FIRST NATIONAL BANK OF BOSTON:

Support for Apartheid in South Africa

Cutbacks for Boston
The First National Bank of Boston—the largest commercial bank in New England and the 17th largest in the country—has profited directly from the fiscal crisis of our city and state governments. While massive layoffs and cutbacks have become commonplace for municipal workers and services, the FNBB and other banks have made windfall profits on government bond deals.

The FNBB shifts capital through loans to South Africa, bolstering up the white supremacist apartheid system there while it refuses to extend credit for vital government services here. It takes money from the people of Boston and Massachusetts to invest in the most repressive political and economic system in the world.

In squeezing money out of poor and working people here to invest in repressive regimes overseas, the FNBB ensures its profits at the cost of working people all over the world. It is making us pay for its survival during the worst economic crisis in the capitalist world since the Great Depression.
Consider the following actions and statements by FNBB over the past two years and their effect on poor and working people:

- On October 30, 1975, Richard Hill (Chairman of the Board of FNBB) and other officials of the First National Bank of Boston met with Governor Dukakis and threatened the state with bankruptcy unless services were cut and regressive taxes were passed by the state government. Two weeks later, a state budget was passed in which 8,000 General Relief recipients were cut off welfare (these were mostly people whose unemployment benefits had run out and who couldn’t find work), $70 million was cut from the Medicaid budget, and cost of living raises were eliminated for welfare recipients and government employees. At the same time, $350 million more was raised in taxes by increasing sales tax by 2% (the most regressive tax levied by the state, hitting proportionately harder at low income than high income people), adding a 7.5% surtax on individual state income tax returns, and adding a 10% surcharge and a slight rate increase on corporate income; the corporations saved much more than this by the elimination of unemployment benefits for workers who leave their jobs “voluntarily.”
In 1976, the Massachusetts state government passed a Debt Restructuring Act established by a Debt Management Advisory Committee, including representatives of FNBB, Salomon Brothers (a New York investment house), John Hancock, New England Merchants National Bank, and other major lending institutions. Under this umbrella, the First National Bank of Boston and Salomon Brothers arranged sale of $530 million in long-term bonds converting short-term public housing notes into 25-year bonds at 9% interest, the highest rate ever paid by any state for long-term money. The two major underwriters, FNBB and Salomon Brothers, made a windfall profit of $7.4 million. Total profits for the investment syndicate amounted to $10-16 million on resale to individual investors. The First Boston Corporation, the parent corporation of FNBB, was one of the biggest bond dealers in 1976, ranking near the top in state and local bonds and notes along with the Bank of America, First National City Bank (now called Citibank) of New York, and Chase Manhattan Bank.

In the summer of 1976, during a wage dispute with the MBTA Car-men’s Union, James Howell, Vice President of FNBB, testified that union demands would hurt the state economy. This testimony was used effectively to support anti-union contract settlement. Meanwhile, the FNBB, which manages the MBTA employees’ pension fund, raised its fees by 5%, citing costs beyond the bank’s control.

According to William McNeil, Boston’s acting Budget Director, the “Vault” is closely overseeing the preparation of the fiscal 1978 budget. April 1, 1977, the Mayor announced his budget which included a $16 million slash in human services such as the Community Schools, Little City Halls, Drug Abuse Services, the Youth Activities Commission, and other so-called “amenities.” A citizens’ coalition stated at a press conference on April 5 that this represented further attacks on services to the poor and the virtual elimination of the steps taken in human services in the past few years.
Prime Minister John Vorster. “The Government will not be intimidated, and orders have been given to maintain order at all costs.”

Richard Hill, in a statement to the stockholders in the FNBB 1976 Annual Report, said, “We are encouraged at the recent tendency among even the most ‘liberal’ officials at state and local levels to face up to economic realities and fiscal responsibility. In our own region, we have been active in supporting and encouraging this trend.” At the stockholders meeting on March 31, 1977, his salary was set at $189,191 and his estimated annual benefits upon retirement at $116,502 per year (this in addition to the interest earned on his 3,315 shares in FNBB stock). Hill’s salary alone would support two community school programs.
Since June 1976, South Africa has been enveloped in revolt. General strikes, demonstrations and sabotage have shaken the very foundations of its racist apartheid system and paralyzed the economy. The white minority regime has brought its police state powers to bear, killing thousands and jailing many more; but their places have been taken by others. The struggle will continue until victory is won.

