

Barclays and South Africa

Barclays Bank, long under attack for its involvement in South Africa, claims that it abhors Apartheid.

What does Barclays do in practice? Is it a "liberalising influence"?

Barclays Bank is South Africa's largest Commercial Bank and presents one of Britain's most important single assets in South Africa.

Barclays Bank International argues that to a large extent it operates independently of its British parent, with a majority of South African directors on its board determining commercial practice, but ultimate control lies with Barclays International headquarters in London.

Loans to South Africa

The extent of Barclays willingness to co-operate with Vorster's regime can be easily illustrated. During 1976, Barclays International participated in at least three major loans to South Africa; Barclays was the leading Banker for a \$200m loan (one of the largest ever provided) to ESCOM, the State controlled Electricity Co-operation.

Two months later, Barclays announced a \$138m loan for the Richards Bay Mineral Project, in which the South African

government holds a 20% stake.

Then in May, Barclays handled a \$7 million loan for the Johannesburg City Council. Loans to government corporations and local authorities represent direct support for Vorster's apartheid regime. Without these loans South Africa would be unable to undertake the massive expansions of its military capabilities. Since the uprisings in Soweto in June 1976, economic confidence in South Africa has declined and so it has become increasingly difficult for South Africa to raise loans internationally. Thus, Banks who already have international connections and facilities like Barclays, become even more vital to the survival of the apartheid economy.

Rhodesia

Barclays have actively helped to ensure the survival of the illegal Smith regime through arranging the transfer of funds between Rhodesia and South Africa on behalf of its customers. The banks head offices in London maintains that it has no control over its Rhodesian branches, but it could still control its South African subsidiary. Since virtually all of Rhodesia's trade now passes through South Africa one can assume that Barclays, as the largest bank in both countries is the major bank involved in financial dealings with Rhodesia. As Rhodesian trade in 1974 was \$1,115 million (U.N. sources) this must involve considerable business.

Namibia

Barclays National continues to operate in Namibia, a United Nations territory under illegal South African occupation. SWAPO, recognised by the U.N. as the representative of the Namibian people has pointed out "Barclays Bank is one of the foreign investors in our country whose effect is to shore up the illegal South African occupation of Namibia. The relationship of Barclays Bank with other foreign investors in Namibia facilitates their operations the transfer of their profits and the payment of taxes to the South African regime".

Currently, South Africa is trying to impose its Bantustan policies onto the people of Namibia on the basis of the "Turnhalle proposals". During 1976, a group known as the Pro-South West Africa Foundation was set up to campaign for an acceptance of those proposals. Active backers of the foundation include Gerald Collins, the Chairman of Barclays South-West Africa Board. There is therefore, disturbing evidence to suggest that senior Barclays officials are actively backing the South African sponsored Turnhalle agreement in defiance of U.N. efforts to secure independence for Namibia.

Transkei

On 25th October 1976, one day before the "independence" of the Transkei, Barclays National became one of the underwriters for a £10 million loan to the Transkei government. Barclays also continues to provide full banking facilities in the Transkei.

The Transkei failed to win diplomatic recognition from the international community and it is therefore attempting to secure a degree of financial "recognition" with appeals to home and foreign investors to take advantage of the opportunities for investment and growth opening up in the 'homeland' of Transkei.

Barclays by voting with its cheque-book, are showing support for the puppet Transkei regime and is implicitly endorsing the concept that 13 per cent of South Africa's land is the only legitimate "homeland" for the African majority. Recent moves by apartheid officials confirm the intention of the regime to deprive the Africans of their South African citizenship.

The "Reformist" Option

Barclays claims that it is helping to "reform" apartheid by continuing to operate in South Africa. This is a convenient argument, since it enables the bank to profit from a system which it claims to abhor, but there is little evidence that Barclays has served the interests of the black community. Barclays National is no more "liberal" in its management policies than other South African banks - as was shown by its purchase of defence bonds - and the simple fact is that all banks in South Africa operate to secure maximum returns on capital.

Barclays is no exception: it recently announced that its deposit and savings account increased by R106 million (approximately £48 million) to R2,040 million (approximately £980 million). Its pre-tax profit increased from R36.4 million in 1974 to R50.2 million in 1977. It has also increased its number of long-term loans to the business and industrial sector which of course facilitates the apartheid regime's plans for growth in certain industries, like the coal and oil industry, which are vital to South Africa's security.

Barclays use basically two arguments to defend their presence in South Africa. They claim that the black community would not wish them to withdraw and that as a good employer they are setting an example - they are having a liberalizing influence. In fact there is little evidence

to substantiate either claim: every expression of black opinion, apart from government paid stooges like the Bantustan Chiefs, is now explicit in calling for economic sanctions against South Africa. Barclay's role as an employer is equally questionable. They have increased the number of blacks they employ (but the total is still only 25% and most of them are manual employees) and they have increased their wages to black employees. But such paternalistic responses are irrelevant in South Africa today. The Black people are demanding the end of apartheid - they want majority rule. Here, Barclays is seen to be firmly on the side of the status quo - the youth of Soweto gave their answer to Barclays when they burnt down the Soweto branch of Barclays National. The reason according to the Sunday Times South African correspondent, was that the bank was seen as a symbol of "white authority".

