



**BARCLAYS
SHADOW REPORT
1983**

**FINANCING APARTHEID
LATEST FACTS**



BARCLAYS SHADOW REPORT 1983

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STATEMENT BY THE CHAIRMAN



I am happy to introduce the third Annual Report of the Shadow Board of Barclays Bank. Our report focuses on the role of Barclays in South Africa, and the support which the bank provides to apartheid.

In the latest Annual Report of the bank's South African subsidiary, Barclays National, the Chairman writes in his statement that "the theme of our Annual Report is to reflect on the achievements of the past year". It is precisely for this reason that we believe that an important part of the story of the bank's involvement in South Africa remains untold in Barclays' own publications.



Mr Gerry Gillman, Chairman

Events over the past year have strengthened the Shadow Board's conviction that the presence of the bank in South Africa gives direct backing to the evil apartheid system. The treatment meted out to Barclays' employee Bradley Potgieter, further loans to South African government corporations, and continued operations in Namibia and the bantustans are all further evidence of direct support for apartheid.

I have just heard more news of the way in which Barclays is backing the South African authorities from Britain. The Chairman of Barclays Bank, Timothy Bevan, is due to fly out to South Africa on 11 April. He is then planning to visit Namibia – or 'South West Africa' as it is described by Barclays National – in order to officially open the bank's training workshop at the Rossing Foundation Education Centre. After this ceremony, Bevan is due to do "a quick tour of the north". This is the main area where South African troops are engaged against SWAPO guerillas, and this trip would only be possible with a substantial military escort provided by the South African troops which illegally occupy the country in defiance of international law and the rulings of the United Nations.

The outgoing Chairman of Barclays' South African subsidiary, Michael Barry, concludes his 1983 statement by saying that the bank "is able through its size and international connections to make a meaningful contribution to the orderly development of our country". Later in the Annual Report, under a section on 'community services', the bank proudly explains: "Barclays is a major subscriber to debentures for the financing of a private health clinic in Soweto, set up by a group of black doctors during 1982. Barclays National Merchant Bank provided advice to the sponsors of the project." But this can surely only be a token gesture when compared with the overall effect of the bank's support for the regime. What real influence will it have on the health of the black population under apartheid?

STATEMENT BY THE CHAIRMAN

CONTINUED

Since I have just been elected chairman of the Barclays Shadow Board perhaps I could add a personal note. As General Secretary of the Society of Civil and Public Servants, I am particularly conscious of the role that trade unionists can play in international issues, such as South Africa. During the next year I shall be encouraging the British trade union movement to increase its pressure on Barclays Bank over its involvement in South Africa.

I should also like to take this opportunity to welcome His Excellency Mr Fennis Augustine as Deputy Chairman of the Shadow Board. As the High Commissioner for Grenada he brings to the campaign the backing of our brothers and sisters in the Caribbean. This is a demonstration that the operation of Western companies in South Africa has become an issue of international concern.



His excellency Mr Fennis Augustine, High Commissioner for Grenada and Deputy Chairman of the Shadow Board

The Shadow Board is united in its belief that the bank does not have a liberalizing effect on the apartheid system. It actually helps to maintain minority rule. Once more I would like to stress that only by pulling out of South Africa can Barclays Bank end its financial support for apartheid.

