign comes at a time when South Africa, despite its gold and other mineral wealth, has become increasingly dependent on international banks in Europe and the United States.

According to Ann Selph, a University of Massachusetts professor, who is co-authoring a book on the South African economy, the country's indebtedness to transnational banks as of early this year was $3.3 billion, of which $2.2 billion was to American banks.

Proxy Norris of the American Committee on Africa said, "We feel that the $2.2 billion that the banks have loaned to South Africa constitutes a form of intervention in support of a policy and racism. In our view this is a particularly heinous undergirding of racism because that very capital is the capital that makes it possible for the South African government to maintain power over the South African economy."

Smith, who heads the Interfaith Center on Corporate Responsibility, an affiliate of the National Council of Churches, said the targeted banks had been selected because they had been in the forefront of leading institutions willing to make money available to South Africa.

Rerictions from the targeted banks varied, although all professed to "abhor" or "oppose" apartheid.

Stephen L. Johnson of the Bank of America, said from his San Francisco headquarters:

"We do not condone apartheid in South Africa. However, through a prudent lending policy we believe we can assist in stimulating economic trade and development in the betterment of local economic conditions."

Johnson said that as of the first half of 1977 the bank had about $200 million in loans to South Africa, of which..."
Teachers and other state employees own a considerable share of American industry through their multimillion-dollar pension funds. But if state bank proposals of the type being considered in California go through, this could change drastically. A score of states already have considered plans to own and operate their own banks, investing government retirement funds in projects that directly benefit their own development. California is the latest, and the largest, with some $15 billion in surplus or temporarily idle state annuities and local funds and need for a $6 billion surplus to support the social responsibility committee.

For the requests loans making 10 ans would be honored by the bank. Commit what you want to carry out your plans and the bank would make loans that “tend to support the apartheid policies of the South African government or reinforce discriminatory practices.” But not all loans to South Africa have been banned. The spokesman would not say how much Chase had loaned South Africa. The Interfaith Center’s Smith, however, said Chase had participated with other banks in lending more than $200 million to South African government agencies.

A spokesman for First National Bank of Chicago said, “For the record we can say that we are not currently making loans to South Africa.” However, he said the bank would not sever relations with South Africa, because “we do not believe you can influence a relationship by cutting off all relations with a country.”

He would not disclose what business First National had done with South Africa but Smith said the bank’s participation was part of a consortium that recently loaned $110 million to South Africa.

The other banks—Citibank, Continental, Morgan Guaranty and Manufacturers Home—said that while the question of South African loans was under constant review they would not make any arbitrary moves to discontinue loans at this time.

According to Dr. Seidman, a number of American banks, including Central National of Chicago, First Pennsylvania of Philadelphia, City National of Detroit and Maryland National have said they will no longer make loans to South Africa. A number of British and Dutch banks have taken a similar stance.

Nesbitt said, “Ultimately we hope our bank boycott can force the banks to cut off all ties with South Africa and commit themselves not to make new loans to South Africa.”

California may become a banker

Teachers and other state employees own a considerable share of American industry through their multimillion-dollar pension funds. But if state bank proposals of the type being considered in California go through, this could change drastically. A score of states already have considered plans to own and operate their own banks, investing government retirement funds in projects that directly benefit their own development. California is the latest and the largest, with some $15 billion in surplus or temporarily idle state annuities and local funds and need for a $6 billion surplus to support the social responsibility committee. State banks have become political fodder. In the last two years alone, legislators in five states from New York to Oregon have introduced state bank proposals, and the concept is being considered in four more. In Washington, D.C., there are proposals for national consumer cooperative and domestic development banks, and President Carter has expressed interest in the subject. But California, with its 200 banks and nearly 4,600 banking offices, has not seriously considered building a state bank to stimulate economic development and create jobs since 1935.

Using public funds. Last February, California established its senate investment committee to study the idea of a bank, plus the social responsibility of state investments in general and the broad issues of corporate disclosure and accountability. Since the major California banks make many loans outside the state—such as the $188 million Bank of America has lent to South Africa—a committee Chairman John J. Dunlap suggests a state-operated bank “might solve state problems with available funds rather than taxes.”

