RIGGS NATIONAL BANK

A FULL-SERVICE BANK

FOR REPRESSIVE REGIMES

by

the D.C. Bank Campaign

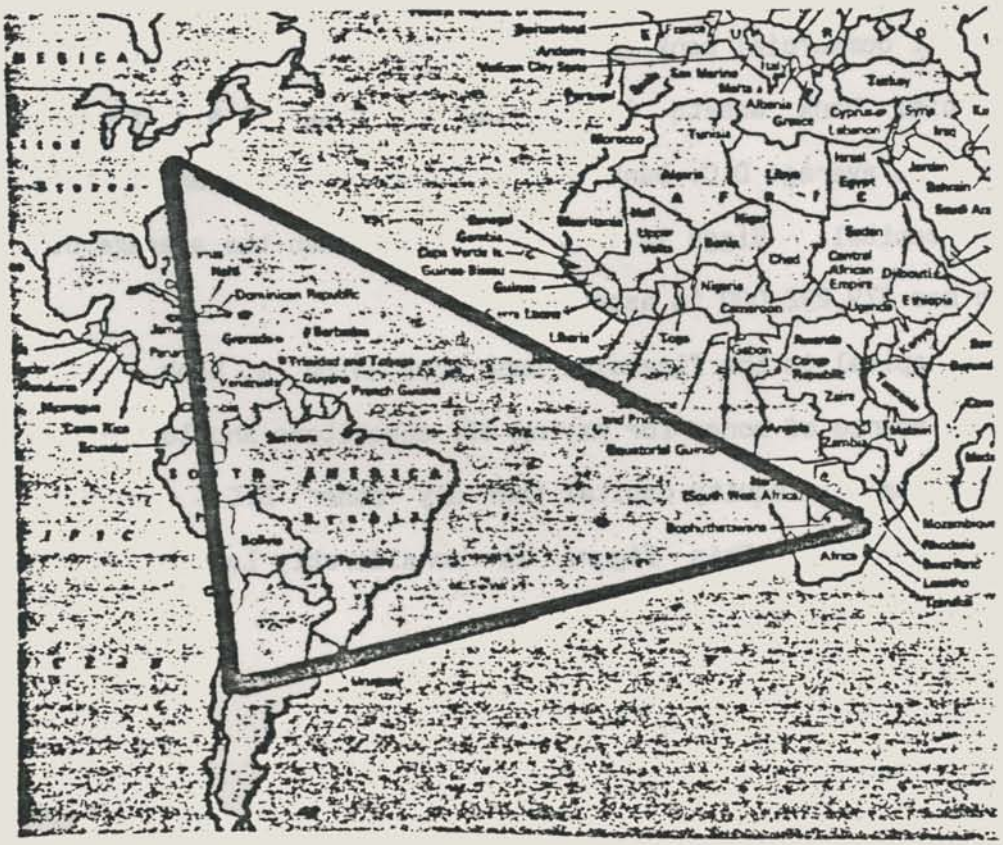
Riggs National Bank: A Full-Service Bank for Repressive Regimes

What do Washington, D.C., Johannesburg, South Africa, and Santiago, Chile, have in common? The dis-service of the Riggs National Bank. Riggs dis-services the people of all three cities.

1. In Washington, D.C., Riggs mortgage lending practices discriminate against residents of predominantly Black neighborhoods. If you live in a predominantly Black neighborhood, Riggs is less likely to loan you money than if you lived in a white neighborhood with the same average income.

2. In Johannesburg, South Africa, the system of apartheid -- institutionalized racism -- deprives Black people of their most basic human rights. Riggs supports South African racism with a line of credit of over $1 million to ISCOR, the South African iron and steel corporation.

3. In Santiago, Chile, Riggs supports the repression of the Chilean junta with close to $75 million in credits to the Chilean armed forces.



Riggs: The Biggest Bank in Town

A quick examination of the balance sheet reveals that:

1. By most measures Riggs is the largest bank in Washington, D.C. Riggs is not a small neighborhood bank. It is 23 times larger than the average national bank, 5 times larger than the average D.C. bank.

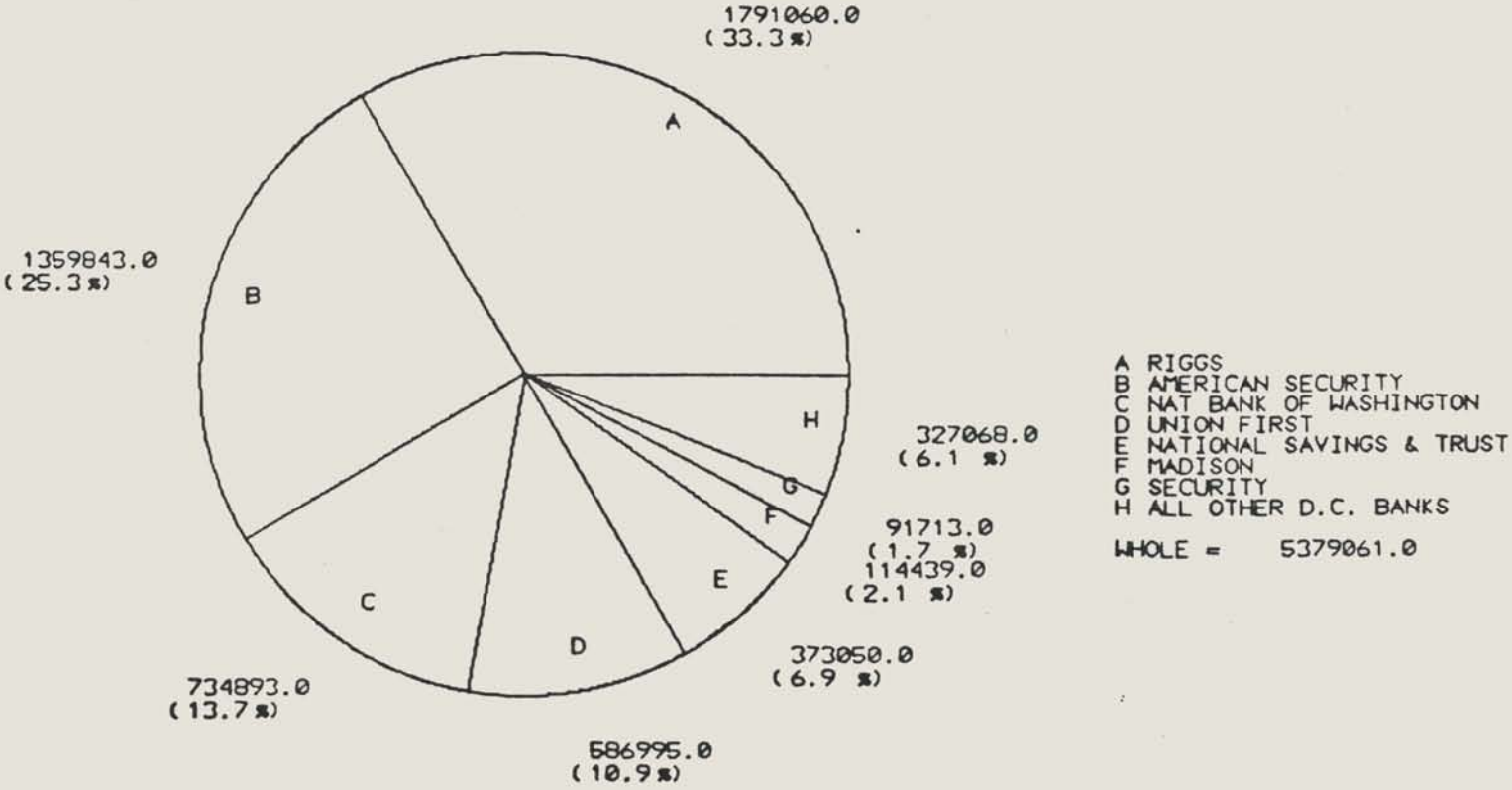
2. Riggs uses the FHA/VA insurance programs more extensively than any other bank in D.C. and more than the average U.S. bank.