**Mr Gerry Gillman
Chairman**



South African profits

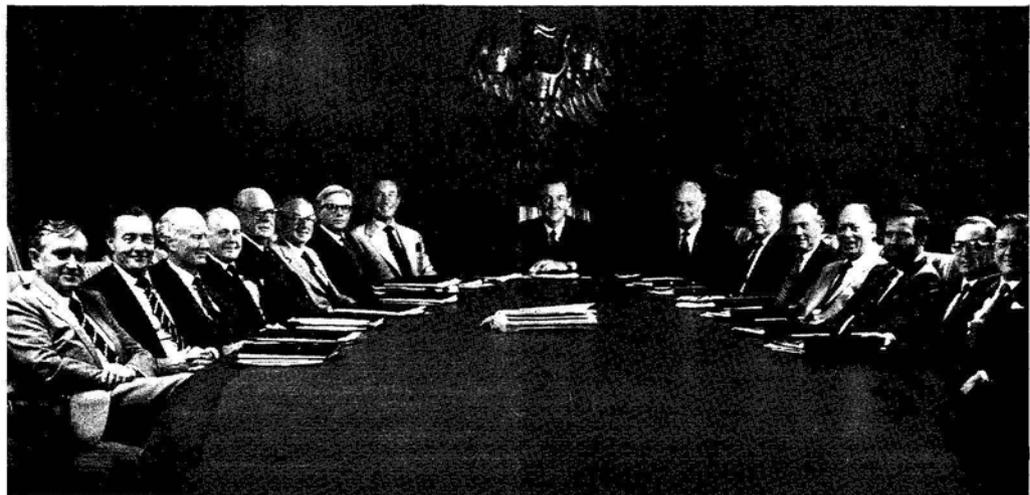
Barclays made banking history in South Africa during 1982 when its pre-tax profits reached a record Rands 152 million (£87m). Its South African subsidiary, Barclays National, remains the largest bank in South Africa. The bank's South African assets rose by 22 per cent to Rands 13,132 million (£7,546m) at the end of 1982. This represents about a quarter of Barclays International's worldwide assets, and about 10 per cent of those of the Barclays Group (including the UK).

The British connection

Barclays Bank retains a 58 per cent stake in Barclays National, its South African subsidiary, and this means that the Johannesburg-based bank is still controlled from London. Six British directors sit on the Barclays National board (Timothy Bevan, John Henderson, Henry Lambert, Peter Leslie, Dion Nicholson and Sir Anthony Tuke).

Barclays National's links with London provide considerable support to the bank's South African operations, and are widely used to strengthen economic links between South Africa and the outside world. As Michael Barry, Chairman of Barclays National, explained in his 1982 annual statement: "The strength of the bank in South Africa coupled with its international connections as an integral part of the Barclays Group, ensures that the needs of the bank's customers for the development of their national or international businesses will be satisfied."

Barclays Bank International in London, for example, acts as Barclays National's correspondent bank in the UK. In September 1982 Barclays local banking system in South Africa was linked to the global computer network of the Society for Worldwide Inter-bank Financial Communications (SWIFT).



*The Board of Barclays National: White faces at the helm
Photo: Barclays National Annual Report 1982*

Defence Advisory Board

Basil Hersov, former Deputy Chairman of Barclays National, continued to remain a member of the South African Defence Advisory Board until it was disbanded by the authorities in 1982. The board was set up to advise the armed forces on business methods, including arms production. Barclays refused to call for Hersov's resignation from the Defence Advisory Board, and this showed the extent to which the bank identifies with the interests of the military in South Africa. Hersov has subsequently been promoted to Chairman of Barclays National.

The Potgieter case

Bradley Potgieter, an employee of Barclays National and chairman of the Durban branch of the black-consciousness Azanian People's Organisation, was sacked by the bank in September 1982. This followed Potgieter's conviction for wearing a banned T-shirt and putting up a poster commemorating the anniversary of the Sharpeville massacre. Azapo spokesman Ishmael Mkhabela condemned the sacking, saying that Barclays' presence in South Africa sustained an undemocratic system. Following mounting protests, both within South Africa and internationally, Potgieter was subsequently reinstated by Barclays.

During the Potgieter row, Barclays National warned its staff against political involvement. A bank circular pointed out that Barclays would not "employ or continue to employ persons who are unable



Basil Hersov, Director of Bank and recent member of Defence Advisory Board. "Impossible to be active in politics and represent the bank."?

to maintain an impartial political image or who participate in political activities." A spokesman added that "we do not wish to employ anyone who might be detained." In March 1983, however, another Barclays employee was detained by the South African authorities. Edward Shikongo, a clerk working for Barclays National in the Namibian town of Rundu, was picked up by security police.

The General Secretary of the South African Allied Workers Union, Sam Kikine, commented that Barclays' ban on political activities is "an unfair labour practice, and the bank runs the risk of alienating many of its black clients."

Former Barclays Managing Director Bob Aldworth explained that "it is impossible to be a leading and active participant in politics and represent the bank at the same time." But he refused to say why this ruling does not apply to the directors of Barclays National, many of whom are politically active members of the white community.

