



**BARCLAYS
SHADOW REPORT
1982**

**BACKING THE TROOPS:
SPECIAL FEATURE**



BARCLAYS SHADOW REPORT 1982

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BARCLAYS SHADOW BOARD

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	Mr Donald Woods (Former South African Newspaper Editor)
	His Excellency Lt. Gen. Peter Zuze (High Commissioner for Zambia)
Secretary	Rev. David Haslam

STATEMENT BY THE CHAIRMAN



This year, in the second Annual Report of the Shadow Board of Barclays Bank, we again chronicle the Bank's involvement in South Africa — aspects of the Company's operations that are not normally recorded in its official Annual Report.

A company's annual report usually focusses exclusively on one restricted question: the profits it has made and is likely to make in future. It seldom raises other issues of proper concern to the shareholders, such as the social effects of its activities. The first Barclays Shadow Report, published on 18 March 1981, aimed to fill this gap by examining the economic and political impact of a particular company in one particular country: not a country selected at random, but the one country of the world where racial discrimination avowedly remains integral to the political system.



*Professor Michael Dummett
Chairman*

Thousands of copies of the Shadow Report have been distributed in Britain to all General Secretaries of trade unions, diplomatic missions, church organizations, student bodies and concerned shareholders. The Report was also widely circulated internationally in countries where Barclays operates.

Members of the Shadow Board attended the Bank's Annual General Meeting on 29 April 1981. Ms Julie Christie, on behalf of the Shadow Board, asked the retiring Chairman of Barclays, Sir Anthony Tuke, to explain the bank's decision to remain in South Africa and "improve" conditions from within, and to state what new measures Barclays had taken during the past year to challenge the basis of the apartheid system.

Sir Anthony admitted that "our powers of changing a system in a country, however much we dislike it, are limited". Barclays would not withdraw from South Africa, he said, but would "carry on as we do now". "There are improvements, of course," he concluded: "you would say they are too slow and I would agree with you — but there are changes being made."

Barclays plays a considerable role in the banking system in other parts of Africa, and will continue to depend upon the goodwill of independent African governments. Yet as the largest bank in South Africa, Barclays has a powerful influence on the country's economy, which is the basis of the apartheid system. It could attempt to take some positive steps to combat apartheid, but is in fact acquiescing in, and profiting from, a system of ruthless and racist exploitation. If Barclays can offer no better justification than Sir Anthony's for its involvement in South Africa, the time has clearly come for its complete withdrawal.

STATEMENT BY THE CHAIRMAN

CONTINUED

Barclays has not responded in any detail to the first Shadow Report. When Ms Julie Christie asked Sir Anthony Tuke at the AGM for his comments on the report, he merely replied that there were inaccuracies in it. But despite a letter from me, followed by a letter from our solicitors, the bank has refused to substantiate its remarks. The board believes, however, that the first Shadow Report presented an accurate account of Barclays' involvement in South Africa.

I deeply regret to have to report that the Shadow Board's Secretary, Bishop Colin Winter, died on 17 November 1981. As Bishop-in-Exile from Namibia, he fought tirelessly against the illegal South African occupation of that territory. I wish to pay tribute to the work he did for the Shadow Board, as he also did for many other organisations involved in the South African struggle. All who have the welfare of that country at heart, or who care for liberty and for justice, will view his death as a great loss.

We welcome Rev. David Haslam as the new Secretary of the Shadow Board.



*Julie Christie and Gerry Giltman:
Barclays AGM 1981*

There are other changes in the composition of the Shadow Board which I have to announce. Her Excellency Ms Lombe Chibesakunda, formerly High Commissioner for Zambia in London, was recalled to Lusaka. I am pleased to report that her successor Lt. Gen. Zuze has agreed to take her place on the Shadow Board. We are especially honoured to have diplomatic representatives from two Commonwealth countries among our members.

Two new members have been invited to join the Shadow Board. They are Ms Ethel de Keyser, Director of Defence and Aid Fund, and Mr Donald Woods, the former editor of a South African newspaper, who was forced to flee the country.