3. Riggs loan/asset ratio is low. This means Riggs is lending little money to the community.

A bank's size is measured in several ways: by the amount of its assets, by the amount of its equity capital, and by the amount of its deposits. By these measures, Riggs ranks as the largest commercial bank in Washington, D.C. With assets of $1,791,060,000 as of December 31, 1977, Riggs controls 33.2% of all commercial bank assets in the city (see Figure 1). Riggs and American Security and Trust, N.A., the second largest commercial bank in D.C., together control almost 60% of all commercial bank assets in Washington. Riggs is significantly larger than the average D.C. bank both in terms of assets and in terms of equity capital. Riggs is also much larger than the average U.S. bank which has $79,292,000 in assets.

Equity capital is the financial base upon which a bank stands. It is the source of money for paying off depositors should the bank fail. Riggs has more equity capital than any other D.C. commercial bank: $138,829,000. This figure is considerably larger than the national average (see Table 1).

FIGURE 1: SHARE OF D.C. COMMERICAL BANK ASSETS



SOURCE: Comptroller of the Currency, U.S. Treasury Department

TABLE 1. EQUITY CAPITAL OF D.C. COMMERCIAL BANKS AS OF DECEMBER 31, 1977

BANK	EQUITY CAPITAL (THOUSANDS OF $)	
RIGGS	138829	
AMERICAN SECURITY	114410	
NATIONAL BANK OF WASHINGTON	48395	
UNION FIRST	41229	
NATIONAL SAVINGS & TRUST	30070	
SECURITY	11277	
MADISON	10506	
NATIONAL CAPITAL	5666	
DISTRICT OF COLUMBIA	4466	
MCLACHLEN	3174	
INDUSTRIAL	3027	
COLUMBIA	2903	
UNITED	2329	
DIPLOMAT	1929	
HEMISPHERE	1289	
AMERICAN INDIAN	938	
D.C. AVERAGE AND STANDARD DEVIATION	26277	42103
NATIONAL AVERAGE	5440	

Source: Comptroller of the Currency, U.S. Treasury Department

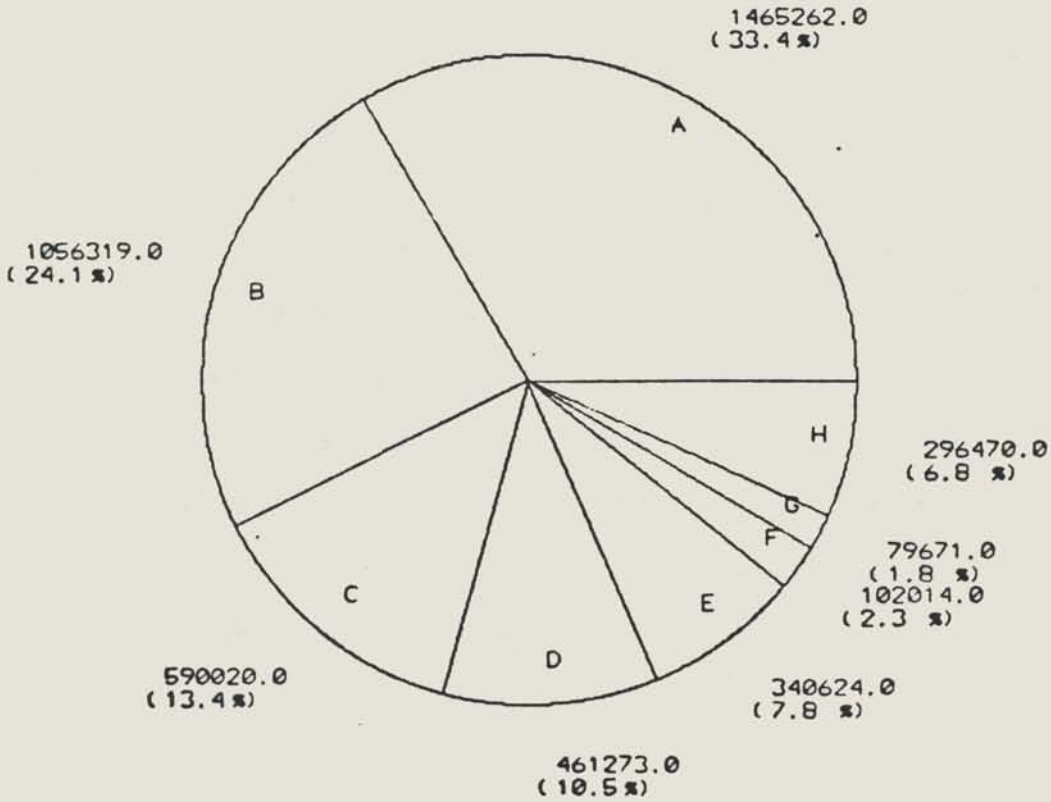
Riggs holds over one third of the deposits placed in commercial banks in D.C. (see Figure 2). With $1,465,263,000 in deposits, Riggs ranks as the number one commercial bank in the city. (The average D.C. bank has deposits of $274,478,000; the average nationwide is $63,882,000).

Riggs is not just the local bank on the corner. It is the largest bank in Washington, D.C. and is much larger than the average U.S. bank.

A bank's loan portfolio reveals how deposits from the community are being used. Of primary interest is the loans/assets ratio. The average commercial bank in the U.S. has 54% of its assets in loans. Riggs has only 47.5% of its assets in loans (see Table 2). Riggs loans/assets ratio is significantly below the national average. Riggs remaining assets are "liquid" - - cash and government securities which can be sold quickly for cash. Large investments in government securities may help the U.S. Treasury fund its deficit, but it certainly does not help the community with <u>its</u> investment needs.

Table 3 breaks down the real estate loan portfolios of the sixteen commercial banks of Washington, D.C. One area of Riggs real estate loan portfolio stands out. More than 28% of Riggs residential real estate loans are insured by the Federal Housing Administration (FHA) or the Veterans' Administration (VA). This is much higher than either the D.C. or national averages (5.9% and 4.5% respectively). The effect of such financing is directly related to the practice known as redlining.