Loans

Barclays in London continues to provide Eurocurrency loans to the South African Government and its corporations. In May 1982, for example, Barclays Merchant Bank was the lead manager for a DM 100 million (£27m) eight-year bond issue to ESCOM, the South African Electricity Supply Commission. Five weeks later Jan Smith, Chairman of ESCOM, was appointed to the Barclays National board. This again demonstrates the close links between the bank and government corporations.

Barclays still maintains that it is not among the major sources of capital for South Africa. In *The Case for Constructive Engagement*, published in August 1982, the bank claims it is not one of South Africa's "big lenders". But a United Nations report published only two months later shows that Barclays is the major British bank lending to South Africa. During the period from 1979 to mid-1982, Barclays was involved in loans to South Africa totalling \$347 million (£225m).



ESCOM
Electricity Supply Commission

Sandton (Transvaal)

DM 100 000 000
9½ % Bearer Bonds of 1982/1990

irrevocably and unconditionally guaranteed by the

Republic of South Africa

— Stock Index No. 469 581 —

Offering price: 100 %

Dresdner Bank
Aktiengesellschaft

Commerzbank
Aktiengesellschaft

Barclays Merchant Bank
Limited

Bayerische Vereinsbank
Aktiengesellschaft

Berliner Handels- und Frankfurter Bank

THE REPORT OF THE DIRECTORS

CONTINUED

Namibia

Barclays is operating in Namibia in contravention of rulings by the United Nations, the legal administering body for the territory. The Chairman of Barclays Bank, Timothy Bevan, admitted at the bank's 1982 AGM that "we do conduct normal banking business there, and to that extent we possibly do support the administration there." Barclays remains the largest bank in Namibia, with a network of 47 offices.

In 1982 Douglas Hoffe was appointed Chairman of Barclays' Namibian operations. Hoffe is also a director of both the Anglo American Corporation of South Africa and De Beers, as well as Vice President of the Namibian Chamber of Mines. The new Barclays chairman is therefore deeply involved in mining in Namibia, the most exploitative sector of the economy.



South African military camp in northern Namibia where Barclays directors will tour.

Bantustans

Barclays continues to operate in the so-called independent bantustans — Transkei, Bophuthatswana, Venda and Ciskei. These territories are used as a dumping ground for the African community, and the United Nations has called for companies to cease operations in the bantustans.

THE REPORT OF THE DIRECTORS

CONTINUED

Apartheid: The Divided Society

	Black	White
Population	82%	18%
Land area	14%	86%
Weekly income per capita (1981)	£ 4	£34
People forcibly resettled since 1960	3 million	—
Weekly increase in miners wages (1982)	£ 4	£22

Trade unions

Out of 23,193 employees of Barclays National, 16,465 are White, 3,369 African, 2,352 Coloured and 1,007 Asian. The minimum wage for Africans is Rands 66 (£38) a week.

Barclays recognises three separate trade unions for the different racial groups. These are the South African Bank Employees Union (Africans), the National Union of Bank Employees of South Africa (Asians and Coloureds) and the South African Society of Bank Officials (Whites). These unions have links with the white dominated South African Congress of Trade Unions (TUUSA), which is rejected by the independent non-racial trade unions in the country because of its close association with government policies.

Mortgages

In August 1982 Barclays National moved into the home mortgage business, and within two months Rands 230 million (£131m) has been committed. Little of this money was lent to Africans because of the legal restrictions on freehold ownership of property and the low income level of the African community. Barclays is therefore borrowing funds from the black community and lending them to the Whites, thereby helping to perpetuate the country's economic divisions.

Barclays also provided a mortgage bond to Brigadier Koos Myburgh, Second-in-Command of the police force in Namibia, for the purchase of an exclusive house on the outskirts of Windhoek.