Apartheid is based on the Bantustans/pass law system. Africans—80% of South Africa’s 24 million people—may only be “citizens” of the Bantustans, less than 13% of the land. They may not vote, own homes, or often even live with their families in the “white” areas. The Bantustans are overcrowded, infertile, unindustrialized. To support their families, many Africans must go to the “white” areas to work for any wage offered, leaving their families behind.

The system is enforced through the pass laws. Every adult African must carry a pass 24 hours a day. Any caught without one is liable for deportation to the starving Bantustans, high fines, or jail. About 250,000 Africans are persecuted under these laws every year.

Apartheid means terribly low wages for blacks. About 4/5 of all Africans do not earn the minimum necessary for subsistence, calculated at around $129 per month on 1975. The result is poverty, malnutrition, and disease; half of African children die before age six while white South Africans have the highest living standard in the world.

As it helps to strangle New England’s economy, the FNBB shifts its operations increasingly overseas. It helps companies like Gillette and United Shoe Machinery move overseas, to places where they can pay lower wages. It is becoming increasingly involved in South Africa:

- In 1975/6, FNBB’s South African subsidiary, International Factors, loaned $61 million, up from $33 million in 1974/5.
- The twenty largest stock holdings by FNBB include IBM, Exxon, General Electric, General Motors, Citicorp, Caterpillar, Minnesota Mining and Manufacturing, Proctor & Gamble, Coca-Cola, and Merck, all of which directly own or benefit from subsidiaries in South Africa. Citibank, and its parent company, Citicorp, have played a particularly central role in providing loans to the South African government, leading a group that loaned $110,000,000 in the past year.
South Africa’s apartheid system means low black wages and high profits. Over 400 U.S. corporations have investments in South Africa, worth $1.6 billion in 1975—more than double the 1969 figure. Thirteen of these corporations control three-quarters of U.S. investment there; these include eight of the ten largest American corporations, in several of which the FNBB has its major share holdings. Among them are the giant auto makers, General Motors, Ford and Chrysler; the oil companies, Texaco, Mobil and Standard Oil of California; IBM, ITT, and General Electric; and 3M.

These corporations have developed the apartheid regime’s manufacturing sector, directly contributing to its economic and military strength. Eighty per cent of U.S. investments in African manufacturing are in South Africa; the corporations have refused to develop manufacturing in independent Africa.

U.S. banks, FNBB among them, have played a special role in financing the apartheid system. Black resistance has led to outflow; U.S. banks have rushed in to help the racist regime. Together with their subsidiaries, they have extended $2 billion in credit to South Africa; $600 million went to the South African government itself. The banks most heavily involved are the Rockefeller banks, Citicorp and Chase Manhattan. Meanwhile, these same banks cut back on credit to U.S. cities.

The U.S. administration has declared that it supports increased U.S. investment in and loans to South Africa, saying this will break down apartheid. But U.S. corporations move to South Africa to pay low wages.

People in the U.S. and especially New England have fought for a decent standard of living for many years; they have made some advances in wages and public services. Big business reverses these gains by moving investments out of New England into low-wage areas around the world. By doing this they weaken the bargaining power of working people here and erode the tax base that supports city services. Overseas, they benefit from and give support to repressive governments that prevent working people from organizing for a decent life. This process hurts poor and working people everywhere. When we act in solidarity with people in the Third World to oppose the banks and big business, we are acting in our own interests as well.

The list of members of the Board of Directors of FNBB reveals many corporate interlocks with other corporations which have made an investment in apartheid in South Africa. It is time to call a stop to the FNBB’s holding the state and city’s poor people hostage while it makes windfall profits and investments in racist and repressive regimes abroad.
Black school children, both African and coloured, demonstrating together in Cape Town.

TAKE YOUR MONEY OUT OF FNBB!

1. Take individual accounts out of FNBB and put them in banks or credit unions that keep the funds here (Roxbury Highland Cooperative Bank, local credit unions). Don't buy Food Stamps at FNBB.
2. Take union pension funds out of FNBB.
3. Take church and community organizations' accounts out of FNBB.
4. Take company accounts out of FNBB.
5. Picket FNBB branches and talk to depositors about the bank's policies.
6. Urge public officials to take a stand on these issues.

BOYCOTT FIRST NATIONAL BANK OF BOSTON!
NO TO RACISM AND APARTHEID!

Please let us know if you want more information or want to participate in the FNBB campaign. Write the Boston Coalition for the Liberation of Southern Africa, Post Office Box 101, Boston, MA 02123. Also, organized withdrawal requires that letters be written to the bank; please send us copies of anything you produce in this campaign. Let us know if you are interested in participating in other activities of the Coalition.