FIGUURE 2: SHARE OF D.C. COMMERCIAL BANK DEPOSITS



A RIGGS
B AMERICAN SECURITY
C NAT BANK OF WASHINGTON
D UNION FIRST
E NATIONAL SAVINGS & TRUS
F MADISON
G SECURITY
H ALL OTHER D.C. BANKS

WHOLE = 4391653.0

SOURCE: Comptroller of the Currency, U.S. Treasury Department

TABLE 2. RATIO OF LOANS/ASSETS IN D.C. COMMERICAL BANKS AS OF DECEMBER 31, 1977

BANK	LOANS/ASSETS	
NATIONAL SAVINGS & TRUST	0.654	
COLUMBIA	0.627	
MADISON	0.588	
AMERICAN INDIAN	0.586	
AMERICAN SECURITY	0.579	
DIPLOMAT	0.575	
NATIONAL BANK OF WASHINGTON	0.538	
HEMISPHERE	0.537	
SECURITY	0.530	
UNITED	0.502	
MCLACHLEN	0.495	
NATIONAL CAPITAL	0.481	
DISTRICT OF COLUMBIA	0.479	
RIGGS	0.475	
UNION FIRST	0.466	
INDUSTRIAL	0.365	
D.C. AVERAGE AND STANDARD DEVIATION	0.529	0.072
NATIONAL AVERAGE	0.537	

Source: Comptroller of the Currency, U.S. Treasury Department

TABLE 3: REAL ESTATE PORTFOLIOS OF D.C. COMMERCIAL BANKS AS OF DECEMBER 31, 1977

BANK	TYPE OF LOAN: CONSTRUCTION	FARM	1-4 FAMILY	5+ FAMILY	COMMERCIAL	FHA/VA
AMERICAN INDIAN	0.0	0.0	14.9	0.0	85.1	0.0
HEMISPHERE	9.7	0.0	50.2	0.0	40.1	0.0
DIPLOMAT	26.5	0.0	73.5	0.0	0.0	0.0
AMERICAN SECURITY	18.1	0.0	41.7	10.0	30.2	3.4
INDUSTRIAL	0.9	0.0	61.7	20.6	16.8	0.2
UNION FIRST	9.7	0.5	69.5	1.3	19.1	3.7
NATIONAL BANK OF WASHINGTON	30.7	0.0	45.0	4.2	20.1	4.1
NATIONAL CAPITAL	0.0	0.0	51.2	0.0	48.8	4.0
RIGGS	23.9	0.0	60.5	2.2	13.4	28.4
DISTRICT OF COLUMBIA	31.6	0.0	36.9	4.3	27.2	0.0
BANK OF COLUMBIA	6.4	0.0	75.0	0.0	18.6	0.0
MADISON	31.6	0.0	13.0	0.0	55.3	0.0
UNITED	0.0	0.0	90.9	0.0	9.1	15.1
NATIONAL SAVINGS & TRUST	10.6	0.2	51.4	8.3	29.5	4.6
MCLACHLEN	0.0	0.0	100.0	0.0	0.0	22.6
SECURITY	10.3	1.7	43.2	5.3	39.5	7.8
D.C. AVERAGE	13.1	0.2	54.9	3.5	28.3	5.9
STANDARD DEVIATION	12.2	0.4	23.8	5.6	21.9	8.7
NATIONAL AVERAGE	11.7	4.4	54.2	2.8	26.9	4.6

SOURCES: COMPTROLLER OF THE CURRENCY, U.S. TREASURY DEPARTMENT; FEDERAL RESERVE BOARD, FEDERAL RESERVE BULLETIN, AUGUST 1978, A18-A19.

Riggs and Redlining in Washington, D.C.[1]

Banks have a poor record when it comes to investing in Black neighborhoods. Riggs, the largest bank in D.C., is no exception. Riggs lends relatively little money to predominantly Black areas in D.C.[2]

Only four of Riggs' 22 branches are in predominantly Black communities:

1. Northeast - 1348 4th Street NE
2. Northwest - 1779 Columbia Road NW
3. Park Road - 14th Street and Park Road NW
4. Southeast - South Capital and Brandywine Streets SE

According to the Federal Deposit Insurance Corporation (FDIC), there were $68,282,000 in private deposits at these four branches as of June 30, 1977.[3]

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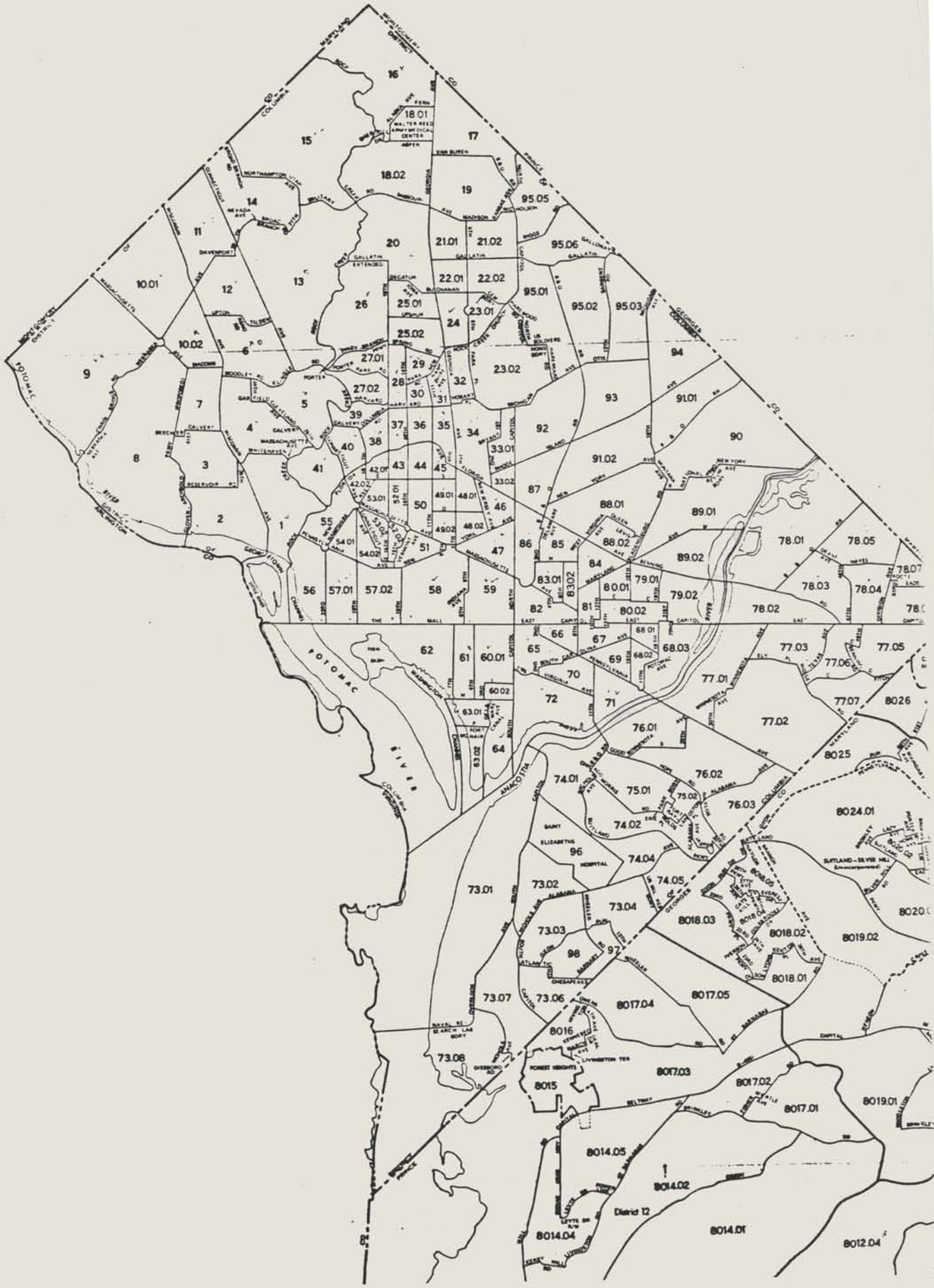
1. Data for this section were obtained from the Home Mortgage Loan Dissclosure Statement of Riggs. Under the Home Mortgage Disclosure Act of 1975, banks operating in Standard Metropolitan Statistical Areas and having assets of $10 million or more are required to make available to the public information on how much money has been lent and how many mortgage and home improvement loans have been made in each census tract in a metropolitan area. (See Figure 3 for a map of the census tracts in Washington, D.C.).

