

## COMMITTEE TO OPPOSE BANK LOANS TO SOUTH AFRICA

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# U.S. Banks Target of Apartheid Critics

## Groups Urge Boycott Against Those Lending Funds to S. Africa

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American critics of apartheid are mounting an ambitious nationwide campaign against 47 banks that have made loans to South Africa.

Campaign supporters are urged to withdraw checking, savings, stock, certificate, payroll, pension and welfare accounts, and deposit the funds in banks that do not make loans to South Africa.

Campaign sponsors said their ultimate objective was to persuade seven giant and 40 smaller community and regional banks to declare publicly that they would not lend money or guarantee loans to South Africa until it changed its racial policies.

Those who withdraw their accounts from the targeted banks are asked to send coupons to Clergy and Laity Concerned, an interfaith group of Catholics, Protestants and Jews, and the American Committee on Africa, the two New York-based groups that are the boycott's main sponsors.

A spokesman for the Committee to Oppose Bank Loans to South Africa estimated that about \$30 million had been withdrawn so far from banks on the boycott list, but bank officials were reluctant to confirm the withdrawals or to say they had felt the pressure.

The main targets of the boycott have been the Bank of America, in California, Continental Bank and First National Bank, both in Chicago, Citibank, Chase Manhattan, Manufacturers Hanover Trust Co. and Morgan Guaranty Trust Co., all of New York.

According to Sheldon Golub of the American Bankers Assn. in Washington, D.C., these are among America's largest banks. Their combined assets as of last December were \$280.2 billion. Bank of America accounted for \$72.9 billion of the total.

Among the 40 smaller institutions, two of them, Crocker National and Wells Fargo banks, are headquartered in California.

Already a number of labor unions, including the United Auto Workers, the Furriers Joint Council of New York, and the United Electrical, Radio and Machine Workers of America, and church groups have pledged their support.

The committee also has the support of about 150 other sponsors, including congressmen, other legislators, civil rights, civic and community organizations and student groups.

About 10 years ago, the American Committee on Africa launched a similar bank boycott. It ended in 1969 when a consortium of 10 major American banks, including some on the present withdrawal list, terminated a \$40 million revolving credit to South Africa.

The present campaign is being combined with other protests against South Africa. Companies that sell the Kruggerand, a South African gold coin, have been picketed. American companies that do business or invest in South Africa are under pressure to withdraw their investments or to use their economic influence to undermine apartheid. The South African system of legalized racial separation which keeps all political, economic, social and military power in the hands of the ruling 4.25 million whites while leaving the country's 18 million blacks powerless and voteless.

Oil-rich Nigeria also has warned a number of multinational banks that they face a boycott if they continue to bail out South Africa.

Don Stillman of the UAW said his union endorsed the bank boycott.

"As a union we want to do what we can to encourage equality and full human rights everywhere, especially in South Africa," he said.

He said the union was studying information provided by the boycott sponsors about the banks that make loans to South Africa.

"It will take us some time, about a month, to see which banks we do business with which also make direct loans to South Africa," Stillman said. "We will check the information thoroughly before we do anything to pressure the banks."

"Once we have the information we will approach the banks and we will make it known to them that in future we will not deposit money in banks that make loans to South Africa. It is likely that where we have money on hand we will withdraw it from such banks."

Harold L. Shapiro, president of the Furriers Joint Council of New York, said his union had already terminated an

\$8 million a year payroll account with Manufacturers Hanover and was also in the process of terminating a \$16 million welfare and pension account with the same bank.

"We have contacted other unions to do the same thing and they have reacted sympathetically. I think that the unions, by using their pension funds, which are a major source of investment funds in this country, can have an effect on the banks," he said.

Another sizable withdrawal was made by the United Electrical, Radio and Machine Workers of America, which closed down a \$4 million payroll account with Chase Manhattan.

"We have no illusion that this withdrawal will stop the repression of the apartheid government in South Africa. But we do see it as a token of our support for the South African people and as an example of working class solidarity," H. Block, the union's secretary-treasurer, said.

The withdrawal campaign comes at a time when South Africa, despite its gold and other mineral wealth, has become increasingly dependent on international banks in Europe and the United States.

According to Ann Seidman, a University of Massachusetts professor who is co-authoring a book on the South African economy, the country's indebtedness to transnational banks as of early this year was \$9.3 billion, of which \$2.2 billion was to American banks.

Prexy Nesbit of the American Committee on Africa said, "We feel that the \$2.2 billion that the banks have loaned to South Africa constitutes a form of intervention in support of apartheid and racism. In our view this is a particularly heinous undergirding of racism because that very capital is the capital that makes it possible for the South African government to now be spending over 40% of its revenues on armaments and defense needs," he said.

Timothy Smith, who heads the Interfaith Center on Corporate Responsibility, an affiliate of the National Council of Churches, said the targeted banks had been selected because they had been in the forefront of leading institutions willing to make money available to South Africa.

Reactions from the targeted banks varied, although all professed to "abhor" or "oppose" apartheid.

Stephen L. Johnson of the Bank of America, said from his San Francisco headquarters:

"We do not condone apartheid in South Africa. However, through a prudent lending policy we believe we can assist in stimulating economic trade and development fundamental to the betterment of local economic conditions."

Johnson said that as of the first half of 1977 the bank had about \$200 million in loans to South Africa, of which

\$100 million still is outstanding. He said no new loans had been made recently and the question of whether new loan requests would be honored was under constant review by the bank's social responsibility committee.

A Wells Fargo spokesman said the bank "thoroughly abhors apartheid" but did not think that making loans to South Africa meant endorsement of apartheid. A Crocker spokesman said loans were judged on the "ability of the borrower to repay and the purpose for which the loan is to be used" rather than on whether the bank liked the recipient country's political stance.

A Chase Manhattan policy statement, adopted at this year's shareholder meeting, said the bank would not make loans that "tend to support the apartheid policies of the South African government or reinforce discriminatory practices." But not all loans to South Africa have been banned.

The spokesman would not say how much Chase had loaned South Africa. The Interfaith Center's Smith, however, said Chase had participated with other banks in loaning more than \$300 million to South African government agencies.

A spokesman for First National Bank of Chicago said, "For the record we can say that we are not currently making loans to South Africa." However, he said the bank would not sever relations with South Africa, because "we do not believe you can influence a relationship by cutting off all relations with a country."

He would not disclose what business First National had done with South Africa but Smith said the bank was part of a consortium that recently loaned \$110 million to South Africa.

The other banks—Citibank, Continental, Morgan Guaranty and Manufacturers Hanover—said that while the question of South African loans was under constant review they would not make any arbitrary move to discontinue loans at this time.

According to Dr. Seidman, a number of American banks, including Central National of Chicago, First Pennsylvania of Philadelphia, City National of Detroit and Maryland National have said they will no longer make loans to South Africa. A number of British and Dutch banks have taken a similar stance.

Nesbitt said, "Ultimately we hope our bank boycott can force the banks to cut off all ties with South Africa and commit themselves not to make new loans to South Africa."