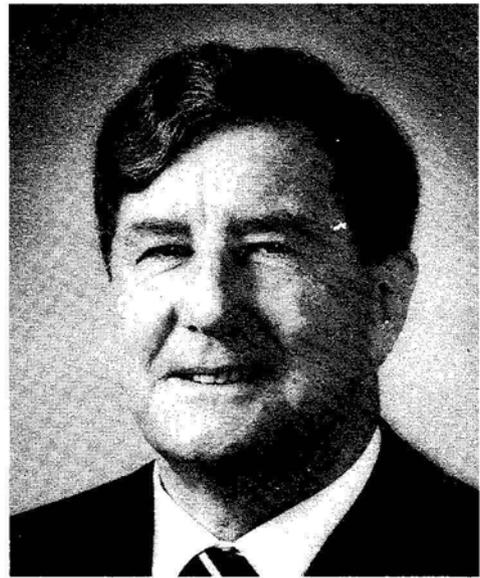
A meeting of the Shadow Board was held on 8 February 1982 to approve the Report that is now in your hands. We believe that the evidence contained in it adds further weight to our contention that Barclays' presence in South Africa serves to bolster the apartheid régime. For this reason, we once again call upon Barclays to withdraw completely from South Africa. We hope that this Shadow Report will help to convince readers of the justice of this call, and that they will join their voices with ours.

Professor Michael Dummett
Chairman



South Africa remains Barclays' major market after the United Kingdom. By the beginning of 1982 the bank's South African assets had increased by 26 per cent to reach Rands 10,930 million (£6,038 million).

Barclays Bank (through its wholly-owned subsidiary Barclays International) holds a 60.03 per cent stake in its South African subsidiary, Barclays National Investments. South Africa remains one of the most profitable areas of operation for the bank, providing about 10 per cent of total profits. The bank's operating profit in South Africa in 1981 rose to Rands 125 million (£69 million).



"The economic problems facing South Africa are basically problems of prosperity." — Senator Owen Horwood, Minister of Finance (1981).

Expansion

Barclays, which already controls more than a third of South Africa's banking, is still the country's largest bank. Indeed it has recently expanded its operations in a number of key areas. Concorde Bank, now renamed Barclays Western Credit, was purchased to increase the bank's consumer credit business. Rondalia Bank, which was also acquired, provides industrial finance under its new name of Barclays National Industrial Bank. Finally Barclays Insurance Brokers South Africa merged last year to form Bowring Barclays & Associates, in which Barclays retains a one-third stake. This new group is now among South Africa's largest insurance companies.

Government

Barclays National continued to maintain close relations with the South African Government. On 1 January 1981 the bank held Rands 920 million (£517 million) in government and government-guaranteed securities. This means that Barclays (like other banks in South Africa) is redirecting private savings towards the Government and state corporations. Much of this public expenditure is for projects which are of strategic importance for the survival of white supremacy..

