

CHICAGO BANKS SUPPORT RACISM: CONTINENTAL AND FIRST NATIONAL LEND TO SOUTH AFRICA
THE LINK BETWEEN CHICAGO'S NEIGHBORHOODS AND SOUTH AFRICA

Chicago citizens' hard earned money banked at Continental and First National is used to support racism at home and abroad. Despite the tokenism of nominal loans to Chicago residents and a few gifts to community groups, these Chicago banks are taking money deposited by Chicago area residents and investing it around the world.

One major target for their loans is South Africa, where foreign bank loans have doubled in the last year in an effort to prop up a white minority government suffering from a severe economic crisis. The price of gold dropped \$40 per ounce from April, 1975 to the end of 1976. Inflation rages at 11%. The economy shrank 1% in real terms in 1976. In response to this crisis, the South African government turned for help to foreign banks. Almost \$800 million in new loans were granted to it in the first nine months of 1976. It is estimated that the United States' banks and corporations are now involved in South Africa to the extent of almost \$2 billion. Both Continental and First National contribute to this effort to support a racist regime that suppresses the human rights of the non-white population, i.e., the vast majority of South Africans (83%). At the same time, by its denial of funds needed for urban development, these banks promote city decay and support the accompanying myth that deterioration results from certain ethnic groups.

We oppose bank loans to South Africa for the following reasons:

1. Bank loans help support a system of oppression. Whether the loans are made to the government or private industry, they help maintain a government and an economic system based on cheap non-white labor.

Although banks claim their loans promote economic development and therefore the betterment of all South Africans, history proves them wrong. Non-whites are worse off today because they have lost their small wage increases to inflation. Moreover, their wages have not increased as rapidly as wages paid to whites. Between 1971 and 1974 the gap between white and non-white wages in manufacturing increased by 23%.

The failure of foreign investment to help the situation of the non-whites is also reflected in the increasing rate of unemployment. An estimated 2,000,000 or 23% of the African work force is unemployed; virtually all of these are non-whites.

In addition, small improvements at the work place have done nothing to change the system of discrimination known as apartheid. Non-whites are forced to live in segregated compounds, forbidden to own property, denied the free education offered to whites, excluded from most jobs and public facilities reserved only for whites, denied political rights of assembly, organization, press and the vote. In fact, in recent years this system of repression has not loosened but grown increasingly strict. Indications of this tightening are evident in recent uprisings and the increasing importation of military and police weapons. Payment of these imports were aided by First National's recent contribution to a \$110 million loan directly to the South African government.

2. Black leaders urge divestment and no new investment in South Africa. For years many black leaders have opposed new investment in South Africa and the withdrawal of U.S. corporations. In January, 1977 The Washington Post noted in an article entitled "Black Opposition Mounts to U.S. Investments in South Africa" that even moderate pro-Western "non-white leaders who six years ago called for unrestricted increases in American investment are beginning to call on Americans

to go slow in putting new funds here." This opposition mounts despite a South African law which prohibits, under threat of serious penalty, anyone from discouraging foreign investment.

Major international African and U.S. organizations and churches have expressed opposition to U.S. investment in South Africa. These include:

UN General Assembly
Pan Africanist Congress
NAACP
Operation PUSH
African National Congress
Chief Albert Luthuli, Nobel Prize winner
Methodist Bishop Abel Muzorewa
Christian Life Institute of South Africa

In addition, the city councils of Gary, Madison, Washington, D.C., Denver and Detroit have agreed not to buy products from corporations which continue to invest in South Africa. Even General Motors in March, 1977, stated it "has no intention of further expanding its productive capacity in South Africa . . . until conditions improve substantially."

Despite this growing opposition to continued financial support of South Africa's government, First National and Continental Banks continue to provide loans.

3. Some banks refuse loans to South Africa. Ten years ago, a campaign was initiated to protest American bank loans to South Africa, specifically a \$40 million revolving loan fund from ten U.S. banks. The protest continued until the loan was terminated when eight banks withdrew their portions, and some promised to make no further loans to South Africa. These included the Central National Bank of Chicago, City National Bank of Detroit, First Pennsylvania Bank and Maryland National Bank. First Pennsylvania stated "until there is a positive change in respect to apartheid, we have placed a moratorium on our international department's making any further loan commitments to the South African government or business firms for operations in that area." Maryland National stated that it "does not believe in or support apartheid...(and)...will not participate in loans to the government of South Africa...(and)...will divest such loans presently on our books."

Early in 1977, even Chase Manhattan Bank, while not agreeing to terminate all loans to South Africa, did commit itself to no loans to South African gold and diamond mines where black labor is most exploited or to industry in the border areas of black reservations where labor is cheapest. Nevertheless, Continental and First National continue to loan to South Africa.

4. Bank loans to South Africa are an increasingly bad risk. The U.S. rate of return on investment in South Africa was 18.6% in 1973, in 1974 it was 17.9%, and dropped to 9% in 1975. In addition, the terms of loans to South Africa are growing shorter, a few years instead of 8 to 10 years, and the interest rates are increasing. An international panel of business officials participating in the University of Delaware's Worldwide Business Environment Risk Index have dropped South Africa from among the top 10 countries offering investment opportunity to number 19.

This increased risk is directly related to the political unrest resulting from the white government's growing repression of the black majority. It is also related to the gaining of independence by Mozambique and Angola, neighboring countries.

This means that all of Africa is under majority rule with the exception of Rhodesia, Namibia (illegally ruled by the Republic of South Africa in defiance of the United Nations and the World Court), and the "Republic" of South Africa.

5. Banks support apartheid by selling South African gold coins called "Krugerrands." As if it were not enough to support the racist regime of South Africa with their loans, Continental and First National are helping that government raise funds by selling their one-ounce gold pieces, "Krugerrands." South Africa labelled the pieces "a gift of love" in its major advertising campaign, but they should have been called "a gift of blood," the blood of African miners forced to work for starvation wages in terrible conditions. To buy South African gold is to invest directly in the oppression and poverty of apartheid. The regime sells the Kurgerrands to strengthen the economy and buy weapons to repress the four-fifths of South African population which is black.

Please join us in opposing Continental and First National Banks' continued loans to South Africa as well as their sale of the Krugerrand.

- write and/or call the banks and express your opposition
- consider withdrawing your accounts from these banks

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