2. "Predominantly Black" census tracks are here defined as those in which, in 1970, more than 50% of the inhabitants were Black. See Figure 3 for a map of census tracts in D.C. This practice of disinvesting certain neighborhoods is called "redlining." The term comes from the times when lending institutions used to draw red boundaries on a map of the city to mark off areas considered high risk investment areas. While banks and savings & loans are no longer permitted to have a map with red lines on it in their offices, the practice of redlining continues.

3. It is impossible to determine what percentage of these deposits are corporate because the FDIC does not differentiate personal from corporate deposits.


POTOMAC
RIVER
District 12

According to its mortgage loan disclosure statement for 1977, Riggs had made only 66 mortgage loans with a total value of $3,662,000 to residents of predominantly Black areas in D.C. Loans to white areas in D.C. totalled $12,707,000, or 77.7% of Riggs' mortgage loans in the city (see Table 4).

Thus Riggs has only 22.3% of its city mortgages in areas that make up 72.1% of the District's population and whose residents have depositted more than $68 million in Riggs branches located in their neighborhoods. Given two neighborhoods with similar income, one a Black neighborhood, one a white neighborhood, Riggs is more likely to lend to a family the white neighborhood.

There is a statistically significant correlation (-.569) between the percentage of Blacks who reside in an area and the amount of mortgages and home improvement loans Riggs makes to that area. As the percentage of Blacks increases the amount Riggs lends to the neighborhood decreases. Even if one controls for income, a highly significant correlation of -.30 remains.

Yet Riggs lending patterns in D.C. do not differ significantly from those of the other commercial banks in the city, according to statistics in the report Strategy for Change, by the D.C. Commission on Residential Mortgage Investment.[4] Only United National Bank and Industrial Bank of Washington, both Black-owned and managed, stand out as significant lenders to the Black community of Washington.

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4. D.C. Commission of Residential Mortgage Investment, Strategy for Change: Housing Finance in Washington, D.C., Tables 3A-3B, p.23-24.

Table 4: Riggs' Mortgage Lending Patterns

Mortgage loans to predominantly Black areas:
66 (27.5%) $ 3,662,000 (22.3%) average loan = $56,418

Mortgage loans to predominantly white areas:
174 (72.5%) $12,790,000 (77.7%) average loan = $73,029

Home improvement loans to Black areas:
144 (54.3%) $ 607,000 (43.5%) average loan = $4,216

Home improvement loans to white areas:
121 (45.7%) $ 789,000 (56.5%) average loan = $6,521

Total mortgage and home improvement loans to Black areas:
$ 4,269,000 (23.9%)

Total mortgage and home improvement loans to white areas:
$13,579,000 (76.1%)

SOURCE: Home Mortgage Loan Disclosure Statement of Riggs National Bank

Why do D.C. banks give so few loans to the city's neighborhoods? A bank's profit depends primarily on the difference between the money obtained as interest on loans and the money paid out as interest to depositors (who are the original source of the money the bank lends out to make its profits).

But, another important factor is the volume of the business. The more money that can be attracted from depositors, the more money is available for loans and thus for profits. In the real estate market, banks can profit from instability. Banks make profits based on the number ,i.e., the volume, of transactions that take place. Each time a person buys a building or home and obtains financing through the bank, the bank makes a profit. The greater the number of loans, the more profit a bank can make. The bank must often make trade-offs between the profits available from high-priced transactions that seldom occur and the profits available from many low-priced transactions. Naturally, banks will choose what is most profitable for them and not necessarily what most benefits the community.

During the economic boom years of the 1950s and 1960s, the excess capital of the U.S. economy was invested, in part, in the creation of suburbia. The growth in the areas immediately surrounding D.C. was tremendous. It was so large that capital became scarce for city residents. Because the market for new housing was in suburbia, the loans went there. Demand was higher, growth was faster, and rates of return on the new housing stock were higher. The banks naturally made more profit lending where the rates of return on investments were higher.

Without sufficient financing to maintain the older housing stock, inner-city neighborhoods began to change. Homeowners were unable to obtain loans at reasonable rates to fix up their homes. The houses in the city began to physically deteriorate. The early states of redlining are subtle: higher down payments and higher interest rates for certain sections of the city. Housing values began to taper off and even decline. At some point, the banks began to classify real estate investment in certain inner-city neighborhoods as "high risk." Once that point was reached, banks were unwilling to make more than a few loans to any such neighborhood.

Once that point was reached, the banks' evaluation became a self-fulfilling prophecy. Businesses and the middle-class, unable to obtain loans at reasonable rates in "high risk" areas, and facing higher insurance rates, fled to the suburbs. Minorities and the aged, who did not have the resources to start again in the higher-priced suburbs, had to remain in the city and watch their communities slowly die from disinvestment.[5]

Government policies did not do much to help the situation. Federal highway construction to serve the residents of growing suburban areas is only the most obvious example of how the U.S. government ignored the plight of the inner city. For years, the federally-funded Federal Housing Administration (FHA) and Veterans' Administration (VA) housing insurance programs redlined vast stretches of the city. By the 1960s the FHA had been persuaded to invest in the

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5. See D.C. Residential Mortgage Commission, Strategy for Change, p. 4, 5, D.C. PIRG, et. al., Redlining: Mortgage Disinvestment in the District of Columbia, p. 3.

cities.

The FHA and the VA programs insure mortgage loans. The programs serve as an insurance program for bankers. The borrower gets a lower interest rate because the federal government backs him/her. But the borrower must also pay insurance premiums to the government. The insurance does not cover the borrower; it covers the lender --- the bank! If the borrower defaults, the bank forecloses and gets paid by the FHA or the VA for the remaining value of the mortgage. The FHA or VA then gets the property. The result: the bank gets the insurance, the borrower pays for it, and the government ends up with foreclosed property.

Fully-insured loans give the banks and other lending institutions no stake in preserving the neighborhood. Their loans are fully guaranteed by the federal government no matter what happens to the neighborhood.

The programs attracted mostly real estate speculators who were able to cut through the red tape and regulations and make the down payments. These absentee landlords allowed their buildings to deteriorate, hastening the decline of the inner-city.[6]

Riggs is an active participant in the FHA/VA insurance programs. Over 28% of Riggs residential real estate loans are FHA/VA insured (see Table 3). This is significantly higher than either the D.C. or national bank averages. (The average D.C. bank has 5.9% of its loans insured under the FHA/VA programs; the average national bank 4.5%).

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6. D.C. Residential Mortgage Commission, Strategy for Change, p.5, D.C. PIRG, et. al., Redlining, Batko, William, How to Research Your Local Bank (or Savings & Loan), p. 27-28.

No other bank in the city uses the prgram to the extent that Riggs does.

An influx of Blacks into the city during the late 1950s and 60s gave speculators a new tool for profit-making: blockbusting. Playing on the fears of white city residents, speculators frightened homeowners into selling their homes at low prices. These homes were then resold to Blacks at an exorbitant profit or rented to Blacks, serving as tax shelters for the speculator. Many Blacks bought homes at artificially high prices, only to find they needed major repairs. Unable to pay for both mortgages and home repair loans (usually from mortgage banks which charge much higher interest rates than commercial banks and savings & loans), many defaulted on their mortgages. This left scores of abandoned and boarded-up buildings to scar vast tracts of urban communities. The decline in property values continued.