Currently more than $50 billion worth of California tax and public employee pension funds are invested in state and local securities, bonds, government notes, real estate, mortgages, and interest and non-interest-bearing bank deposits. Included in this are $3.6 billion in state surplus funds and more than $6 billion in allocated but unspent state funds, a $7.3 billion public employee retirement system, and a $3 billion state teachers’ retirement system.

Much of this money now is channeled into the private sector for profit, critics charge, without regard to social ends. John C. Harrington, consultant for the Senate committee, contends that 40% of all corporate debt capital and 25% of all corporate equity in the U.S. is owned by public employee retirement systems, and he questions whether this portfolio should not be put to better use.

The skepticism. But most bankers and government officials are clearly skeptical about the need for a California state bank. “The big question mark is what needs are not being met by private financial institutions,” says Crocker National Bank Senior Vice-President David A. Brooks. California has had a healthier business recovery than most states, and this summer unemployment fell below the national average for the first time in 17 years. George R. Cook, vice-president of the California Bankers Assn., echoes the “no-justification” theme and points out that 20 attempts to build state-owned banks, only North Dakota’s survives. He wonders about unfair competition from a state bank controlled by political rather than regulatory agencies and possibly immune from conventional interest rate, insurance, and tax regulations. And taxpayers could end up the losers, Cook claims. If a California state bank collected the rates, “not only are we paid the interest, but also the state,” he says. Faced with a strong wall of opposition from bankers and the mixed results of other state bank plans, Dunlap expects it could be several years before California sets up a state bank. “It will be an uphill effort,” he concedes, “but we have planted the seed.” Even if the idea fails, the state senator figures just the threat of establishing a California state bank “could stimulate the best in private enterprise.”
Banks, Firms Blamed in Death of Biko

By MICHAEL G. LOONEY

The recent death of Steven Biko, South Africa's most influential black leader, cannot be blamed solely on white South Africans, says a black American antiapartheid leader.

The guilt in the murder of Biko, and the many other black South Africans, must also rest upon the 400 or so American corporations and banks whose investments and loans provide the foundation for the South African apartheid system," said Presley Nesbitt, associate director of the New York-based American Committee on Africa (ACOA).

Nesbitt, also national coordinator of the Committee to Oppose Bank Loans to South Africa, was recently in the Bay Area to help to enlist support for the committee's nationwide campaign against U.S. banks that make loans to white-ruled South Africa.

According to Nesbitt, the current value of U.S. bank loans to South Africa is around $3 billion — nearly twice the amount of American corporate investments in the racially troubled country.

Nesbitt, during an interview, said the American public is not aware of the large bank loans going to South Africa. According to ACOA, there are eight giant U.S. loan-makers to South Africa, including the Bank of America, whose loans to South Africa total $188 million.

The ACOA also mentioned two other California banks, Crocker National and Wells Fargo, among the more than 40 smaller lending institutions that make loans to South Africa.

Nesbitt said loans to South Africa are kept secret by U.S. banks. However, ACOA was able to obtain some information through export-import bank guarantee lists.

Spokesmen for the Bank of America, Crocker and Wells Fargo, confirmed that these lending institutions do have outstanding loans to South Africa. Officials for the three banks said their loans to South Africa represent only a tiny portion of the banks' total loans.

"Bank of America loans to South Africa have been diminishing," said Sue Taha, public relations officer for foreign affairs. She said, "The bank's portfolios to South Africa represent less than one-half of 1 percent of the total bank loans outstanding."

Ms. Taha refused to confirm or deny that Bank of America's total outstanding loans to South Africa are currently around $188 million. She said, "We don't release that kind of information. It is not fit and proper for a bank to release its portfolio on any country."

On the other hand, Nesbitt said the $188 million from Bank of America and the approximately $3 billion from all U.S. banks is just the amount going directly to the South African government and does not include millions of dollars lent to private South African firms.

He called the U.S. bank loans "crucial" to the survival of white-minority rule in that country. Inasmuch as much of the funds go toward oil technology, steel production, uranium exploration and other strategically economic areas rather than humanitarian needs.

"The money is also used to strengthen the police and defense capabilities of the South African government," Nesbitt added. "In essence, Americans are financing South Africa in arming itself."

Bank officials deny this.

