

NORTHERN CALIFORNIA INTERFAITH COMMITTEE ON CORPORATE RESPONSIBILITY

BACKGROUND INFORMATION

WHAT IS NC-ICCR?

NC-ICCR was formed in 1974 as a project of the Joint Strategy and Action Commission, an agency of urban ministry in Northern California. NC-ICCR is a coalition of about 40 Protestant and Roman Catholic church-related institutional and individual investors and others engaged in actively monitoring the impact of their corporate investments and banking deposits in terms of social justice issues and criteria.

Shareholder leverage is used to address concerns of social and economic justice to corporations and banks with which the church is doing business, through investments and deposits.

WHO DOES NC-ICCR REPRESENT?

Members of NC-ICCR include representatives from the following Northern California-based church organizations:

American Baptist Convention; American Friends Service Committee; Archdiocese Council of Catholic Men; Archdiocese of San Francisco Social Justice Commission; Church and World Mission Unit; United Presbyterian Church; California-Nevada United Methodist Conference; California-Nevada United Methodist Women; California Province, Society of the Sacred Heart; California Province, Society of Jesus; Church Divinity School of the Pacific; First Congregational Church, Santa Rosa; Genesis Church and Ecumenical Center; First Unitarian Society of San Francisco; Pacific School of Religion; Sisters of Mercy; Sisters of the Holy Family; Sisters of the Holy Names of Jesus and Mary; Sisters of the Infant Jesus; Sisters of Notre Dame de Namur; Sisters of the Presentation; Sisters of St. Dominic; St. Lucy's Priory; United Church of Christ, Northern California Conference; Ursuline Provincialate; Western Dominican Province; AND OTHERS.

WHAT ARE THE PRIORITY ISSUES OF NC-ICCR ACTIVITY?

NC-ICCR is involved in actively investigating, monitoring and acting on issues concerning the following areas:

1. Agribusiness - the growth of corporate control over agricultural production and distribution
2. Chile - bank loans, investments and human rights concerns
3. Infant formula - sales and aggressive promotion of powdered milk substitutes for breast feeding throughout Third World countries
4. Public Investors - monitoring activities and encouraging responsible stock proxy

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JOINT STRATEGY AND ACTION COMMISSION, an agency of ecumenical urban ministry

voting of large state and local institutional investors (i.e. retirement systems, pension boards, University of California Regents, etc.)

5. Southern Africa - corporate and bank involvement in apartheid
6. Alternative Investments - exploring alternatives to traditional corporations and banks (i.e. feminist and minority credit unions, community development corporations, etc.)

WHY FOCUS ON BANK OF AMERICA?

Banking concerns all church and community organizations. Many individuals, congregations and organizations have accounts with the Bank of America. The Bank of America is the largest private commercial bank (in terms of assets and deposits) in the world and has the most extensive banking network in the United States. It is the largest saving institution in the United States, and the largest holder of state and municipal debt. The Bank has offices within a 20-minute drive of virtually every Californian (over 1,050 branches in the state). The Bank is second only to First National City Bank (New York) as the largest single United States banking presence overseas. The Bank's policies affect the lives of every Californian, the direction of the state's development, employment, etc.

WHY ARE WE CONCERNED WITH THE BANK OF AMERICA IN CHILE AND SOUTH AFRICA?

The Bank of America is lending money to the repressive regimes of Chile and South Africa. These governments systematically deny the human rights of the countries' people - in Chile, the right of labor to organize, strike and collectively bargain, to form political parties; and in South Africa, the right for full political, legal, social and economic participation by the majority of the people. We believe these loans serve to support, legitimate and strengthen the grip of these repressive regimes.

Chile

In May, 1976, a consortium of 16 major U.S. and Canadian commercial banks, in which the Bank of America participated, signed an agreement with Chile for a \$125 million loan. The Chilean military junta is dependent on foreign financing from commercial banks in order to make up its chronic current accounts deficit and to pay its foreign creditors. "In spite of its reassurances to international bankers that repayment of foreign debts is the current government's highest priority, the junta's credit rating remains low." (International Policy Report, 9/76) The original purpose of the \$125 million loan is to retire short-term European commercial bank loans - it serves, therefore, to restructure Chile's foreign debt and increases the U.S. share of Chile's debt. "Banking sources in New York consider the \$125 million loan to be an act of self-interest on the part of the banks involved. Most have considerable exposure in Chile which they feel would be endangered if the junta began defaulting on short-term European loans." (International Policy Report, 9/76)

While there is caution on the part of European and Scandinavian banks and industries, U.S. banks have proceeded with loans to the junta, stating that Chile is a "good risk".

If Chile is a safe and secure investment, it is because the junta maintains an unjust and repressive situation where human rights and freedoms are systematically denied. These policies are strictly enforced with practices of torture and imprisonment which have been condemned by numerous international organizations.

South Africa

In November, 1976, Bank of America was part of a five-bank consortium which lent \$110 million to the South African government. The current commitment of U.S. banks to the South African government exceeds \$2 billion, more than double the 1975 figure for U.S. loans to South Africa. These loans which go directly to the apartheid government are used to defend the interests of the white minority at the expense of the black majority.

The churches are focusing on Bank of America's involvement in Chile and South Africa as part of a total concern that the Bank examine social and ethical implications of their operations in all parts of the world. We are calling for an end to bank loans to these particular countries because of the gross abuses of human rights and the contempt which they have earned from the rest of the world. We feel that loans to Chile and South Africa demand an exceptional response from the Bank of America.