Decreasing property values led to a decreasing tax base. The city found itself able to provide fewer and fewer services. The lack of services further accelerated housing deterioration.[7]

Deterioration reached a peak in some neighborhoods, such as Capitol Hill and Adams-Morgan, by the early 1970s. As young, middle-class families and individuals move back into the city and pay very high prices for houses in low-to-moderate-income neighborhoods, the residents of these neighborhoods find themselves boxed out again. Unable to finance homes when the city was disinvested, they now find themselves unable to pay the taxes on their rapidly escalating assesments.

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7. D.C. Residential Mortgage Commission, Strategy for Change, p. 5.

The speculator is the major villain in the history of the downswings and upswings of the D.C. housing market. But the banks must be viewed as major accomplices who profitted heavily from the misery of thousands of people.

It was the banks who started the cycle by pushing the suburban building boom at the expense of the city as they now are pushing an urban boom to the detriment of some suburban areas. It was the major banks and the major savings & loan institutions which declared vast tracts of the city as "high risk." It was the banks which had no interest in stopping speculation and deterioration in inner-city neighborhoods. Banks can benefit from instability in the housing market. The number of transactions is as important a consideration for banks as the return on each investment. Deteriorating neighborhoods are a magnet for speculators. Each transaction of a speculator brings in money for the bank.

As the largest commercial bank in D.C., Riggs played, and still plays, a vital role in determining which communities will flourish and which will die. Where Riggs goes, other banks and savings & loans go. Thus Riggs must shoulder much of the blame for the deterioration of housing in large sectors of D.C.

Riggs Profits from Apartheid

South Africa is unique among nations. Its legal system is based on racism. Black Africans, who constitute seventy percent of the population, are by law consigned to a permanent underclass which has no political rights except in tiny tribal reserves. South Africa alone in the world legally segregates its citizens by race. A favored white minority receives citizenship, economic privileges, and political rights that are systematically denied to Africans and, to a lesser degree, to "Coloureds" and Asians.

The results of this inhuman system are apalling poverty for the vast majority and the best living standard on earth for those who are white by accident of birth. Seventy percent of the African work force earns wages below the poverty line. While Africans are used a major part of the work force in South African mines and industry, they are regarded simply as "units of labor." For multinational corporations and investors like Riggs, apartheid means low wages for Blacks and high profits for them.

African resistance to this system of white domination entered its modern phase with the formation of the African National Congress in 1911. Years of peaceful, non-violent protest yielded no tangible results except further denial of rights and violent repression. As the wars for liberation in Portuguese Africa brought freedom and independence to Angola and Mozambique, the fires of open revolt flared once again inside South Africa. The climax was the rising up of Soweto on June 16, 1976.

As the tide of liberation comes closer to its borders, South Africa has vastly increased its military spending. Despite universal condemnation, South Africa has managed to build its own arsenal of

weapons and to increase its strategic self-sufficiency. This has been possible because South Africa has access to Western capital and technology.

A recent study completed for the Senate Foreign Relations Committee concluded: "International credit filled the gap in foreign exchange financing which South Africa needed to cover its increased oil and defense imports and new infrastructure development costs and thus directly supported the South African government in its desire for greater economic and strategic self-sufficiency."[8]

The Senate study estimates that in 1976, oil and military imports required more than $2 billion in foreign exchange. International bank loans totalling $4.3 million were floated to finance the expenditures in 1975 and 1976. By the end of 1976, South Africa owed $9 billion to international creditors. This amounted to 32% of total foreign investment, a dramatic rise from a level of 15% in 1974. An extensive study by the Corporate Data Exchange in 1978 established that 100 U.S. controlled and related banks had been involved in loans which, by December, 1977, had reached the level of $2.27 billion.[9]

While the South African government has taken stern measures since the Soweto uprising of 1976 to reduce its dependency on foreign credits, it still will need to import approximately $1 billion

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8. U.S. Senate, Committee on Foreign Affairs, Subcommittee on African Affairs, U.S. Corporate Interests in Africa, p. 23.

9. Corporate Data Exchange, U.S. Bank Loans to South Africa, p. 6.

annually in new foreign capital in order to grow and remain technologically competitive in the world market. An additional $1 billion will be needed each year to service debt.[10]

The D.C. Bank Campaign has established, from three independent sources, that Riggs has extended a continuing line of credit for between $1 million and $1.5 million to ISCOR, the state-owned corporation which produces over 70% of South Africa's iron and steel. With this line of credit Riggs props up apartheid.

Steel is a basic metal which South Africa needs if it is to be self-sufficient in producing its own weapons and military equipment. ISCOR was designated a strategic growth industry in the early 1940s. Through a new, internationally financed, $1.5 billion semi-finished-steel plant in the western Cape, South Africa will be producing for export. ISCOR is upgrading its finished steel-making capacity with expenditures of almost $2.1 billion.[11] While most of this finished steel production is used internally, European steel makers have filed charges that South Africa is dumping steel on the European market during slack periods. U.S. imports of South African steel, while still relatively small, are growing. Riggs, by financing strategic area of South African industry, is underwriting a racist government while undermining the livlihood of working people here and in South Africa.

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10. Subcommittee on Africa, U.S. Corporate Interests in Africa, p. 75-76.

11. Harsch, Ernest, The Foreign Economic Role in South Africa, p. 392.

RRiggs interests and those of the D.C. community do not coincide. Riggs is out to maximize profits. Investments in South Africa are part of the profit picture. Riggs knows that oppressive governments like that in South Africa will make good on their international commitments at the expense of working people.

Riggs and Repression in South America

Chile. Argentina. Uruguay. Riggs' international clients are some of the most repressive and brutal regimes of South America. Riggs gives loans and credits to purchase weapons, communication systems, and other equipment from U.S. and foreign companies. Our money -- the accounts of unions, schools, churches, community organizations, and thousands of individuals -- is used by Riggs to finance the repression and torture of millions of people.

The Chilean Armed Forces are Riggs' favorite international client. Riggs has extended to the Chilean missions in Washington, D.C., revolving credit lines of $73 million.

People throughout the world have mobilized to end military and economic aid to the Chilean dictatorship. In 1976, the U.S. Congress banned sales and loans for military supplies to Chile. In 1978, San Francisco longshoremen refused to load a shipment of bomb components destined for the Chilean Air Force. Riggs is systematically undermining these efforts, ensuring that the Pinochet government gets the equipment and weapons necessary to maintain itself in power and to continue to persecute the Chilean people.

Public pressure generated by the Chile solidarity movement and the need to heal the wounds of Vietnam, Watergate, and domestic spying revelations have forced the U.S. Congress to end military and economic aid to the military regimes of the Southern Cone.

But U.S. banks and corporations must continue to earn profits. Three mechanisms have been developed to funnel support to military dictatorships throughout Latin America despite congressional bans or restrictions.

1. Assistance through uncontrollable government agencies: military assistance continues to be channeled through agencies whose very nature places them beyond public scrutiny (U.S. Army Southern Command, Pentagon, Drug Enforcement Agency, intelligence branches of the U.S. Army).

2. Assistance through multi-lateral lending agencies: bilateral aid, U.S. government assistance directly to foreign governments, has been replaced with aid from the financial institutions which manage the international business of world capital. These include the World Bank, the International Monetary Fund, and the Inter-American Development Bank.

3. Assistance through private banks: emerging as the most prominent supplier of loans and credits, private banks intervene directly to finance and manage Latin American economies.

The role of private banks in the Chilean economy has been documented by the Institute for Policy Studies in Washington, D.C.[12] As Table 5 indicates, private bank loans have skyrocketed since 1975. Private bank loans and suppliers' credits increased from 20% of Chile's total borrowing in 1975 to more than 87% in 1977. By the end of 1978, private sector loans were estimated to be $977.0 million (see Figure 4), over 96% of Chile's foreign borrowing. This will account for more than 96% of Chile's foreign borrowing.

