

AMERICAN COMMITTEE ON AFRICA

EAST 100TH STREET NEW YORK, N.Y. 10017 / (212) 838-5030 / Cable AMCOMMAF

February, 1977

Dear friend:

We write to ask if you will join in sponsorship of an ad hoc Committee to Oppose Bank Loans to South Africa. A draft statement is enclosed which briefly makes the case for this effort and outlines the basic strategy - to urge withdrawal of personal and organizational accounts from the chief offending banks involved in loans to South Africa. A similar effort was made ten years ago that finally helped to end a \$40 million revolving loan fund from a consortium of 10 banks. We believe we can have significant effect today.

The point of the effort is not that we expect to force the banks to adopt different policies by economic measures alone. But we can bring dramatically to their attention that there are thousands of Americans who differ with their policy and are willing to act accordingly even if it means some inconvenience in a customary banking routine. This is small cost compared with the suffering of the great mass of people under apartheid in South Africa. It is a small sacrifice for us to bear to counter the support which the South African government feels it has from the United States through the massive bank loans.

The effort launched in 1966 to withdraw accounts from the principal banks was called "Committee of Conscience Against Apartheid". It was well-named. This is an act of conscientious protest. Withdrawing bank accounts is an action which cannot be misunderstood. The "Committee of Conscience" had more than a hundred sponsors when it was launched. By the end of six months there were hundreds of organizations and thousands of individuals who had withdrawn accounts. Our records show about \$25 million withdrawn.

We believe we can expand on this effort. Will you join in this act of conscience by indicating your willingness to sponsor the launching of the Committee to Oppose Bank Loans to South Africa?

Please return the enclosed slip. Any contribution toward an expected 1977 budget for this campaign of \$11,000 will be appreciated. A detailed budget is available to anyone who requests it.

Let us know what questions you have. Please return the enclosed slip as soon as possible.

William H. Booth

William H. Booth
President

Sincerely yours,

George M. Houser

George M. Houser
Executive Director

March 3, 1977

Church Shareholder Resolutions on Corporations in Southern Africa

The Interfaith Center on Corporate Responsibility, (which coordinates work of Roman Catholic orders & Protestant denominations) recently announced the latest round of resolutions filed with corporations doing business in southern Africa.

Resolutions introduced by shareholding church bodies, appear on the proxy material sent by the corporations to all their shareholders, and are voted on by all shareholders either by mail or at the annual meetings of the corporations usually held in the spring. All shareholders can thus express their views on the issue of corporate involvement in southern Africa through their votes.

This year the following corporations received resolutions from the churches calling upon them to cease expansion and withdraw from South Africa. They are GENERAL MOTORS; FORD; GENERAL ELECTRIC; GOODYEAR; TEXACO and STANDARD OIL OF CALIFORNIA (joint owners of Caltex in South Africa). UNION CARBIDE; KENNECOTT and PHELPS DODGE are being asked not to expand operations.

In addition the following banks received resolutions requesting them to terminate loans to South Africa: CITICORP; CONTINENTAL ILLINOIS; FIRST CHICAGO; MANUFACTURERS HANOVER TRUST; and MORGAN GUARANTY TRUST.

Other corporations receiving resolutions include THE SOUTHERN COMPANY, which is being asked to disclose details of its renewed contract to import South African coal; MOBIL OIL, which is being asked to ensure that its South African subsidiary does not supply Rhodesia with oil; and NEWMONT MINING which is being asked for new details about its Tsumeb mines in Namibia. AMAX, Newmont's partner in Tsumeb has reached agreement with the churches and its resolution has been withdrawn. A resolution asking OLIN to report on its illegal sales of guns to South Africa has been withdrawn after agreement with the churches.

We encourage you to check shareholdings by your college, union, church or other stockholding organization, to press for a positive vote on these resolutions, send letters to the corporations, and attend the annual meetings to speak out on the issues. A schedule of the meetings is listed below. For further information, contact ACOA or ICCR Rm. 566, 475 Riverside Drive, N.Y. 10027 (212) 870-2293.

