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ANTI-APARTHEID VICTORY AS SOUTH AFRICA DROPS

LOAN REQUEST TO U.S. BANKS

South African apartheid's first major setback at the hands of a growing U.S. public opinion was revealed this week when it became known that the 10-bank revolving credit of $40 million extended to South Africa since 1959 would not be renewed this year at the request of the South African government itself.

Pressure on the ten U.S. banks, headed by Chase Manhattan and First National City, has grown year by year as the credit became the symbol of direct United States support for a brutal racist police state. "It is entirely possible that the banks themselves initiated the action to terminate the credit arrangement, even though the announced procedure was from the Government of South Africa to Dillon Read & Co. (handling arrangements) to the banks," according to George M. Houser, Executive Director of the American Committee on Africa which has led the campaign for disengagement from South Africa. The banks have been feeling increasing disapproval of their policies from institutional as well as individual sources.

A Committee of Conscience against Apartheid, headed by ACOA co-chairman A. Philip Randolph, spearheaded a drive in 1966 for withdrawal of accounts and business from the apartheid-supporting banks. In this, the churches took the lead. Over the years the United Methodist Board of Missions withdrew a $10 million investment portfolio from First National City; students and faculty of Union Theological Seminary organized the withdrawal of accounts from the First National City branch near the seminary; the Episcopal Church decided to withdraw from all banks that continued in the consortium; and most recently the United Presbyterian Church voted to end business relationships with all involved banks. Smaller
groups such as the magazine Christianity and Crisis also withdrew accounts.

Student concern about university and other institutional support for the banks and about their investments in South Africa has also grown in the past few years. Cornell dropped the banks from its investment portfolio. Princeton undertook a study of investment policy. At the University of Wisconsin, Rutgers, Brown, Antioch, University of Chicago, University of California (Santa Barbara), Boston Theological and many others, the issue was raised in various other ways.

As a result of these campaigns, questions were often raised at stockholders' meetings, in particular the annual meetings of Chase Manhattan, First National City and Morgan Guaranty in 1967 and 1968. On several occasions, demonstrations were held at the time of meetings, or to emphasize planned withdrawals. More recently N.Y. State Assemblyman Franz Leichter urged State Controller Levitt to remove funds from banks loaning to South Africa, and nine U.S. Congressmen urged in letters to the banks' presidents non-renewal of the loan.

The latest stage of the campaign this year was focused by ACOA on the presence of a branch of Chemical Bank New York Trust Co. at the United Nations headquarters. The United Nations has frequently expressed its opposition to the apartheid policies of South Africa and the General Assembly has called for the severing of economic relationships which would include such financial credit arrangements. After ACOA called the attention of U.N. delegations to the presence of Chemical Bank, the General Assembly passed a resolution calling on the UN and its affiliates specifically to "refrain from extending facilities to banks and other financial institutions which provide assistance" to South Africa and firms registered there.

The banks were thus in an increasingly uncomfortable position, under attack in public, from within their own institutions, from depositors, stockholders and government officials, and in the United Nations. The highly visible credit arrangement was more trouble than it was worth. And South Africa, which has not drawn on the fund for some years, also thought it best to cut her losses in world public opinion.
"The significance of our victory in the bank campaign, with the ending of the consortium, is that an informed and aroused American public opinion can end U.S. financial and economic support for apartheid," Mr. Houser stated. "We are still only at the beginning. Most people in the United States do not yet know and find it hard to believe that the U.S. government actually subsidizes South Africa through the sugar quota system to the amount of some five million dollars a year although she is not an underdeveloped nation; we do not need the sugar; and there is not the shadow of an excuse for this policy. Public awareness is growing, legislation has been introduced into Congress to end this - although the President could act without Congress - and we confidently expect to end the sugar subsidy next year.

"Similarly, we are pressing the question of South African Airways, an agency of the South African government, which has been granted a Johannesburg-New York flight schedule permit in violation of United Nations policies and is being subsidized by a U.S. mail contract. Because the South African system is completely discriminatory on a racial basis, we believe that the operation of this airline is an unconstitutional attack on the civil rights of U.S. citizens, and we expect our next victory here.

"But much remains to be done. United States investment in South Africa is growing constantly and the government's verbal opposition to apartheid and to the takeover of South West Africa are contradicted by actions that strengthen the South African state. We want total disengagement from support of apartheid and aid, instead, to the majority nonwhite population in its struggle against the world's most vicious racist dictatorship."

The participating banks are: the Bank of America, San Francisco; the Chase Manhattan Bank, the First National City Bank, the Manufacturers Hanover Trust Co., the Morgan Guaranty Trust Co., the Chemical Bank New York Trust Co., the Bankers Trust Co., the Continental Illinois National Bank and Trust Co., Chicago; the First National Bank, Chicago; and the Irving Trust Co.

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