According to Ms. Taha, Bank of America loans to South Africa are trade-related. She said, "The money is not used for military and defense purposes. We have a policy against that anywhere in the world."

Terry McInnes, public affairs officer for Crocker National Bank, said Crocker's loans to South Africa are not for military purposes, but in the areas of industrial development and export-import financing.

He also said, "The bank cannot disclose the amount of loans. We have to protect the privacy of the customer as required by California law."

But at Wells Fargo, George Caulfield, vice president of public relations, said his bank has outstanding loans to South Africa totaling $118 million.

He also said this was a small amount compared to other international portfolios, and furthermore, the bank is not contemplating any additional loans to South Africa. Caulfield didn't elaborate.

The bank vice president did say that Wells Fargo's current South Africa loans include two major projects: one for financing the sale of Boeing aircraft to South Africa, and the other for construction of railways and unloading facilities to be used for exporting coal and iron ore to Europe and Japan.

Caulfield also referred to an official Wells Fargo Bank policy statement that said:

"Wells Fargo Bank thoroughly abhors the principals of racial discrimination practiced by the South African government, but does not believe that by undertaking normal commercial banking transactions, we are expressing endorsement of such policies.

Nevertheless, Nesbitt and others charge that banks doing business with South Africa are "racists." Nesbitt said, "These banks refuse to support projects in black communities of this country, yet support white racism in South Africa."

"The Bank of America has directly loaned $188 million to South Africa, and says they don't have any money for local communities like East Oakland," remarked Milano Hecathorn, a member of Stop Banking on Apartheid, a San Francisco organization located at 2160 Lake St.

"We asked for a loan, but we only involve ourselves in the South African community," said "We are not involved in any loans to South Africa."

"We are not involved in any loans to South Africa."
United Auto Workers (UAW), Furiers Joint Council of New York, and the United Electrical, Radio, and Machine Workers of America. The committee has also won support from 150 other sponsors, including civil rights groups, civic and community organizations, student groups and some Congressmen.

Another campaign is aimed at companies which sell the Krugerrand, the South African gold coin heavily advertised by Pretoria in the US media.

On university campuses pressure is growing against US firms that do business or invest in South Africa. Several universities such as the University of Massachusetts have divested portfolio investments in companies that operate in South Africa.

**Reggae into Brown**

A large-scale effort against the University of California's more than $500 million invested in firms in South Africa has been underway. Although supported by California's Lt. Governor, a proposal for divestiture was recently vetoed by the university regents.

Many African nations, including Nigeria, and all the liberation movements in South Africa have called for withdrawal of U.S. firms from South Africa. Nigeria has warned banks that they may face a boycott if they continue to deal with South Africa. In 1976, US banks lent South Africa $100 million.

The Furrier Joint Council of New York has already withdrawn an $8 million a year payroll account from Manufacturers Hanover and is withdrawing a $16 million pension and welfare fund from the bank.

Harold Shapiro, President of the Furriers Council, said that "we have contact ed other unions to do the same thing and they have responded sympathetically. I think the unions can have major effect on the banks."

The United Electrical, Radio and Machine Workers ended a $4 million payroll account with Chase Manhattan. A spokesman said: "We don't have any illusion that this withdrawal will stop the repression of the South African government. But we do see it as a token of our support for the South African people and as an example of working class solidarity."

**Manufacturers too**

Frexy Neshit, of ACOA, said: "We feel that the $2.2 billion which US banks have loaned to South Africa is a form of intervention in support of apartheid and racism. Many of these loans were made directly to the government or government agencies, and this capital makes it possible for the Vorster regime to be spending over 40% of its revenues on the military.

Banks have differing explanations for their policies. All claim to "abhor" apartheid. A Bank of America spokesman said: "We don't contemplate doing business in South Africa. But through a prudent lending policy we believe we can assist in stimulating economic trade and development to better local economic conditions."

Some banks say that loans to South Africa are not an endorsement of apartheid, and their loan criteria is simply the ability of the borrower to repay. Most banks claim that their loan policies are constant under review, but no major banks have indicated moves to discontinue loans to South Africa thus far.

- GEMINI

**US bank loans drying up over SA race policies**

**The Star Bureau**

NEW YORK—American banks have taken an increasingly dim view of lending money to South Africa since the Soweto unrest of June 16, 1976.

