A REPORT ON THE CAMPAIGN TO WITHDRAW FUNDS FROM U.S. BANKS LOANING TO SOUTH AFRICA

Methodist Board of Missions plans to withdraw $10 M. if First National City Bank renews its share of the $40 M. consortium! Support this action

Now at the time when U.S. banks are in the process of renewing this $40 M. loan to the Apartheid Government of South Africa!

**background:** April, 1965 - September, 1967. Several years ago student groups in the N.Y. metropolitan area from Union Theological Seminary and from the national organization, Students for A Democratic Society, began to focus attention on the issue of American banking involvement in the economy of South Africa. Demonstrations were staged at various key bank branches, and information was compiled and distributed. These initial activities were consolidated into a campaign in the summer/fall of 1966 organized by the Committee of Conscience Against Apartheid, a joint University Christian Movement-American Committee on Africa effort, administered by ACOA. The campaign was aimed at encouraging groups and individuals to withdraw their funds from banks functioning in South Africa and loaning funds to the S.A. Government through a $40 M. revolving credit arrangement, with special focus on the role of Chase Manhattan and First National City Banks. The issue generated the concern of various national organizations, especially the churches, as well as hundreds of individuals. And it is still alive - around conference tables, at student forums, and in a few backrooms. Questions are raised and answered. Where should we bank? What is our moral responsibility for the use of our financial resources? How do we define this responsibility in the light of our domestic concerns? What are the criteria for the use of our money - once profitability is excluded? Is there such a thing as a "clean" bank?

**timing:** October, 1967. The International Monetary Fund meets every year to negotiate, among other things, the world's credit arrangements. This year the Fund met in Rio de Janeiro during September, and it is likely that at that time the representatives of the South African Government proposed and redefined their credit needs for 1968. One of these needs is the revolving credit arrangement, worth $40 Million, to which 10 U.S. banks have contributed since its initiation in 1959. The loan was last renewed in January, 1967 on a one year basis, and therefore negotiations for the renewal of the loan for 1968 are taking place right now. The American investment firm of Dillon Read and Company has in the past handled these negotiations through informing and counseling the U.S. consortium banks of the advisability of extending (and renewing) loans to South Africa. Thus Dillon Read acts as a middleman with great influence over American investors in the South African economy. C. Douglas Dillon, owner of the firm, is equally influential in his role as one member of the U.S. Advisory Committee of the International Monetary Fund.

**withdrawals and present action:** During the campaign of the Committee of Conscience Against Apartheid, which set Human Rights Day in Dec., 1966 as a target withdrawal date, over $23 Million were taken out of Chase Manhattan, First National City and Chemical Bank of N.Y. in protest over these banks' policies toward South Africa. Subsequently, in the spring of 1967, the issue was raised at the annual stockholders' meetings of Morgan Guaranty and Chase Manhattan. At the latter meeting, David Rockefeller spent 5 pages of a prepared speech justifying his bank's South African involvement. During this same time period a number of black employees at Chase
Manhattan's main office, in a group called the Organization for Self-Improvement, filed complaints with the N.Y. City Human Rights Commission charging their supervisors with discrimination relating to training, promotion, and workload distribution. In June, 9 men in the group lost their jobs. The case is still in the Courts and will come to a public hearing in November. This group in conjunction with other of its supporters has stressed in its publicity not only the bank's domestic practices but also its South African policy.

The major withdrawers during the campaign have been small liberal organizations, churches, a reform Democrats club, student councils, a few businesses, and numerous individuals of varying means. Future change in the banks' policies as a result of the campaign will depend on several factors: one, the withdrawal of large enough sums to make the banks' returns on their South African loans "unprofitable"; and secondly, pressure by reputable and wealthy institutions which might severely damage the banks' image, as well as their purse strings. The hope for this type of action and support rests primarily with the churches, particularly the denominations affiliated with the National Council of Churches, who have devoted considerable time and effort to the question of withdrawal of funds.