The first significant U.S. private bank loans to the Chilean junta came in 1976 after Treasury Secretary William Simon visited Chile. U.S.-based multinational banks now provide the bulk of the Chilean junta's foreign borrowing. In 1977, these banks gave more than half of the total private bank loans going to Chile. The boom in private bank lending continued in 1978. In January, Wells Fargo Bank,

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12. Letelier, Isabel, and Moffet, Michael, Human Rights, Economic Aid, and Private Banks: The Case of Chile.

Table 5:
U.S. and Multinational Economic Assistance and Private Bank Loans to Chile, 1974-1978
(in millions of U.S. dollars)

	1974	1975	1976	1977	1978
Economic and Military Assistance (includes P.L. 480 and AID)	25.7	96.2	83.4	27.5[1]	-
Expor-Import Bank credits and other U.S. government loans	98.1	32.4	11.3	-	-
World Bank	13.5	20.0	33.0	60.0	40.0
Inter-American Development Bank	97.3	45.4	86.9	34.5	38.5
International Monetary Fund	98.6	199.8	82.8	-[2]	-
SUBTOTAL	333.2	393.8	297.4	122.0	38.5
Private sources	-	99.8	520.2	858.5	977.0[3]
TOTAL	333.2	493.6	817.6	980.5	1015.5

*Figures are categorized according to official U.S. government fiscal year of October 1 to September 30, adopted October 1, 1976, except for the IMF data and private bank loans, which are according to calendar year, and the U.S. government assistance in FY 1974 to 1976 which are based on the previous fiscal year definition of July 1 to June 30. The FY 1976 figures for U.S. economic and military assitance and Export-Import loans include July 1, 1975 through September 30, 1976 aid and loans. The data for FY 1978 is current through March, 1978.

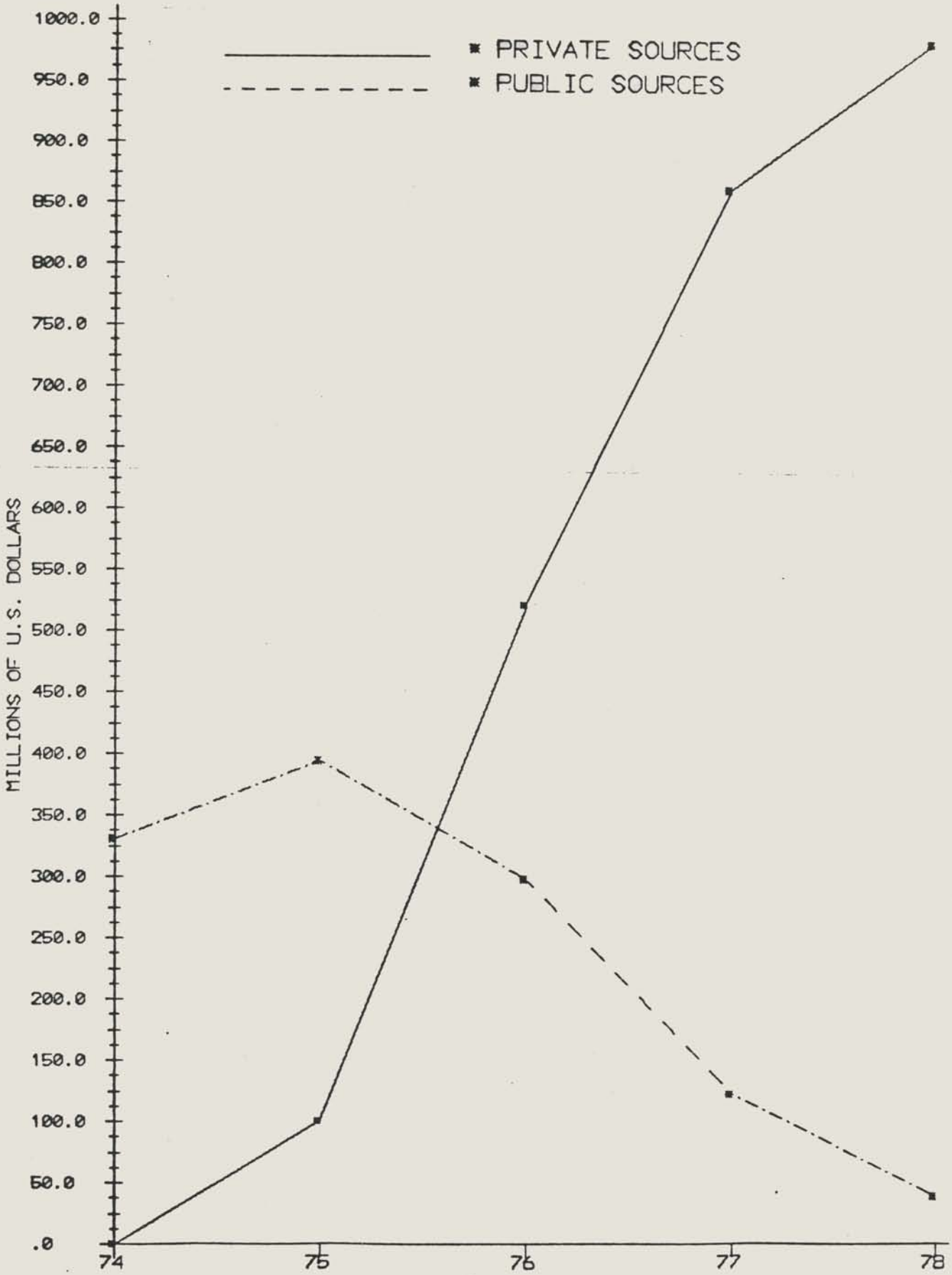
1. On July 1, 1977 U.S. State Department officials confirmed that Chile rejected $27.5 million in bilateral U.S. economic assistance that had been appropriated for fiscal year 1977 because the Carter administration had expressed disapproval of the junta's human rights violations. The State Department had announced that it was temporarily suspending $9 million of the aid package because of specific violations. No U.S. military assistance was approved for FY 1977.

2. In fiscal year 1977, Chile had no net drawings of IMF resources while "repurchasing" $117 million in currencies borrowed during 1974 and 1975. All IMF data is converted from SDRs at exchange rates prevailing at the time of transactions.

3. Projected.

SOURCE: Letelier, Isabel, and Moffitt, Michael, Human Rights, Economic Aid and Private Banks: Case of Chile, Table I, p. 7.

FIGURE 4: CHILE'S FOREIGN BORROWING. 1974-1978



SOURCE: Letelier, Isabel, and Moffitt, Michael, Human Rights, Economic Aid and Private Banks: The Case of Chile, p. 8.

5). The 1977 Annual Report comments on the significance of these loans:

> Particularly important in this regard [increased loan commitments] was our increased activity in South America, where, working closely with both governmental and corporate clients, we will continue to arrange profitable loan syndications.[15]

Riggs prefers to loan to governments rather than banks or corporations. As Figure 5 shows, governments hold more than 56% of the outstanding international loan commitments. The figures suggest that Riggs reduces its risks and maximizes its profits by loaning preferentially to South American governments, governments which consistently violate basic human and democratic rights. Governments which consistently violate basic human and democratic rights guarantee Riggs high profits and reduced risks.

