

# SOUTH AFRICA: Bank

by Gene Jones

One year after Soweto, South African Foreign Minister Roelof Botha declared in a visit to the United States that a policy of "one man, one vote"--his words--would "mean our destruction. We will not accept it now, not tomorrow, never ever."

One year after the Soweto uprisings which left over 1000 Blacks dead--many of them children--massive demonstrations were held in the Black township June 16-24, proclaiming Bantu education as "education for slavery." The South African police and military responded with bullets.

Black demonstrators infiltrated white Johannesburg and protested the arrest of the leaders of the Soweto Students' Representative Council who were detained in the days preceding June 16. The police charged, many were beaten, 146 were arrested.

While Mr. Botha debated the consequences of "one man, one vote", Black youth lay dying in the streets of Soweto and Black youth were imprisoned in Johannesburg.

In the year since Soweto, the dollar amount of loans outstanding from U.S. banks to South Africa has surpassed the \$2.2 billion mark--more than double the loan exposure of late 1975. Most of this money went directly to the South African government or government-controlled corporations. This at a time when direct U.S. investment in South Africa may be contracting from about \$1.7 billion.

At a recent United Nations conference called "The Implications of Apartheid to World Peace", Mrs. Elizabeth Sibeko, speaking for the Pan-Africanist Congress of Azania, stated, "America is culprit number one in my country. It is heavily invested and this is causing strife and the suffering of my people. The South African police are armed to the teeth with weapons that come from the U.S. and Western Europe."

Another liberation leader, Thami Mhlambiso, the U.N. representative of the African National Congress, stressed that the Black majority is determined to struggle until change comes, and explained

that "these (foreign) investments serve the superiority of whites and the inferiority of blacks."

While the Black majority in South Africa continues to experience the consequences of institutionalized racism, U.S. banks have become major suppliers of capital for the white-ruled South African government. U.S. money is used in two ways: directly to finance development projects and indirectly to finance military procurement.

In the early 1970's, the South African government embarked on capital-intensive development projects which, when completed, would make South Africa self-sufficient most notably in energy.

Also, from 1973 to 1977, as the liberation struggles in Angola and Mozambique intensified and eventually brought Black-controlled governments to power, South African military expenditures quadrupled. It was estimated in March, 1976, that military expenditures for fiscal 1977 would exceed R 1.35 billion, approximately \$1.6 billion.

## economy sliding

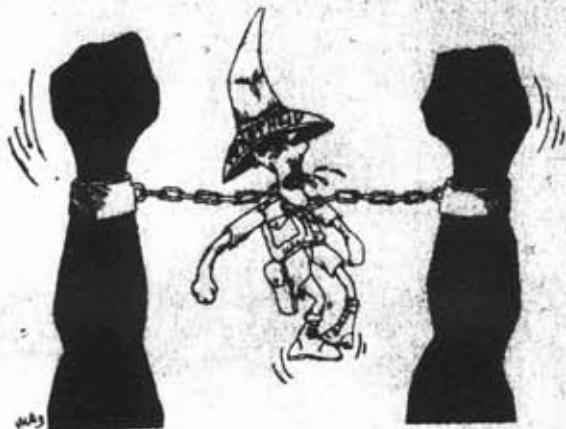
In the early 1970's, the South African government could have paid for these development projects and the military build-up. But in the mid-70's, the South African economy experienced major set-backs.

Gold is South Africa's money-making export. In the early 1970's, it looked as though the price of gold might reach \$200 per ounce. But after reaching a high of \$175 per ounce in April, 1975, the price of gold has slowly decreased and stabilized between \$130 and \$140 per ounce.

In September, 1975, the government devalued the South African currency, the rand, by 17.9 per cent to reflect the dropping price of gold. Devaluation of currency has two effects: it decreases the price of exports while increasing the price of imports. The government hoped that the lower price would make South African exports more attractive to foreign buyers. This did not happen. Instead, South Africa, more dependent than ever on imports, faced higher prices.

# Campaign Gains Momentum

As a result, South Africa has experienced a trade deficit of at least \$2.3 billion in the present fiscal year. This trade deficit is associated with a contracting economy. In 1974, South Africa experienced real growth of 7 per cent. In 1975, the growth rate dropped to 2.5 per cent, and it is estimated that the economy contracted by at least 1 per cent this year.



The government simply cannot pay for what it needs to buy--that is, what the white-controlled government needs to buy to protect the opulent white way of life through infrastructures and military force. It has been estimated that South Africa must procure at least R 1 billion--\$1.16 billion--per year in loans or other forms of capital to meet its expenses. It is to the U.S. banks that the white South Africans have turned.

## our role

At a news conference in New York City on June 24, Don Luce announced the participation of Clergy and Laity Concerned in a national campaign to urge individuals, families, and organizations to withdraw their money from U.S. banks granting loans to South Africa. The goal of the campaign is to force banks to grant no further loans to the white-controlled government and to force banks to make public an explicit policy which would prohibit such loans. The campaign is being organized by a coalition of groups called the Committee to Oppose Bank Loans to South Africa. CALC has agreed to take primary responsibility

for organizing the religious communities in this campaign. At the news conference, Luce announced that CALC's national office has closed its account with Chase Manhattan, one of the campaign targets.