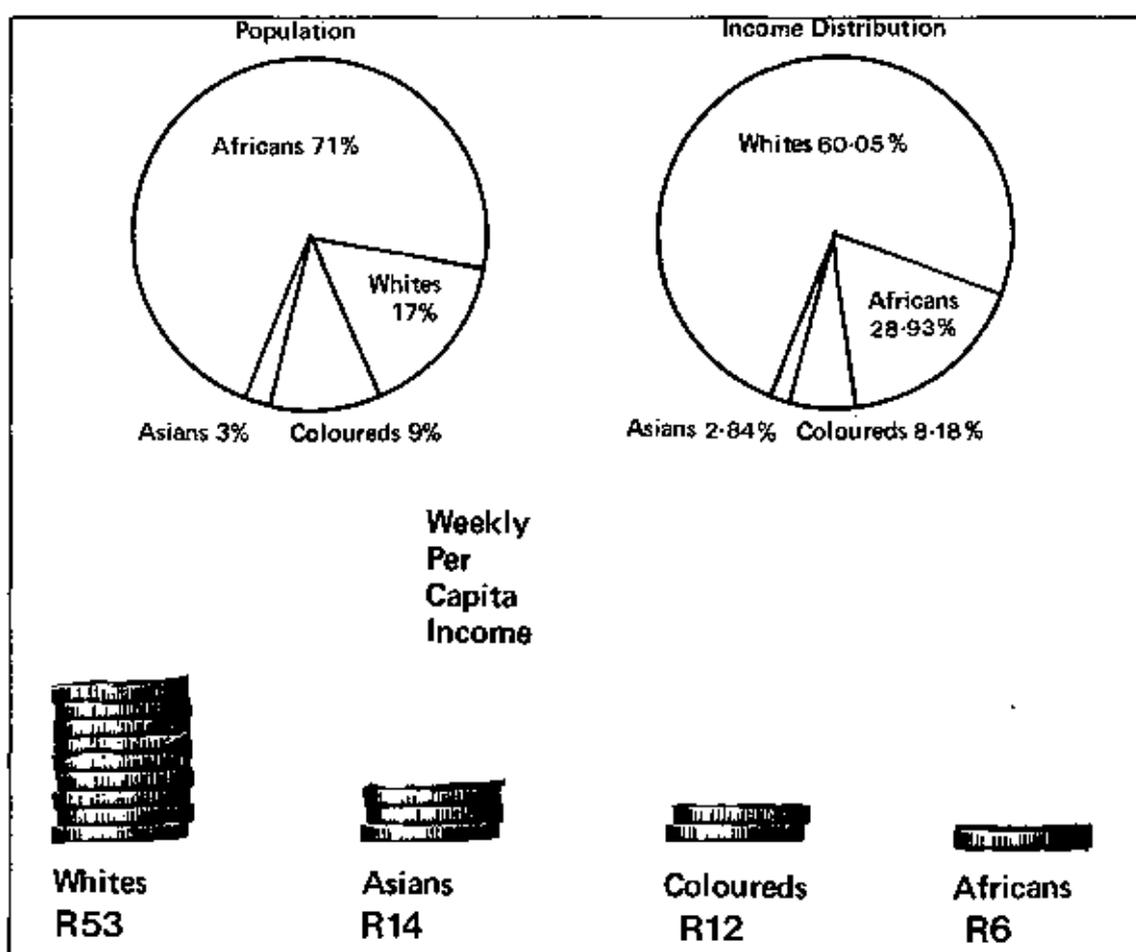
Barclays is also an important tax payer to the South African Government. During 1980 taxes paid by the bank rose to Rands 42 million (£24 million). These funds helped finance the regime's armed forces and police.

Senior officials of Barclays have continued to remain in close touch with the South African Government. Former Barclays Chairman Sir Anthony Tuke held discussions with South African Finance Minister Senator Owen Horwood early in 1981.

THE REPORT OF THE DIRECTORS
CONTINUED

Exploiting the Black Saver

Barclays claims that in South Africa it provides banking services "in all black areas without regard to the normal considerations of profitability" (*Barclays in South Africa*, published by Barclays Bank, September 1980 edition). But despite this claim, the bank actually receives considerably more money from black savers than is lent to the black community. This means that Barclays is actually helping to channel black savings towards white consumers and investors — and so helping to perpetuate the economic divisions which are sustained by the apartheid system.



Bantustans

Barclays still operates in the so-called independent Bantustans — Transkei, Bophuthatswana, and Venda. Barclays also operates in the Ciskei, which received its "independence" on 4 December 1981. The independence of these territories is a sham, and none of the Bantustans are recognised by the international community. Yet Barclays continues to encourage investment in these dumping grounds.

THE REPORT OF THE DIRECTORS

CONTINUED



The Dumping Ground.

Bowring Barclays & Associates, the bank's insurance associate, established a new subsidiary in the Bantustan of Gazankulu in January 1982. Directors of the company include the Chief Minister of Gazankulu, and this again demonstrates Barclays' close links with the political leadership of the South African Government-sponsored leaders of the Bantustans.

Namibia

Barclays continues to operate in Namibia, despite the fact that South Africa is illegally occupying the territory in contravention of United Nations decisions. Barclays National, the South African-based bank, is the largest bank in Namibia, and plays a key role in channelling funds out of the territory to South Africa.

The 1981 Report of the United Nations Council for Namibia documented how Barclays was helping to sustain South Africa's illegal rule. It pointed out: "the continuing association of foreign banks with South Africa has not only bolstered the policies of the apartheid regime but has also impeded Namibia's transition to independence. The vast network of foreign bank branches extends into Namibia and the financing of the South African military enables the racist regime to carry out its repressive war in Namibia."