Riggs understands that Washington, D.C. is the political center of world finance. As the 1977 Annual Report points out:

> As a Washington-based bank, Riggs is uniquely situated in what has become a focal point for major developments in international political and economic affairs.... We have been privileged to serve our international clients located in Washington, through our relationship with the various embassies...[16]

Immense business opportunities await a bank located in Washington. At present, Riggs handles the accounts and banking needs of numerous international organizations including the International

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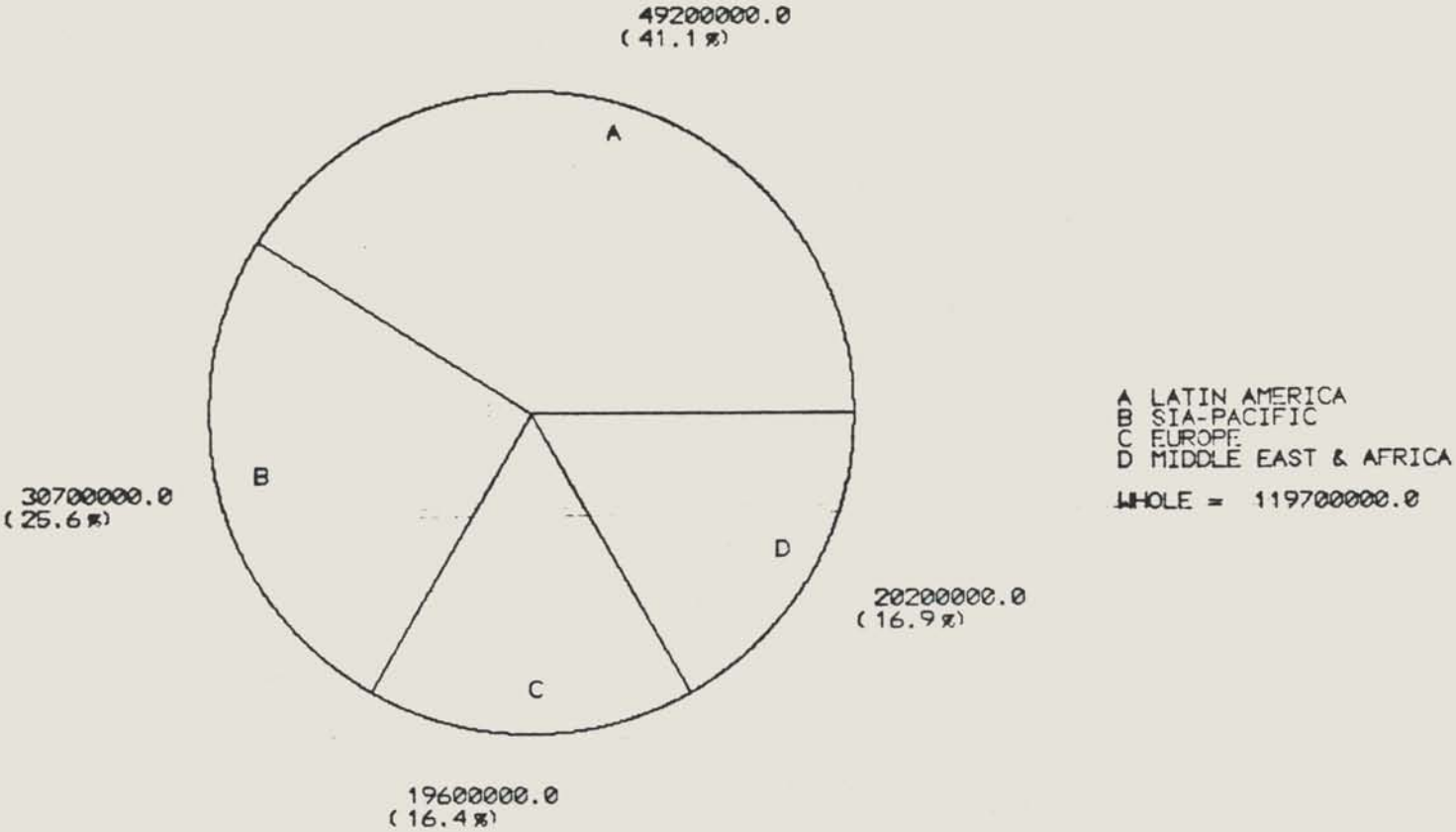
15. Riggs National Bank of Washington, D.C., 1977 Annual Report, p. 10.

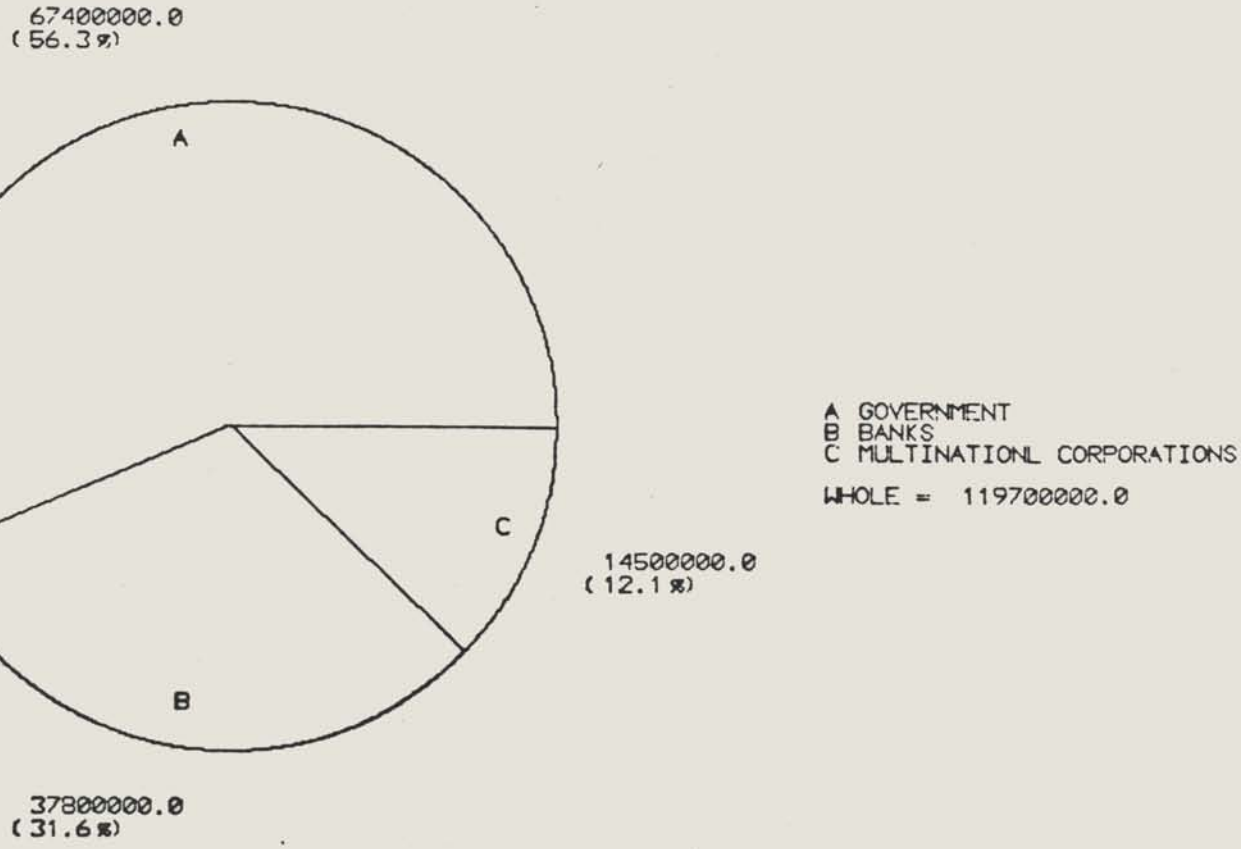
16. Ibid.