THE REPORT OF THE DIRECTORS

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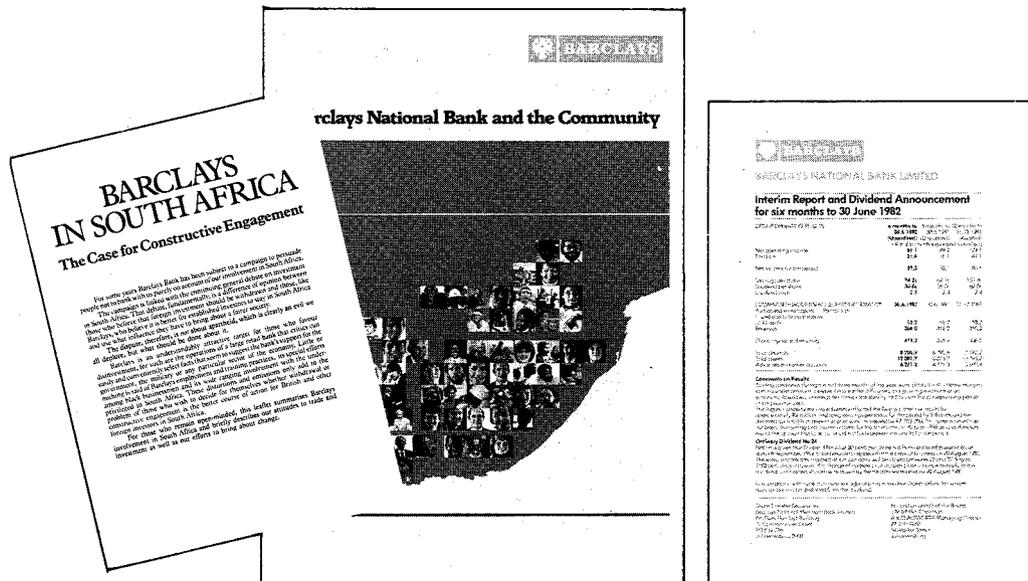
The Aldworth scandal

Barclays National now has a new Managing Director following a major internal wrangle within the bank. In January 1983 Bob Aldworth resigned as head of Barclays' South African bank because of a potential conflict of interest between his private and business life. The previous year Barclays National had paid Rands 1.4 million (£.8m) to go into partnership with Professor Sandra van der Merwe to form a business consultancy firm. Subsequently Aldworth developed a close personal relationship with Professor van der Merwe. In February 1983 Barclays bought out Professor van der Merwe's stake for Rands 1.5 million (£.9), and Colin Waterson was appointed to replace Aldworth as head of the bank.

Overseas expansion

In September 1982 it was announced that Barclays National intended to establish its first foreign office. This will be in New York, probably in the same building as the Barclays International branch at 200 Park Avenue.

The two faces of Barclays' publicity: Rationalization and profit



Historical footnote

Barclays Bank had its origins in the slave trade. As former Trinidad and Tobago Prime Minister Dr Eric Williams explained in his book *Capitalism and Slavery*, the Barclay family were wealthy slave traders in the eighteenth century. David Barclay, a slave trader with his own plantation in Jamaica, married into a banking family, and "from the combination sprang Barclays Bank".

THE REPORT OF THE DIRECTORS

CONTINUED

The Boycott campaign

Following the lead of the London Borough of Lambeth and Norwich in 1981, four other local authorities decided to move from Barclays during 1982 to protest against the bank's support for apartheid. These were Coventry (£400 million a year), Crawley (£50 million a year) and the London Boroughs of Brent (£1,000 million a year) and Lewisham (£1,000 million a year). The London Boroughs of Southwark and Newham are considering making a similar move during 1983.

