

NCNB Loans to South Africa

NCNB, the leading regional bank in the southeast, is profiting from racist oppression with its loans to South Africa. According to 1977 U. S. Export-Import Bank records, NCNB made at least four loans to South African businesses, totalling \$1.64 million. NCNB admits to only one of these loans (for a Cessna Aircraft easily convertible to military use). The bank does confirm further financial involvement in South Africa, but refuses to provide public information on the loans.

In spite of questions raised at the 1978 annual stockholders meeting, NCNB says it will continue making loans to South Africa as long as it is legal and profitable.

In South Africa, Black people are deprived of land:

*87% of the land is reserved for 16% of the population — white people.

*13% of the land is divided into rural poverty-stricken reserves designated as "homelands" for 80% of the population — Black people.

*Africans, according to official government policy, "should be allowed to enter the urban areas when he is willing to minister to the needs of the white man, and should depart therefrom when he ceases so to minister."

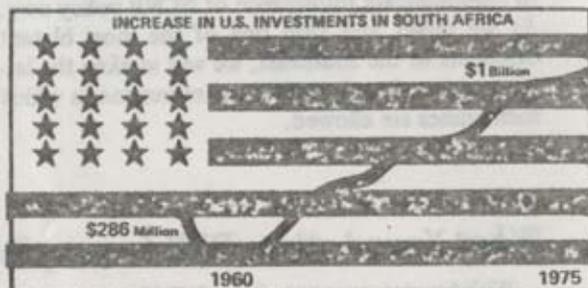
In South Africa, Black people have no political or economic rights:

*Only whites participate in South Africa's "democratic" parliamentary system, while Blacks at most elect a few representatives to powerless segregated councils or "homeland" governments.

*The dreaded "passbook" system controls the movement of Africans, who can only stay in "white areas" if they have jobs and get the right permits. This causes the separation of thousands of families, while millions of Africans are forcibly relocated to ensure rigid segregation and profitable distribution of Black labor for white enterprises.

*Per capita income for whites, presently over \$4,000 per year, far exceeds the less than \$300 per year received on average by Africans.

*Segregated education and medical care facilities perpetuate the inequality. Between 1955 and 1975, 20 times as much was spent per pupil on education for whites as for Africans. There are 100 times as many white doctors per capita as African, while half the children born in the African reserves die before they reach the age of 5.



The system is maintained by brute force:

*African liberation movements have been banned since 1960, their leaders imprisoned without legal recourse. In an effort to crush African peoples movements, in the fall of 1977 the South African government imprisoned and murdered influential Black leader Steven Biko and banned 19 anti-apartheid groups.

*Police violence, which took a toll of over 1,000 lives in the Soweto protest of 1976, is used indiscriminately against protestors.

*More than 20 political prisoners have died in detention since 1976.

*The South African military budget, over \$2 billion, has risen four-fold in the past four years, and is still rising.

South Africa's Black people have never accepted their exploitation, resisting by rebellions, strikes, demonstrations, boycotts and other means. Most recently, after the conclusion of decade-long wars for independence in the Portuguese colonies of Angola and Mozambique, and as the challenge to white domination in neighboring Zimbabwe and Namibia grew stronger, Black South Africa, catalyzed by student protests, launched the most massive wave of resistance yet.

U. S. Business Profits from Apartheid

Western banks and corporations have shared in the profits from exploitation of Black South Africans in a major way since the discovery of gold and diamonds in that country a century ago. Now over 350 U. S. companies are doing business in South Africa. As of 1974, they reaped an average return of 20% from their investments — double what they get in the U. S. And although the incentive for putting in new money has lessened with recent decreases in the profit rates, almost none of the 350 have withdrawn. At the same time, U. S. banks have dramatically upped their lending to South Africa, which now totals over \$2 billion in loans outstanding.

In fact, U. S. banks have become the number one supplier of money to South Africa. Following the Sharpsville massacre in 1960 — when 69 unarmed Black demonstrators were gunned down by South African police — apartheid was denounced around the world and investor confidence was shaken. But U. S. banks came to the rescue. Spear-headed by Chase Manhattan and First National City of New York, a consortium made over \$85 million available for the ailing South African government. In the mid-seventies, new loans have again provided invaluable support for the South African economy.

Banks, without taking on the risk of building factories which can be destroyed or nationalized, are assured high returns from high interest rates and government guarantees. In addition, banks play a key role in helping other corporations to expand their investments, and in providing capital directly to the South African government.

U. S. companies and banks invest in repressive countries such as South Africa not simply as a policy of choice, but in order to maintain continued high profits. This necessity is increased in times of economic crisis such as the U. S. is now facing. As profits sag, the banks and corporations must find new ways to compensate. So, in addition to raising prices, increasing unemployment and cutting back services, they seek out places like South Africa where labor is cheap and where intense repression ensures high profits.



Arguments For & Against Investment

In the face of mounting criticism, corporations have tried to defend their investments with a variety of arguments:

1. U. S. corporations and banks say that increased foreign investment and economic growth can bring new opportunities for Black people, by more equal training and job creation.

