



**CLERGY &
LAITY
CONCERNED**

report

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Investing in Apartheid

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History

In the mid-17th century, the southern tip of Africa was colonized by the Dutch East India Company. A caste system was established and enforced by religious and social sanctions. Then, after a century of conflict over territorial jurisdiction, the Dutch-speaking Afrikaners and the British joined together to form the Union of South Africa in 1909. Afrikaner nationalism grew, and in 1948 its Nationalist Party won control and legalized apartheid. South Africa left the British Commonwealth in 1961 because of disputes over its apartheid policies.

Apartheid, or separateness, is the name given by South Africa's government to its system of racial segregation. Central to the apartheid policy are the reservation-like "bantustans". Under this program, 87% of the land is reserved for the white minority, while only 13% of the land is bantustans, or "homelands" for the 68% black majority. The land reserved for whites includes all major cities, ports, and most of the country's rich mineral deposits. Thus, as independent economic units, the bantustans are not viable. Blacks must travel to the "white areas" in search of work. Hundreds of thousands of blacks are migrant laborers - forced to live in barracks away from their families for long periods of time.

All blacks must carry passbooks, which contain their personal and work history and any arrest record. The passbook system, which is monitored by IBM computers, is just one of the blatant symbols of racial oppression in South Africa (the Vorster government arrests 1200 blacks a day for passbook violations). Blacks have never been allowed to vote, nor can they own land. Meetings of over 10 non-whites are prohibited unless issued a government permit. All black organizations have been declared illegal, and their leaders banned, imprisoned, deported, or murdered.

U.S. Involvement

Since World War II, U.S. corporate investment has steadily increased. Between 1966 - 1977, U.S. investment has grown from \$490 million to over \$1.6 billion. In the same time period, real wages for black workers fell, and the wage gap between white and black workers increased. White factory workers make 5 times that of their black counterparts; in mining, wages for whites are 10 times that of blacks.

Fortune magazine reported in July 1972: "The Republic of South Africa has always been regarded by foreign investors as a gold mine, one of those rare and refreshing places where profits are great and problems small. Capital is not threatened by political instability or nationalization. Labor is cheap, the market booming, the currency hard and convertible."

A United Nations report on apartheid concluded that: "Foreign investment in South Africa bears an ascribable responsibility for apartheid . . . (Foreign investors') roles are to be identified directly with a major cornerstone of racial containment, namely, economic exploitation . . .".

Even more crucial to the continued existence of the Vorster regime, and thus, apartheid, is the support from foreign banks. Loans from U.S. banks to South Africa and its corporations have grown from \$141 million in 1965 to over \$2.2 billion today. These loans provide a needed "shot in the arm" to the floundering South African economy.

A Shot in the Arm: U.S. Credit and Black Resistance

In 1960, nation-wide resistance to the passbook system occurred. On March 21, during a demonstration at Sharpeville, police shot into a crowd of unarmed Africans, killing 69 and wounding hundreds. Inflamed world opinion threatened South Africa's international financial support. Almost immediately, a consortium of 10 U.S. banks floated a \$40 million loan.

In 1976, a demonstration by school children against the mandatory use of the Afrikaans language in schools culminated in the Soweto uprising, in which hundreds of blacks were killed. At the same time, U.S. banks were loaning \$777 million to South Africa.

A Shot in the Arm: U.S. Credit and the South African Economy

Because of rampant inflation (caused primarily by huge military expenditures to counter black resistance), an unfavorable balance of payments, and a drop in the price of gold, South Africa's economy is floundering. The Financial Mail, South Africa's leading financial newspaper, estimates that the economy will need an injection of 1000 million Rand (approximately \$1150 million) each year to survive. At least 54 U.S. banks are providing a good share of these injections which help maintain apartheid. These loans act as an economic vote of confidence in the white minority government and aid in increasing its military strength.