IF YOU THINK ONDANGWA IS THE MOST DISTANT POINT FROM BARCLAYS. THINK AGAIN.

Ondangwa may sound like the end of the earth to you, but do you know Barclays has a branch even that far out in the bundu? So no matter where you get posted there's bound to be a branch nearby. Which is great because if you have an account with Barclays the army will deposit your pay directly into your account and you can withdraw cash, update your savings book or send money home from any branch in the country.

If you don't have an account it's very easy to open one. All you do is call on any branch of Barclays with your form DD 2557 which the army will give you. We'll fill in the details and open an account in your name.

The best news of all is that you don't have to deposit a cent when you open the account.

Once your account is opened the army will deposit your pay directly into your account and you can start withdrawing whenever you want. Call at Barclays today. We'll show you the safe easy way to look after your money while you're in the sticks.

BARCLAYS

THERE'S A WHOLE LOT MORE TO BANKING WITH THE PROFESSIONALS.

Barclays National Bank Limited • Registered Commercial Bank.

Ondangwa: One of South Africa's Biggest Military Bases in Namibia

Doing Business

The 1980 edition of *Doing Business in South Africa* (published by Barclays National) was formally withdrawn from circulation after a personal decision by Barclays International's Chairman Sir Anthony Tuke during a visit to Johannesburg in September 1980. A Barclays spokesman in Britain later explained that "there were certain phrases which were offending some people in this country". On one occasion at least, a copy of the 'withdrawn' report was sent out by Barclays to an inquirer.

The situation is well under control and generally the labour force is content as wages are above average for the district and workers are able to live with their families.

"Doing Business in South Africa" (1980).

When Barclays withdrew the 1980 edition of *Doing Business in South Africa* it announced that the offending phrases would be omitted from the 1981 version. It is understood, however, that the bank has now decided to discontinue publication of this regular report.

THE REPORT OF THE DIRECTORS

CONTINUED

Krugerrands

Barclays Bank is one of the largest distributors of Krugerrands in Britain. All 3,000 Barclays branches in England and Wales will order the South African gold coins for account customers. The Barclays Bureau de Change at London's Marble Arch (556 Oxford Street) also began selling Krugerrands directly across the counter in December 1979.

The international sale of Krugerrands is a vital source of foreign exchange for the South African authorities. Indeed in 1980 Krugerrand sales raised Rands 1527 million (£858 million) for the South African régime.

THE KRUGERRAND DIRECTORY 1981



Contains 100 pure gold Contains 100 pure gold Contains 100 pure gold

THE ULTIMATE ASSET BOUGHT AND SOLD HERE

BARCLAYS BANK



Barclays Bank Limited is Britain's largest banking group with 3,000 branches in England and Wales.
Head Office in overall charge of dealing in gold coins:
Bullion Department

Price Notification
Customers will be advised of the selling price of Krugerrands within 24 hours from the time they place their order.

Payment
Payment is by means of an

556 Oxford Street
London W1
Tel: 01-723 7615

The Barclays Bank Bureau de Change has sold gold coins across the counter since December 1979.

Financing Trade

During 1981 the United Kingdom sold £1,000 million worth of exports to South Africa, and imported £756 million from South Africa. Barclays, as the largest bank in both Britain and South Africa, is the major bank involved in financing this trade.

Barclays in London also continues to publish a regular series of *Country Reports* on South Africa. These reports are designed to inform British companies about trade and investment opportunities in South Africa.



ABECOR
COUNTRY REPORT

ABECOR is an association of European banks seeking to improve able to offer to its customers by developing banking and financial

South Africa

Government: National Party

Population: 23.7 million (preliminary figure 1980 population census). (Excluding the populations of Bophuthatswana 1.3 million, Transkei 2.6 million and Venda 343,000).