Barclays sells its Defence Bonds ;

A significant victory in the campaign against British banking links with South Africa was achieved when in December 1977, Barclays National of South Africa sold the R10 million (£6.5 million) of Defence Bonds it had purchased in December 1976.

This was the earliest date under South African law at which the bonds could have been sold.

The Defence Bonds were part of a "fighting fund" launched by the South African government against a background of steeply rising military expenditure, (it has quadrupled in five years). However, in response to the outcry following the purchase of the bonds, Frank Dolling, Barclays senior General Manager in London, met with Ted Rowlands, Minister of State at the foreign office, and "undertook to do whatever possible to ensure such (unsensitive) action will not happen again". The Prime Minister himself commented that Barclays should be more sensitive to the nature of its involvement in South Africa. At the time the Bonds were bought, Bob Aldworth, Managing Director of Barclays National pointed out that Barclays has a "social responsibility not only to the country at a particular stage in its history, but also to our staff members who have been called upon to do service on our borders". Apparently 300 of the banks staff were then serving in the armed forces. Aldworth then added revealingly "You can't expect to operate in a country and make massive profits if you can't associate with your employees We do have a large number of our boys called up continuously We stand behind them".

Undoubtedly the sale of the Defence Bonds were vigorously opposed by the Bank's Management in South Africa. They felt the need to affirm their committment to Vorsters

government by making a public declaration of confidence in its stability at a time when the government was coming under much attack from home and abroad.

Barclays however, having sold the bonds, bought "higher yielding government stocks". In fact Barclays holds South African government securities totalling approximately £360 million. Thus Barclays retains a vested interest in the stability of the apartheid system.

The Need for Withdrawal

Barclays withdrawal from South Africa would reduce the country's access to the international banking system. Barclays is the fourth largest bank in the world with 4,700 branches in over 70 countries. The advantages of Barclays' global links was clearly explained by the Banks General Manager in South Africa; "There is a tremendous advantage in being part of the family because at any time I can pick up the telephone and say to our man in New York 'I would particularly like you to do this for a customer in South Africa'....Our special advantage is in the connections which the Barclays group has with international companies throughout the world, so that Barclays in one country, will often help the customers of Barclays in another because of the value to the banking group as a whole".

Clearly South Africa would find it considerably more difficult to obtain essential financial backing from the Western world without the assistance of Barclays and the other foreign banks that operate inside South Africa.

The second major reason for the Banks withdrawal is that it would substantially reduce Britains economic stake in South Africa. Barclays National probably represents Britains most important single investment in the Republic.

Even more important, however, is the fact that Barclays acts as a catalyst in promoting and facilitating the development of further economic links - migration, trade and investment - between Britain and South Africa. As these ties increase, so the British government argues, that our national interests, defined in narrow economic terms, demand that normal commercial relations be maintained with the apartheid regime.

Banking links represent the cornerstone of Britains economic ties with South Africa. The Labour Party programme, approved in September 1976, therefore singled out the role of British banks in South Africa for particular attention. A call was issued for the Labour government to take the following steps.

- * Ban all further loans to South Africa.
- * Immediately forbid British banks from operating in Namibia.
- * Immediately forbid British banks from transferring funds to and from Southern Rhodesia.
- * Ensure that all British banks withdraw from South Africa.

During 1977 the Boycott Barclays campaign gained new supporters. On the 16th November 1977 the University of Warwick announced that it was going to withdraw its £12 million account the largest University account held by Barclays "in recognition of Barclays extensive financial involvement in the apartheid system of South Africa."

Now therefore, is the time to act.

Individuals or organisations which bank with Barclays are urged to move their account elsewhere and to BOYCOTT BARCLAYS.

February, 1978.

This paper covers recent developments on Barclays and Southern Africa. A more detailed pamphlet titled Barclays and South Africa, published in November 1975 jointly by the Anti-Apartheid Movement and the Haslemere Group, can be obtained for 30p *plus postage* from: the Anti-Apartheid Movement, 89, Charlotte St., London W1P 2DQ, or the Third World Publications, 151, Stratford Rd., Birmingham, 11.

Further details of the campaign to end Barclays involvement with apartheid can be obtained from the organisations which have published this leaflet:

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| ANTI-APARTHEID MOVEMENT | ELTSA (END LOANS | HASLEMERE GROUP |
| 89, Charlotte Street | TO SOUTHERN AFRICA) | 467 Caledonian Rd. |
| London W1P 2DQ. | 134, Wrotesley Rd | London N7. |
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