At the same conference, Oscar Foreman, a representative of the Joint Furriers Council, announced the termination of a pension fund account with Manufacturers Hanover amounting to more than \$10 million. Also, Letha Catlett, Chairperson of the Africa Task Force of the Board of Church and Society announced that the New York conference of the United Methodist Church will close out all accounts it has with New York based banks making loans to South Africa. Ms. Catlett also announced that the Conference will advise the more than 500 United Methodist churches in the New York area having accounts with Citibank, Manufacturers Hanover, Morgan Guaranty, and Chase Manhattan to close out their accounts.

Following the new conference, 300 persons participated in a demonstration at Citibank headquarters organized by CALC, the American Committee on Africa, and the Harlem-based South Africa Freedom Day Coalition. Citibank has participated in loans of \$775 million.

## chicago

At a news conference in Chicago on June 16, the first anniversary of the beginning of the uprising in Soweto, a coalition of groups including CALC, Operation PUSH, the United Methodist Church, the United Electrical Worker's Union, the American Friends Service Committee, the Coalition of Black Trade Unionists, the United Methodist Church, and the 8th Day Center for Justice announced details of the campaign to force Chicago-based banks to stop doing business with the South African government and government-controlled or private corporations.

First National Bank of Chicago participated in a \$110 million loan directly to the South African government. Continental Illinois admits making loans to South Africa but refuses to disclose the nature and amount of its loans. Following

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## MORE BANKS

the news conference in Chicago, picket lines were set up at the two banks.

Although the campaign began officially in June, work associated with the campaign has been going on since January when the Interfaith Center on Corporate Responsibility (of the National Council of Churches), facilitated the filing of shareholders' resolutions with five of the bank corporations: Citicorp, Continental Illinois, First Chicago, Manufacturers Hanover Trust and Morgan Guaranty Trust.

The operative clause in each resolution read: "The corporation and its affiliates or subsidiaries shall not make or renew any loans to the government of the Republic of South Africa or any of its agencies or instrumentalities or to any companies for operations in the Republic of South Africa, unless and until the South African government has committed itself to ending the legally enforced form of racism called apartheid and has taken meaningful steps toward the implementation of full political, legal, and social rights for the majority population (African, Asian, Colored)".

This resolution failed to receive more than 2.8 per cent of the votes at any of the shareholders meetings.

### **chase's ethics**

At the First Chicago shareholders meeting held April 15, Ron Freund, Midwest Regional Field Staff of CALC made the following statement, "Today, we are announcing that we are contacting churches, temples, religious organizations, individuals to withdraw their bank accounts from First National until the Bank adopts a policy of "No Loans to South Africa". Many banks have adopted such a policy including Chicago's own South Shore National Bank. Today,

we ask First National Bank to say "No!"

On April 19, David Rockefeller, chairman of the board of Chase Manhattan issued a statement at the annual meeting as a direct response to the shareholders resolution:

In the Chase code of ethics, adopted this year, we state, "Strict attention should be given to the legal, moral, and social implications of all loan and investment decisions on a global basis. We should seek to avoid business with identifiably harmful results, and assure that we always carefully evaluate the long-term, as well as short-term, meaning of our decisions." In South Africa, this approach has resulted in a lending policy which specifically excludes loans that, in our judgement, tend to support the apartheid policies of the South African government or reinforce discriminatory business practices. Conversely, we are willing to consider loan proposals for projects of a productive nature which we believe will result in social and economic benefits for all South Africans. We recognize that this general policy requires a high degree of subjective judgement when applied to specific instances. These guidelines are reviewed on a quarterly basis in order to give recognition to changing circumstances in a fluid environment. Currently we are not extending loans to Namibia, the homelands, or the border industries. General purpose loans to the government or to a parastatal institution are also discouraged.

This statement is a sop. The policymakers at Chase refuse to recognize the systemic and institutionalized racism which characterizes the South African society. No loan can "result in social and economic benefits for all South Af-

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Viet Nam, the deprivation of the boat-people off Thailand, Malaysia, Singapore, Australia, Hong Kong, and Japan... people without a country.

## many visits

It is important to note that at least seven groups involving more than 25 different Americans have visited Viet Nam this year alone. The American visitors include people who are conservative, liberal, and radical. They are religious leaders, labor leaders, Congresspeople, scholars, journalists, and social welfare workers. Four of these groups included Americans who speak Vietnamese. The reports from every one of these groups have been positive. We should be encouraged by the openness of the Vietnamese to receive us and to allow those of us who speak Vietnamese to wander unescorted through Saigon, Hanoi, Da Nang, Nha Trang, Qui Nhon, Auang Ngai, and many other places, big and small, to talk with whom-ever we wanted.