FIGURE 5: REGIONAL DISTRIBUTION AND RISK STRUCTURE OF RIGGS' INTERNATIONAL LOANS

REGIONAL DISTRIBUTION OF RIGGS' LOANS



RISK STRUCTURE OF RIGGS' LOANS



SOURCE: RIGGS NATIONAL BANK OF WASHINGTON, 1977 ANNUAL REPORT, P. 10

Monetary Fund, the Inter-American Development Bank, the Pan-American Health and Education Foundation, the Organization of American States, and the Pan-American Sanitory Bureau. At least twenty embassies, from the Embassy of the Republic of Afghanistan to the Royal Embassy of Saudi Arabia, do business with Riggs.

For the military dictatorships of the Southern Cone, Washington, D.C., is not just an international center of politics and finance. It is also the place to purchase military weapons and equipment. More important than the role played by their ambassadors to the White House is the role played by their "ambassadors" to the Pentagon -- the military attaches and missions. Meeting with their U.S. counterparts, these attaches bargain to obtain military supplies for their U.S.-trained armed forces.

As national and international opinion force the U.S. government to curtail financing and credits for purchase of military equipment, dictatorships of the Southern Cone have had to buy weapons on the open market. In the case of Chile, the DINA-CNI, side-stepping the congressional ban, sent Michael Townley on numerous missions to the U.S. to purchase military equipment. Townley's final purchases were used to assassinate Orlando Letelier and Ronni Karpen Moffit.

To finance their purchases, these dictatorships seek private sources of credits and loans to replace those previously supplied by the U.S. government. Chile, Argentina, and Uruguay have found a private source of credit and financing within walking distance of their military missions: the 25 "conveniently located" branches of Riggs National Bank.

As Table 6 shows, Riggs has established revolving lines of credit for the military and naval missions of the most notorious dictatorships of the South American continent. As Table 7 shows, 36.9% of all credits reported by Riggs' International Division as loaned to foreign entities went to missions of the Pinochet dictatorship. Adding credits to the missions of Argentina and Uruguay, almost half -- 47.1% -- of the credits to non-U.S. entities went to finance torture, persecution, and murder in the Southern Cone.

Although the Chilean junta's ability to repress the people apparently increases its creditworthiness, Riggs does not consider that sufficient guarantee for the risks taken in extending loans and credits. Riggs requires collateral, security given by a borrower as a pledge of payment. Collateral provides Riggs and the Chilean military with a cozy arrangement. Riggs can afford to extend credits to the military missions of Chile because it has on deposit million of dollars of CDs (certificates of deposit), cash, notes, and other investment instruments. As Table 8 shows, the deposits and investments of the Chilean missions toatal $49 million. This serves as collateral for credit lines of $73 million.[17] Tables 9 and 10 give similar data for Argentina and Uruguay. Together, these three nations have depositted at least $66 million at Riggs. Riggs profits from their commissions and service charges it charges in return for providing "full service banking" to these dictatorships.

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17. Riggs has also given a $2 million loan to the Chilean Telephone Company.

Table 6: Riggs' Credit Lines to Argentine, Chilean, and Uruguayan Missions

Line of credit opened for	date approved	amount
Argentine Mission	10/27/77	$10,000,000
Chilean Mission	8/11/77	$35,000,000
Chilean Naval Mission	8/02/77	$ 3,000,000
Chilean Missions	?	$38,000,000[1]
Uruguayan Military Mission	12/29/77	$ 1,000,000
TOTAL		$87,000,000

SOURCE: Riggs National Bank, International Division, Liability Report & Investments for the month ending February 28, 1978.

1. Confirmed by two independent sources as of March, 1979.

Table 7: International Credits of Riggs National Bank

Country	Amount of Credit	Percentage of Total
Chile	$38,000,000	36.9
Germany	11,000,000	10.7
Argentina	10,000,000	9.7
Egypt	10,000,000	9.7
Italy	10,000,000	9.7
Belgium	5,000,000	4.9
Australia	4,000,000	3.9
Brazil	3,000,000	2.9
Spain	3,000,000	2.9
Abu Dhabi	2,000,000	1.9
New Zealand	2,000,000	1.9
Norway	1,500,000	1.5
Finland	1,000,000	1.0
Netherlands	1,000,000	1.0
Sweden	1,000,000	1.0
Uruguay	1,000,000	1.0
Bolivia	200,000	.2
United Kingdom	200,000	.2
Spain	200,000	.2
TOTAL	$103,000,000	100.2

SOURCE: Riggs National Bank, International Division, Liability Report and Investments for the month ending February 28, 1978.

Table 8: Deposits and Investments of Chilean Missions at Riggs National Bank

Average cash balance	=	7,445,000
Average investment in CD	=	137,000
Average investment in ED	=	41,600,000

Table 9: Deposits and Investments of Argentine Missions at Riggs National Bank

Average cash balance	=	8,170,000
Average investment in CD	=	5,300,000
Average investment in ED	=	2,800,000

Table 10: Deposits of Uruguayan Military Mission at Riggs National Bank

Average cash balance	=	500,000

NOTES: All figures are rounded off. CD = certificate of deposit. ED = Eurodollar deposit.

Riggs most blatant assistance to the Chilean dictatorship has been its financing of the purchase of weapons and equipment for the Chilean Air Force. This financing allows the Chilean Air Force to undercut the effects of the congressional ban on credits and military sales to the junta.

Riggs handles eight accounts for the Chilean Air Force. By extending letters of credit during 1977 of almost $9 million, Riggs financed over one hundred purchase transactions. These purchases, made with U.S. and foreign currencies, included special counter-insurgency aircraft bought from the Israeli government and communications equipment bought from U.S. corporations such as United Aircraft and Elta Electronics.

These eight standing accounts seem to be only the tip of the iceburg. It appears that a large portion of Chilean Air Force purchases since the coup have been carried out through Riggs.

How Riggs' Investments in Apartheid and Fascism Hurt Us All

People in Washington, D.C. and the United States have fought for a decent standard of living for years. Some gains have been made in the areas of wages and public services. But, it is precisely these gains that make countries like South Africa and Chile so attractive for Riggs, other large banks, and multinational corporations.

Banks depend on profits for their survival. A bank makes its profits on the difference between the interest rate at which it loans money out and the interest rate at which it pays the original depositors of the money.

In South Africa and Chile a small minority systematically oppresses a majority to hold down wages and keep profits high. U.S. banks and corporations are attracted to low-wage areas such as South Africa and Chile. For corporations, the profits are higher when the wages are smaller. For banks, the investments are safer and result in higher profits.

By moving investments out of D.C. and into these low-wage areas, Riggs not only supports oppressive governments, it helps to weaken and erode the economy and the tax base of Washington, D.C. as well as that of countless communities across the U.S.

Riggs contribution to the financial security of South Africa and the military might of Chile makes those regimes that much stronger and that much more immune to change. Riggs contributions make South Africa and Chile safer places for U.S. corporations to invest.

These Riggs' loans and credits encourage U.S. corporations to leave U.S. communities for areas where they can benefit from repressive governments that prevent people from organizing for a

decent living.

Runaway industries hurt poor and working people everywhere. When we act in solidarity with people in Africa and Latin America to oppose the actions of banks such as Riggs , we are acting in our own interest as well.