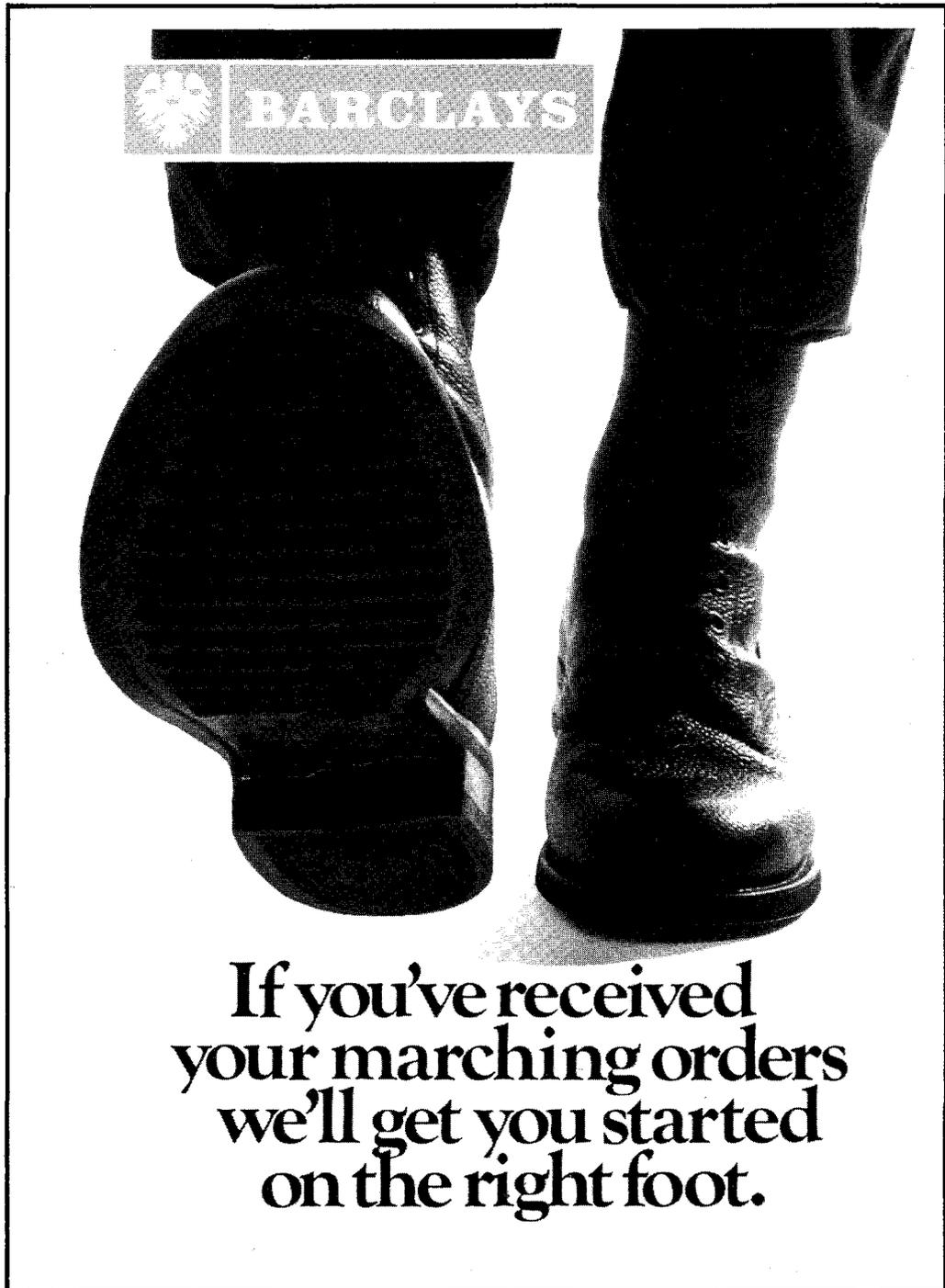
Many other organisations and individuals have continued to back the 'Boycott Barclays' movement. In July 1982, for example, the Catholic Institute for International Relations moved its £600,000-a-year account from Barclays because the bank's involvement in South Africa is "harmful to the majority of the population". Oxfam, Westcott College in Cambridge and several Oxford colleges are all considering withdrawing from Barclays.

Other forms of protest against the bank include incidents such as the withdrawal of 50 participants from an exhibition at the Whitechapel Art Gallery in March 1983. Pickets were mounted outside the gallery after it accepted Barclays' sponsorship for its annual east London exhibition. The London Borough of Camden and the Sheffield City Council both called off art exhibitions when it was discovered that they were being sponsored by Barclays.

Barclays has now lost accounts worth over £5 billion-a-year from organisations which have withdrawn their accounts in protest against the bank's deep involvement in South Africa.



Sheffield Euro MP Richard Caborn (centre) joins Barclays picket



 **BARCLAYS**

**If you've received
your marching orders
we'll get you started
on the right foot.**

Advertisement attracting soldiers' accounts in South Africa