But, despite the general feeling among bankers that the US government to persuade them to abandon loans to South Africa, one major bank is firmly committed to continued support.

The upcoming South African elections are of little interest to American bankers.

"We have contact ed our colleagues in South Africa and they have told us that the election is likely to go ahead as scheduled. We don't think there will be serious violence," said one banker. "But if there is, we'll make a judgement on that basis."
The First National Bank of Boston makes working people in Boston and South Africa pay for its profits. While forcing city and state government to cut back on services and jobs, it squeezes out higher interest payments on government loans. At the same time, the bank shifts money out of Boston to South Africa, supporting the apartheid system of white supremacy.

FNBB Forces Cutsbacks in Massachusetts

On October 30, 1976, bank officials met with Governor Dukakis and threatened the state with bankruptcy unless services were cut and taxes increased. Two weeks later, the new state budget cut off $70 million from the Medicaid budget, while cost of living raises were eliminated for welfare recipients and government employees. Also, the sales tax was increased by two percent and income tax increased.

On December 19, 1976, bank officials recommended spending cuts in the Boston school budget and further layoffs of teachers and aides. The city government came through with the cuts in March, 1977.

These are just two examples of how the bank attacks our standard of living while making huge profits off the government.

First National Bank in South Africa

FNBB admits that they make loans to the South African government and to business operations in South Africa. In 1975, FNBB was one of the top 21 U.S. banks lending to the South African government. They also managed loans of $75 million to the South African government in 1972-73. Their affiliate in South Africa (Standard Bank Factors Ltd.) tries to stimulate trade in and out of South Africa.

All of this helps the white-run government to continue to hold down the black African majority. But while U.S. investment has increased, the wages of the Africans have gotten even worse! The Africans have been trying to overthrow white rule so they can improve their conditions. For this reason, they oppose the investments of profit-hungry corporations like the First National Bank.

Boycott First National Bank

People in this country have fought for a decent standard of living for years. They have made some advances in wages and public services. Big business realizes these gains by moving investments out of New England into low-wage areas around the world. This weakens the bargaining power of working people here and takes tax money away from the city. Over and over, they help repressive governments that stop people from organizing for a decent life. This hurts poor and working people everywhere. When we help people across the world to oppose these big businesses, we help ourselves as well.

Like the First National Bank of Boston, most large banks invest in poor countries and profit off working people here and abroad. We are asking people to boycott FNBB because it is the largest commercial bank in the New England area and the only one with an affiliate in South Africa.

*Take your individual account out of FNBB and tell them why. Write to the Boston Coalition for the Liberation of Southern Africa, Box 101, Boston, MA. 02123 to inform us and for sample letters.

*Take church, union, and community organization accounts out of FNBB.

*Don’t buy food stamps at FNBB.

BOYCOTT THE FIRST! “NO” TO RACISM AND APARTHEID!
Banff boycott...

Bank boycott...

Charging that the American government and U.S. banks are placing "a priority on money over morality," members and supporters of Clergy and Laity Concerned picketed the First National Bank of Chicago. Both First National and Continental, declared the group, have provided huge loans to South Africa and have refused to stop the practice, despite that nation's racist posture. The picketers urged the public to withdraw deposits from both banks as a protest. (Photo by Cornelius Sinclair)

---

**Picket 2 banks here over S. Africa**

Some 160 protesters picketed at two Loop banks Tuesday to protest the banks' loans to South Africa.

The protesters handed leaflets to passersby at the First National Bank, Dearborn and Madison, and the Continental Bank, 23 S. La Salle, asking them to withdraw their accounts from the banks until the institutions stop making loans in the white minority-rulled country.

The picketers, members of the Chicago Coalition on Southern Africa and Clergy and Laity Concerned, also oppose the banks' sale of krugerrands, South African gold coins. A South African government advertising campaign dubs the coin a "gift of love."

The United States, along with France and Britain, Monday vetoed a United Nations Security Council resolution to bar investments and loans in South Africa, and the protesting groups said the U.S. vote was to protect $1.5 billion in U.S. corporate investments and more than $2 billion in American bank loans.