Prime Minister: Mr P W Botha

Minister of Finance: Prof O P F Horwood

Foreign Exchange Reserves: US\$644 million (May 1981)

Gold: 12.25 million fine ounces (May 1981)

Exchange Rate: US\$1 = R0.94 (23 July 1981)

Present Situation
After a year of high growth in 1980, when an expansion rate of 7.9% was achieved, the economy has entered a less

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The 1981 General
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THE REPORT OF THE DIRECTORS CONTINUED

UK-SA Trade Association

Barclays is among the most active members of the United Kingdom-South Africa Trade Association (UKSATA). Representatives from both Barclays International and Barclays National participated in a conference on "South Africa — a vital market for UK exports and investment" which was co-sponsored by UKSATA. Speakers included Marais Steyn, South African Ambassador in London, as well as other embassy officials. The conference, held at the CBI's Centre Point headquarters on 20 October 1981, represented a major attempt to increase Britain's economic links with South Africa.



Photograph courtesy of Morning Star

British Trade Unionists Picket UKSATA Meeting.

Withdrawals

The Boycott Barclays campaign in Britain has gathered strength during the past year. The most important move has been Norwich City Council's decision to end its hundred-year banking link with Barclays in protest against the bank's support for the apartheid regime. The account, worth up to £1,000 million a year, is being transferred to the Co-operative Bank.

Tameside Council has already debated removing their account from Barclays, and the final decision will be taken later this year. The London Borough of Brent is due to consider moving its account from Barclays in April 1983.

The London Borough of Lambeth, with an account worth £1,200 million a year, moved its account from Barclays to the Co-operative Bank in April 1981. This was done on the grounds that it was offensive to the borough's substantial black population to continue banking with a company so deeply involved in sustaining minority rule in South Africa. Last year the leader of the Greater London Council also reiterated the GLC's policy of not banking with Barclays because of the bank's involvement in South Africa.

Big vote to drop Barclays in apartheid rap

NORWICH City Council is to switch its bank account from Barclays to the Co-op.
It took the decision last night — against council officers' advice — because of Barclays' links with South Africa.

Individual members' votes were recorded at the request of Tory member Mr. George Richards. He said: "It may be a matter for the district auditor later on."

Only eight members voted against the switch, which will be made in April — six Conservative, one Liberal and one Labour.

Councillors had previously been told of a "very real possibility" the auditor may take those voting in favour to court.

'ABSURD'

But Mr. Mike Ashley declared last night: "It is absolutely absurd to imagine the district auditor is

**NORWICH
CITY
COUNCIL**

reason to think the bank might not be able to handle the business. Nationally the Co-op bank already handled the accounts of 67 other local authorities. She realised people would be upset about the switch because of

Unionists back move over bank

Moves by Norwich City Council finance committee to withdraw its account from Barclays because of the bank's links with South Africa were applauded at last night's meeting of Norwich Trades Council.

The idea that Barclays associations would benefit black workers was dismissed by Mr. Steven Lee, of the South African Congress of Trade Unions when he spoke to members.

"We must recognise that British firms invest there not to help workers in this country or in South Africa but to make profits," he said. "Investment by British firms or banks is not providing any tangible benefits for black workers in that country," he went on.

CONDITIONS

Mr. Lee said there was a 22 per cent unemployment rate among black workers, with many in terrible living conditions.

"On the other hand, investment

money was being used in South Africa," he said.

With less than a month to go before the TUC's Jobs Express, another £1000 is needed to sponsor supporters from Norwich.

A party of 25 is to leave the city in late November to join the round-country train at Newcastle in the campaign for job creation.

Sponsorship will cost £100 each, but of the £2500 needed only about £1000 had been raised so far, reported the secretary, Mr. Peter Murray.

An important boost to the Boycott Barclays campaign came in October 1981 when the Labour Party Conference approved a resolution on South Africa pledging the party to campaign for "Labour-controlled local authorities and affiliated organisations to refuse to bank with Barclays".

Many church bodies also moved their accounts from Barclays during the past year. In July 1981 the National Methodist Conference approved a resolution urging Methodist churches and members "seriously to consider withdrawing any accounts they may hold with Barclays Bank, in the light of the bank's continuing heavy involvement in the apartheid system". Individual church groups which have recently withdrawn from Barclays include Barnsley Methodist Church, Bow Mission, Abingdon Council of Churches, All Hallows Church Twickenham, and the European Contact Group of the Industrial Mission Association. The Health Services Manchester Branch of NALGO has withdrawn its account worth £40,000. Organizations which withdrew their accounts previously are listed in the 1981 Shadow Report.