A Force for Divestment: The Bank Withdrawal Campaign

In 1976, a group of national organizations, including Clergy and Laity Concerned, the American Committee on Africa, and the Interfaith Center on Corporate Responsibility, began a nation-wide campaign to pressure U.S. banks to stop loaning to South Africa. Six banks, including City National of Detroit and Central National of Chicago, have ceased loaning to South Africa in response to community pressure.

Despite these efforts, the total of U.S. loans is increasing. The Bank Withdrawal Campaign is organizing groups to withdraw their accounts from banks which refuse to cease loaning to South Africa. The National Council of Churches has withdrawn \$5 million from Citibank; and the Joint Council of the Fur, Leather, and Machinery Workers withdrew \$8 million from Manufacturers Hanover. Over \$30 million has thus far been withdrawn by national churches, unions, and community groups. (See U.S. Power and Repression report for activities in Minnesota).

The Bank Withdrawal Campaign comes at a time when all major black leaders and organizations in South Africa have called for withdrawal of foreign investment. In the words of the late Chief Albert J. Luthuli, Nobel Prize winner and President of the African National Congress:

"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 blood, the suffering to us will be a price we are willing to pay. In any case, we suffer already, our children are often undernourished, and on a small scale (so far) we die at the whim of a policeman."



U.S. Power & Repression

patrick hansel & carole nelson

BANKING ON APARTHEID

A delegation of church and community leaders, coordinated by Minnesota CALC, has called on two Minnesota banks to discontinue all loans to South Africa. Loans to South Africa by the two banks, Northwestern and First National, were listed in public records of the World Bank and other sources.

On December 14 the delegation met with John Morrison, Chairman of the Board of Northwestern National Bank of Minneapolis, and other bank officials. Northwestern admitted having two loans to South Africa totalling approximately \$2 million. In a follow-up letter sent to the delegation, Mr. Morrison stated: "Although we haven't completely resolved what our stance should be on this complex question, we are struggling with it."

On January 3 the delegation met with DeWalt Ankeny, Jr., President of First National Bank of Minneapolis, and other bank officials. First National denied having any loans to South Africa. However, according to public records, First National is involved in the purchase of Eurobonds totalling approximately \$40 million. The Eurobonds were purchased to provide capital for the quasi-statal Energy Supply Commission of South Africa. Neither bank will publicly state that future loan requests from South Africa will be denied.

Because the two banks will not deny future loans to South Africa, Minnesota CALC has joined the natl. Bank Withdrawal Campaign. Success in stopping loans to South Africa from Minn. banks depends on action from CALC members. Please do one or more of the following:

ACTIONS

- 1) Withdraw all personal accounts from Northwestern of Mpls. and First National of Mpls. (a letter or visit explaining your reasons should accompany your withdrawal).
- 2) Ask your church, business, union or community group to do the same.
- 3) If you live outside Mpls. and have accounts in a Banco or First Banks affiliate, visit the president and request that he send a letter to Mr. Morrison or Mr. Ankeny, calling on them to stop all loans to South Africa.
- 4) Send copies of correspondence and reports on meetings to the Minnesota CALC central office so we are up-to-date on actions being taken and the banks' response.

Two National Days of Withdrawal are planned - March 21 & June 16 - so you may want to wait until one of these days to withdraw your money. Contact the Minneapolis office for details of activities in Minnesota on that day.

LETELIER - MOFFITT MURDERS

The Transnational Institute (the international program of the Institute for Policy Studies) reports that U.S. officials now admit that agents of DINA, Chile's secret police, planned, supervised and paid for the assassination of Orlando Letelier. DINA is responsible directly to Chilean Dictator Augusto Pinochet. As you read in the last Minnesota Report, Ronnie Karpen Moffitt, an associate of Letelier's, was also killed in the bombing of Letelier's car September 21, 1976.

The Institute's investigation has revealed that "DINA chief Manuel Contreras, acting from a directive of Pinochet, placed a former Chilean Cavalry intelligence officer in charge of the operation." This officer was instructed to assassinate Letelier in a dramatic fashion in Washington, D.C.