Continental Bank officials said its current policy is consistent with that of Citibank and Chase Manhattan Bank, both of New York. Those banks, the nation's second and third largest, said Tuesday they will use their loan regulations to try to prod South Africa to change its white supremacist policies.

First National is known to be reconsidering its stance toward South Africa.

In a press release, they called on President Carter and Andrew Young, ambassador to the UN, to reverse the veto decision. "Observe . . . for Jimmy Carter, morality stops at the bank," they said.

Ron Freeman of Clergy and Laity Concerned said the two banks lent $10 million to the South African government last year, and will not release the figures for this year. They also lent money to government agencies and to South African businesses and U.S. businesses in that country, he said.

Chicago Sun-Times, Wednesday, Nov. 2, 1977
COMMITTEE TO OPPOSE BANK LOANS TO SOUTH AFRICA

305 East 48th Street, New York, New York 10017 (212) 838-5030

THE NEW YORK TIMES, FRIDAY NOVEMBER 11, 1977

CHURCH GROUP ACTS OVER SOUTH AFRICA

National Council Bids Members Cut Ties With Banks That Deal With the White Government

By GEORGE DUGAN

The National Council of Churches called upon its 30 constituent denominations yesterday to "undertake" to withdraw all their funds from financial institutions that deal with the Government of South Africa or businesses there.

The plea to the Protestant and Eastern Orthodox denominations was made by the council's governing board at its fall meeting in the Rockford hotel.

An effort from the floor to call for the summary withdrawal of funds was foiled down by the adoption of the word "undertake."

With council's action, the first of its kind, followed an address by Andrew Young, chief United States delegate to the United Nations, who described as "proprietary" the role of religion in the worldwide quest for an end to racial discrimination.

Policy of 'Sinful Life'

Mr. Young, said of the South African Prime Minister: "Lord, have mercy for the hell which falls on John Vorster, not after death, but in the day-to-day sinful life that he has adopted as national policy in that Government."

Mr. Young, who is an ordained minister in the United Church of Christ, commented at one point that he at times found it difficult to separate his preaching from his denomination.

Claire Randall, the council's general secretary, said that the principal of asking churches to undertake to withdraw funds was sound but that the goal was difficult to attain in view of banks' financial status and the council's size.

Payroll Account With Citibank

The National Council's $3.5 million yearly payroll account is with Citibank; an institution with some African business connections. Efforts have long been underway, she said, to persuade the bank to sever the relationship. Other smaller accounts with the bank have been canceled, she added.

Warren Day, public relations director for the National Council, said that Morgan Guaranty Trust Company managed a $6 million pension fund for the National Council and that this relationship would now have to be reviewed because the company makes loans to South Africa.

Warren Day, public relations director for the National Council, said that Morgan Guaranty Trust Company managed a $6 million pension fund for the National Council and that this relationship would now have to be reviewed because the company makes loans to South Africa.

On November 11, 1977 the National Council of Churches governing board, by a 129-0 vote, adopted the following position:

"THAT WE UNDERTAKE THE WITHDRAWAL OF ALL FUNDS AND CLOSURE OF ALL ACCOUNTS IN FINANCIAL INSTITUTIONS THAT INVEST OR MAKE LOANS TO THE SOUTH AFRICAN GOVERNMENT OR BUSINESSES AND URGE CONSTITUENT MEMBERSHIP TO ADOPT THIS POLICY."

"In South Africa," the statement went on, "more than 1000 African students and young people protesting apartheid were killed by the police in 1976, and hundreds of black laborers detained without trial by the white regime."

75 attend church energy conference

"Energy Week" ended in Rochester yesterday with a day-long conference at the Downtown United Presbyterian Church, 114 N. Fitzhugh St. About 75 persons attended yesterday's final conference, which included several workshops on the day's energy-related subject: "Corporate Responsibility and Christian Conscience."

Katherine Seelman of New York City, a political science and energy resource consultant to the National Council of Churches, was the day's keynote speaker.

Other guest speakers included James McCuller, executive director of Action for a Better Community and Tim Smith of New York City, director of the Interfaith Center for Corporate Responsibility of the National Council of Churches. The center coordinates the work of about 25 religious groups who try to bring social concerns to corporate attention.