The first sign of substantial action came on September 28 when the Methodist Board of Missions voted to remove a $10 Million investment portfolio from First National City Bank if the bank renewed its part of the $40 Million consortium loan. This is the biggest step forward by a major church agency.

where do we go from here? The bank campaign has been successful as an educational effort in raising important issues and generating significant responses, but it has only begun to scratch the surface of the whole question of U.S. involvement and engagement in the apartheid economy of South Africa. Thus far the banks have only had to deal with the problem as a nuisance factor without having it affect their policy or attitudes. But the possibility does exist that with increased pressure at this time, the banks will not find it advantageous to renew the $40 M. loan.

Therefore, we should reinforce the first step of the Methodists by the following actions:

1. IF YOU STILL BANK WITH ONE OF THE FOLLOWING INSTITUTIONS, Chase Manhattan Bank, First National City Bank, Chemical Bank of N.Y., Manufacturers' Hanover Trust Co., Morgan Guaranty & Trust Co., Bankers Trust Co., Irving Trust Co., National Trust and Savings Assoc. (Bank of America), Continental Illinois National Bank & Trust, and First National Bank of Chicago, INFORM THE BANK THAT YOU WILL REMOVE YOUR ACCOUNT IMMEDIATELY IF THE BANK RENEWS ITS LOAN TO SOUTH AFRICA. Therefore request that the bank inform you of its plans, and if they do participate in the consortium, REMOVE YOUR FUNDS AND PLACE THEM IN ALTERNATE BANKING FACILITIES (see list at end), INFORMING THE BANK OF YOUR ACTION AND REASONS.

2. IF YOU HAVE ALREADY TRANSFERRED YOUR ACCOUNT, REAFFIRM YOUR STAND TO YOUR FORMER BANK AS WELL AS TO ORGANIZATIONS YOU NOW STILL USING THE BANKS.

3. WRITE TO DILLON READ & CO. (46 William Street, New York, N.Y. 10005) PROTESTING ITS ROLE IN CONDUCTING THE RENEWAL NEGOTIATIONS.

4. BE PREPARED TO JOIN IN PROTESTS AT THE BANKS' STOCKHOLDERS MEETINGS IN THE SPRING of 1968, if the CONSORTIUM LOAN IS RENEWED. (If you are a stockholder in one or more of the banks and wish to protest at the annual meeting, please inform the American Committee on Africa about
Your plans either to attend the meeting, or if you are able to go we would appreciate receiving your proxy vote in order to enable another representative to go in your place.

NOW IS THE TIME TO PUT PRESSURE ON THE BANKS!
DO NOT WAIT!

List of Alternate Banking Facilities: - Commercial Banks

| Amalgamated Bank of N.Y.       | Chelsea National Bank       | Royal Nat'l Bank of N.Y.      |
| Atlantic Bank of N.Y.          | Freedom National Bank       | Merchants Bank of N.Y.        |
| Bank of Commerce               | Franklin National Bank      | Sterling Nat'l Bank & Trust   |
| Banco Popular de Puerto Rico   | Israel Discount Bank        | Trade Bank & Trust Co.       |
| Bank of New York               | Lafayette Nat'l Bank        | Kings Co, Lafayette Trust    |
| Bank of North America          | Marina Midland Grace Trust  | United Industrial Bank       |
| Central State Bank             | Meadow Brook Bank           |                               |

Any Savings Bank is recommended.

Please return this form to: American Committee on Africa
Attn. Janet MacLaughlin
211 E. 43rd Street (705)
New York, N.Y. 10017

I would like more information on American banking involvement in South Africa.

I plan to protest the renewal of the $40 M. loan to South Africa at my bank (___________); and if the loan is renewed to withdraw name bank
my funds, informing the bank of my action.

I have already withdraw my account but will continue my protest.

As a stockholder in (___________), I wish to attend the annual stockholders' meeting to register my protest or I will send ACOA my proxy vote [underline one alternative]

NAME: ________________________________ TEL. NO.: ______________
ADDRESS: _____________________________ CITY ____________ STATE ______

* It would greatly facilitate our efforts in coordinating this campaign and keeping you supplied with information if you would return this form.