COUNTER ARGUMENT: *U. S. companies, which have invested in South Africa since 1880, have not challenged the apartheid structure. Instead, they have abided by South African laws which forbid effective union organizing and reserve certain jobs for whites only. In three decades of unprecedented economic growth and since World War II, fueled by foreign investment, the apartheid system, far from breaking down, has become increasingly elaborate. It is this system of exploitation of the huge, cheap Black labor pool which has enabled U. S. corporations to reap their high profits. Because they have been built up and legitimized by that system, there is no reason to believe they will fundamentally challenge the system.*

2. U. S. corporations and banks say that U. S. economic investments in South Africa have little significance for the economic and political structure there.

COUNTER ARGUMENT: *General Motors, Ford and Chrysler control 60% of the South African*

auto industry, and other firms play similar roles in key industrial sectors. U.S. investors hold more than 25% of the shares in the economically central gold mines. South Africa's plans for economic expansion and military self-sufficiency rely on a continuous input of foreign capital for technology and project financing.

3. U. S. corporations and banks say that if western corporations withhold economic support, Black people there will be hurt more than helped.

COUNTER ARGUMENT: *The late chief Albert J. Luthuli, Nobel Prize winner and President of the African National Congress, has said, "The economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of bloodshed, the suffering to us will be a price we are willing to pay. In any case, we suffer already, our children are undernourished, and, on a small scale (so far) we die at the whim of a policeman." The African National Congress, the Pan Africanist Congress, the South African Students Organization, the Black Peoples' Convention and the Indian Congress of South Africa have all called for the withdrawal of foreign investment.*

The Kissinger Study of Southern Africa describes U. S. material interests in South Africa in 1969 as follows:

*The U. S. has a significant stake in South Africa: investment of about \$700 million (nearly 30% of our investment in all Africa) and a substantial favorable trade balance (over \$450 million in U. S. exports and \$250 million in U. S. imports in 1968). The U. S. provides roughly 17% of South Africa's imports. South Africa produces 60% of the Free World's gold...**

*Pages 121-122: **The Kissinger Study of Southern Africa: National Security Study Memorandum 39—El-Khawas and Cohen.**

What You Can Do...

1. Withdraw your account from NCNB.

- Write a letter to NCNB informing them that you have withdrawn your account because of its loans to South Africa.
- Deposit your account in a bank which does not make loans to South Africa. (Smaller, more community-based banks are less likely to have loan connections with South Africa.)

2. Do not buy food stamps at NCNB.

3. Urge your church, union, community group, and university to take their accounts out of NCNB.

4. Picket the NCNB branches in your community and talk to depositors about the bank's South African loan policies.

5. Write your congressional representatives urging the U. S. government to halt Export-Import Bank loans to South Africa; to deny tax credits to U. S. corporations doing business with South Africa; and to halt all military consultation with that regime.

6. Organize a demonstration in your city to halt bank loans to South Africa.

Persons interested in volunteering should contact the Coalition Against Corporate Involvement in Southern Africa, at 108 Purefoy Road, Chapel Hill, NC 27514.

Please contact us if you plan to withdraw your account.

Contributions should be made to the same address.

Why Focus on NCNB

NCNB is not the first, last or only bank with a policy of "profit over people." But it is the only bank to receive Ex-Im Bank financing on a South African loan. So while it is possible that other local banks may also be profiting from South African oppression, only NCNB involvement can be documented at this time. We feel it is therefore urgent to communicate intolerance of NCNB policy now. As we target and stop one of the most blatant offenders in the southeast, we will weaken the larger system of exploitation and repression in which such crimes are allowed.

What Your Actions Will Accomplish

Withdrawing accounts from NCNB is no substitute for the struggle of the people of South Africa to free themselves, but it can make a difference. Each action that makes it harder for South Africa to raise capital weakens the white regime there.

Sure, they will always find loopholes, even if the U. S. should agree to abide by United Nations economic sanctions resolutions. But as investing in South Africa becomes more risky because of African resistance there and protests here, South Africa has to pay higher interest rates. Banks begin to shy away from the most obvious ties with South Africa, especially loans connected with the military.

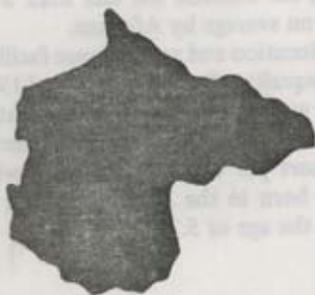
Already the campaign against bank loans to South Africa, together with the climate of resistance there, have had results. Faced with public protest, several leading banks, such as New York's Citibank, have pledged no new loans to the South African government, although they still maintain other links with South Africa.

If NCNB continues to lose bank accounts and its public image deteriorates, it too may cut off loans to South Africa.

And when this happens, with bank after bank following suit, it supports the people struggling for their freedom, checks South Africa's military buildup, and is one step farther away from foreign domination and exploitation.

It is also a message from us in this country that we do not accept the "divine right" of big business to run our lives or to commit our resources to support racist oppression of other peoples.

STOP BANKING ON RACISM ...



END NCNB LOANS TO SOUTH AFRICA !