We must ask ourselves why the U.S. government does not extend the same privilege to Vietnamese who might want to come here. Clergy and Laity Concerned has invited a group of Vietnamese religious leaders to the United States. We have requested assurances from the State Department that visas would be granted to the Vietnamese invited by U.S. church leaders. The State Department has advised me by telephone to tell them to travel to Hong Kong and apply for a visa with an expectation of a reply within about two weeks. Hardly a warm welcome!

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"Americans" as long as the system built upon the doctrine of apartheid remains intact. One must also judge the statement in light of Chase's recent performance. In 1976, Chase granted \$305 million in loans to parastatal institutions (government controlled corporations)--loans which will take five years to mature.

## to the people

On April 20, members of the religious communities of northern California including several members of CALC published an open letter to the Bank of America asking the bank to cease making loans to the governments of South Africa and Chile.



OUTSIDE CITIBANK HEADQUARTERS JUNE 24 (PHOTO BY MILT TAAM/LNS)

Bank of America participated in a \$110 million loan that went directly to the South African government. The letter was published in conjunction with a shareholders resolution introduced at the Bank of America Corporation annual meeting. Surprisingly, the resolution received 6 per cent of the vote, guaranteeing its reintroduction at the next meeting.

With the completion of the shareholders meetings, the campaign to stop loans to South Africa is being taken to the people. The seven banks originally targeted for the withdrawal campaign include --in New York: Citibank, Manufacturers Hanover, Morgan Guaranty, and Chase Manhattan; in Illinois: First National of Chicago and Continental Illinois; and in California: Bank of America.

But banks in two other areas have now been targeted as well. The Boston Coalition for the Liberation of Southern Africa is organizing a boycott of First National Bank of Boston which participated in loans of almost \$61 million in 1976 and \$33 million in 1975. Also, Southern Exposure magazine is focusing on the participation of First National Bank of Atlanta in a \$100 million loan.

CALC chapters in California, Illinois, and New York are investigating regional banks which may be participating in loans to South Africa.

Also, CALC is working for passage of resolutions by religious judicatories.

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# Middle East Corner

by Diane Winston

Education is imperative since the rumor mills, activated by the Israeli election and Likud's victory are operating full force! Americans of all religious persuasions ought to be thinking about alternatives for peace in the Middle East—not only as an end in itself but also as a means to work on human rights and arms sales in that area.

I suggest that CALC people take some time to educate themselves, to investigate various perspectives and to shy away from an overly simplistic approach.

This list of periodicals may be helpful in self-education and community outreach. The first three are scholarly studies which share a polite and academic point of view. Each of these quarterly journals is well-written, thoughtful and interesting.

Journal of Palestine Studies, published by the Institute for Palestine Studies, P.O. Box 19449, Washington D.C. 20036, \$15 per year---concentrates on Palestine affairs and the Arab-Israeli conflict.

New Outlook, 8 Karlnetter St., Tel Aviv Israel, \$24/year airmail---dedicated to the search for peace and for the cooperation and development of all the area's peoples.

Middle East Review, 9 East 40th St., New York, N.Y., 10016, \$12/year, sponsored by the American Academic Association for Peace in the Middle East. This journal takes a thematic approach to the varied and complex issues of the Arab-Israeli conflict.

The next three suggestions are newsletters. They espouse the mainstream point of view from the Israeli, the Arab, and the U.S. perspective. The first two are indicative of the American diaspora communities approach to the conflict:

Near East Report, 1341 "G" Street, NW, Washington, D.C. 20005. This is AIPAC's (the Israeli lobby) newsletter and is

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read by many American Jews.

ACTION and reaction, P.O. Box 416, New York, N.Y. 10011, \$20/year---dedicated to better Arab-American understanding.

Dept. of State Newsrelease, Superintendent of Documents, U.S. Gov't Printing Office, Washington, D.C.---highlights information and developments in foreign relations, foreign policy, presidential, congressional and ambassadorial statements.

Finally, the information-packed Swasia is an excellent weekly newsletter which provides a recap of articles in the world press and major news stories in the middle east. It's published by the National Council of Churches--- P.O. Box 29060, Washington, D.C. 20017 \$15/year.



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CALC worked with the Methodist Federation for Social Action to secure passage of the petition to the New York Conference of the United Methodist Church calling for the withdrawal of conference funds.

The Western New York Peace Center, a CALC affiliate, in cooperation with the Riverside -Salem United Church of Christ in Buffalo successfully introduced a resolution into the New York conference of the United Church of Christ, encouraging congregations to withdraw their accounts, and to make overtures with a similar resolution to the General synod of the UCC meeting in Washington, D.C. beginning July 1. CALC is working with the Board of Church and Society of the United Presbyterian Church, U.S.A. for passage of a resolution which "calls for an end to any further United States public or private loans or investments in South Africa." Several other resolutions are being considered by regional and national judicatories.

We hope all CALC members will join this exciting new campaign!