Citicorp	April 19	11:00	399 Park Ave-12 floor, New York, NY
Continental Illinois	April 25	2:00	Prudential Bldg, 130 E. Randolph St. Chicago
First Chicato	April 15		Chicago
Ford	May 12	10:00	Detroit Plaza Hotel, Renaissance Ctr. Detroit
General Electric	April 27	10:00	Int'l Ballroom, Int'l Hotel, 300 Canal St, New Orleans
General Motors	May 20	1:00	Fisher Building, Detroit
Goodyear	April 4	10:00	Goodyear Theatre, 1144 E. Market St., Akron
Kennecott	May 3	10:00	Biltmore Hotel, Madison Ave & 43 St., NYC
Manufacturers	April 22	10:00	Empire Rm, Waldorf Astoria Hotel, NYC
Mobil	May 5	10:00	Music Hall, 810 Bagby at Walker, Houston, TX.
Morgan	March 16	11:00	Morgan Guaranty Hall, 28th fl., 15 Broad St.
Newmont	May 3	2:00	100 W. 10th St., Wilmington, Delaware
Phelps Dodge	May 4	12:00	McGraw Hill, 1221 Ave of Americas, NYC
Southern	May 25	10:00	Miss. Gulf Coast Jr. College, Gulfport, MS.
Standard Oil of Calif.	May 3	10:00	Los Angeles Scottish Rite Aud., 4357 Wilshire Blvd., Los Angeles
Texaco	April 26	10:30	Radisson S. Hotel, 7800 Normandale Blvd. Bloomington, Minn.
Union Carbide	April 27	10:30	Houston Oaks Hotel, 5011 Westheimer Rd, Hous.

February 11, 1977

A Call to the People of New York, Illinois, & California

Not to Use Banks Making Loans to the Racist Government of South Africa

Ten years ago a campaign was initiated to protest American bank loans to South Africa. This protest focused primarily on a \$40 million revolving loan fund to South Africa from 10 United States banks and continued until the loan was terminated on November 21, 1969.

In the more than seven years since then, the situation in South Africa has changed dramatically and once again US banks are lending large amounts of money to that country:

Racism

- . The racist apartheid system in South Africa has become even more oppressive. Not since the dark days following the Sharpeville Massacre 16 years ago have there been so many foes of apartheid banned, detained, and held without trial. The Christian Institute of South Africa estimates the number to be over 5000.

Resistance

- . Within South Africa demonstrations and protests against the apartheid regime have erupted and spread. Beginning on June 16, 1976 with a strike in Soweto by school children, action has spread to all the major urban centers in South Africa. In addition to the thousands arrested, reliable sources in South Africa indicate that over a thousand civilians have been killed by police and troop fire since the Soweto uprising. Still the protests continue. The demand is for an end to apartheid, for majority rule.

Economic Crisis

- . South Africa is facing a severe economic crisis. The price of gold slumped from \$175 per ounce in April, 1975 to \$130 at the end of 1976. There is an 11% rate of inflation, and the trade deficit and balance of payments shortfall is so critical that the government was forced to adopt a harsh austerity program, which cut all economic growth in 1976, so that the economy shrank by 1% in real terms. There is serious unemployment estimated at 600,000 of the registered black work force of 2.7 million. The net inflow of capital, \$184 million in the first quarter of 1976 had become a monthly outflow of \$4.7 million by the third quarter, and at the same time defense spending is up some 42% from 1975.

U.S. Banks and Apartheid

To meet this crisis South Africa has sought massive foreign loans. Banks

have responded swiftly to the cry for help. Almost \$800 million in new loans had been granted in the first nine months of 1976. Senator Dick Clark (Chairman of U.S. Senate Subcommittee on African Affairs) recently estimated that U.S. banks and their overseas branches are now involved in South Africa to the extent of almost \$2 billion.

The loaning banks have tried to justify their aid to South Africa. One major U.S. bank has contended that granting credit facilities will "improve materially the general state of the economy (of South Africa) whereas the refusal to transact normal commercial business would work considerable hardship on that country's population as a whole.... At a time when the current U.S. diplomatic initiative in southern Africa gives rise to hope for peaceful change in that area, this process of change could be jeopardized by actions which would undermine economic stability and growth". Yet the growth of repression in South Africa, the continued implementation of the pass laws and other features of apartheid, the dramatic spread of protests against the apartheid system, all contradict the claim of the investors and lenders that their economic assistance makes for change of the system.

Other Voices

There are other voices calling for support in South Africa. For example, the courageous Christian Institute of South Africa said recently: "Governmental insistence of enforcing apartheid and its rejection of normal negotiations with freely chosen black leaders, have produced a situation in which there are few ways of preventing the escalation of violence and bloodshed into a major confrontation. One of the few remaining methods of working peacefully is through economic pressure, which could help to motivate the changes needed to bring justice and peace in South Africa."

The massive response of U.S. and European banks to the needs of racist South Africa is morally repugnant and politically shortsighted. The process of change inside South Africa will be drastically retarded by the credit extended by U.S. banks to South African government and its affiliated corporations. The trend must be reversed.

The Banks

Banks are reluctant to disclose the loans they make to the South African government. As one Citibank official told Business Week about its recent credit: "This is an embarrassing loan." Research has uncovered a number of the recent bank loans to South Africa:

New York

CITIBANK headed a consortium of banks making \$110 million loan direct to the South African government, helping with its balance of payments problems. In 1976 Citibank also participated with other banks in loans to South African government - controlled corporations: \$200 million to the Electricity Supply Commission (ESCOM); \$80 million to the Iron & Steel Corporation (ISCOR); \$20 million to the South African Broadcasting Corporation and \$138 million to Richards Bay Minerals. A Citibank official estimated the bank's total loans to South Africa in Congressional testimony at \$300 million.

CHASE MANHATTAN participated in the \$200 million loan to ESCOM, the \$80

million loan to ISCOR and a \$25 million credit to the Industrial Development Corporation.

MANUFACTURERS HANOVER participated in the \$200 million loan to ESCOM and made a \$30 million loan to the Phosphate Development Corporation (Foskor).

MORGAN GUARANTY participated in the \$110 million loan to the South African government, the \$200 million loan to ESCOM and made a \$75 million loan to the government-owned South African Railways.

Illinois

FIRST NATIONAL BANK OF CHICAGO participated in the \$110 million loan to the South African government.

CONTINENTAL has not disclosed its current loans but stated recently: "Continental Bank in recent years has made loans in South Africa to support international trade, including US exports, and to assist economic development."

California

BANK OF AMERICA participated in the \$110 million loan to the South African government.

Other banks known to make loans to South Africa include the European American Banking Corp., in New York; The Bank of New York; the European Banking International Corp. in Chicago; and Barclays Bank.

Alternate Banks

You can deposit your funds in any bank that does not make loans to South Africa. Examples of such banks which do not make loans to South Africa are listed below:

New York

The Bank of Commerce
Banco de Ponce
Bank of North America
Chelsea National Bank
Freedom National Bank
Marine Midland

The Chinese American Bank
United States Trust Company
The First Women's Bank
Amalgamated Bank of N.Y.
Central State Bank
Merchants Bank of New York

In addition - any savings bank
(Complete list for N.Y., Illinois & California in formation)

Join thousands of Americans who support the freedom struggle and protest U.S. support for apartheid South Africa. Withdraw your account and indicate your action on the attached blank. Urge your church, union or other organization to take part.

Contact: The Committee to Oppose Bank Loans to South Africa
305 East 46th Street - Room 1700
New York, N.Y. 10017

(an appropriate blank will be attached to the printed statement)

TABLE I

MAJOR LOANS TO SOUTH AFRICA BY U.S. BANKS - 1976

Borrower	Amount	Period (Years)	Rate	U.S. Banks Involved	Source of Information
Escom	\$200m	5	1.75% over Libor*	Citibank Chase Morgan Manfrs. Han.	F.M. 30 Jan 76 & F.M. 2 July 76
ISCOR	\$ 80m	5	1.75% over Libor	Chase Citibank Orion	Africa News Oct 18 1976
Richards Bay Minerals (Con- sortium; 4 partic- ipants, IDC (SA) 20%; Union Corp. 30%, Quebec Iron & Titanium Corp. 40% & SA Mutual Life Assurance 10%	\$138m	6	2.0% over Libor	Citibank	F.M. July 2
South African Railways	\$ 75m	5	1.75% over Libor	Morgan	Africa News Oct 18
Foskor (Phos- phate Dev. Corp)	\$ 30m	Unknown	Unknown	Manfrs. Han.	F.M. July 2 76
S.A.B.C. (South African Broad- casting Corp.)	\$ 20m	5	1.75% over Libor	Citibank	F.M. July 2 76
South African Government	\$110m	5	1 7/8% over Libor	Citibank) Morgan) Bank of Amer.	11/15/76 Business Week / Sen. D. Clark Hearings 9/23/76 F.M. 6 Aug 76
SA Airways/Rail- ways (for Boeings)	\$ 99m	10	about 9.25%	European Bank- ing Corp. (link- ed to EABC; US headquarters in Chicago)	F.M. July 2
Industrial Development Corp.	\$ 25m	5	Unknown	Chase and Ex-Im Bank	SA Digest Oct 15 76

Notes: *Libor - London interbank offered rate.

Sources: F.M. - Financial Mail (SA); Hearings - Senate African Affairs Subcommittee Hearings Sept. 23, 1976; Africa News, Durham, N.C.; South African Digest (SA).

This is probably not all, but it TOTALS \$777 million in loans having been granted to S.A. Government or Government controlled corporations in the first nine months of 1976 alone - an astronomical loan growth rate for a "high risk" borrower.