International

Barclays involvement in South Africa has continued to come under attack from the South African liberation movements, other African governments, the United Nations, and international church and trade union organisations. In April 1981 the United Nations sponsored an International Seminar on Loans to South Africa, held in Zurich, which examined the role played by Western banks in providing financial support to the apartheid system. Barclays name was included in the list of the "Dirty Thirty" banks most deeply involved in South Africa.

The joint United Nations-Organisation of African Unity International Conference on Sanctions against South Africa, which was held in Paris in May 1981, also devoted considerable attention to the role of Western banks in sustaining apartheid. Again the involvement of Barclays was singled out, and the conference specifically called for "the intensification" of the campaign against Barclays.

THE REPORT OF THE DIRECTORS CONTINUED



International Day of Action Against Barclays.

Photograph courtesy of Morning Star

Barclays has on several occasions been the target of International Days of Action which have been supported by organizations in many countries where the bank operates. On 15 October 1981 branches of the bank were picketed in 37 places in Britain, including the prestigious branch at Westminster in London.

Many of South Africa's black leaders have again risked imprisonment or banning by calling for an end to Western economic links with apartheid. As Bishop Desmond Tutu of the South African Churches explained last year: "Foreign investors must know they are investing to buttress one of the most vicious systems since nazism."

BARCLAYS AT WORK: BACKING THE TROOPS



South Africa is at war. Internally the country faces the prospect of an escalating guerilla struggle because of the regime's apartheid policies. In Namibia the illegal occupation of the territory by over 100,000 South African troops has led to armed confrontation with SWAPO, the South West African People's Organization. SWAPO is recognized by the United Nations as the legitimate representative of the Namibian people. South Africa has also launched several attacks against neighbouring states, particularly Angola, which have resulted in the death of many hundreds of refugees from Namibia and Angolan civilians. These attacks have been condemned by the international community, and South Africa's policies described as a threat to world peace.



South Africa's Illegal Occupation of Namibia.

In a highly militarised society like South Africa, there are very close links between financial institutions and the armed forces. Since Barclays is the largest bank in the country, it has particularly strong ties with the military.

Barclays' involvement with the military is symbolised by the presence of one of its directors on the Defence Advisory Board. In May 1980 Prime Minister P.W. Botha appointed a 13-man Defence Advisory Board to advise the armed forces on best business methods and other matters, including arms manufacture. The Prime Minister added that he hoped this initiative would unite the private sector and industrial leaders behind the country's defence effort.

Among the five bankers on the Defence Advisory Board is Basil Hersov, a director of Barclays National. Hersov, a former pilot in the South African Air Force, has played an active role on the board. In January 1981 he and the rest of the board were invited by the Minister of Defence to spend three days with the Defence Forces in the operational area.



*Basil Hersov:
Barclays' Representative
on Defence Advisory Board.*

Barclays' Chairman Sir Anthony Tuke was later asked whether Mr Hersov's participation in the Defence Advisory Board was compatible with his position as a director of Barclays National. Sir Anthony simply told shareholders that "I haven't really considered that".

BARCLAYS AT WORK: BACKING THE TROOPS

CONTINUED

The most controversial aspect of Barclays' support for the military involved the purchase of a massive holding of South African Government Defence Bonds. Amid a fanfare of publicity, Barclays National purchased Rands 10 million (£6 million) worth of Defence Bonds in December 1976.

The cheque for the bonds was personally presented to the acting head of the Defence Force Lieutenant General Bob Rogers by Barclays National's Managing Director Bob Aldworth. Aldworth stated at the ceremony that "the bank regards the subscription as part of its social responsibility not only to the country at a particular stage in its history, but also to our staff members who have been called up to do service on our borders". The Barclays acquisition was the largest single purchase of Defence Bonds, and provided an important boost to the fund raising campaign.

News of Barclays' purchase caused an immediate international outcry. In the United Kingdom, Foreign Office Minister of State Ted Rowlands called Barclays International's Senior General Manager Frank Dolling for a meeting to discuss the affair. In an agreed statement it was admitted that the bank was "deeply concerned" about the purchase of Defence Bonds, and Barclays International undertook to do "whatever possible to ensure that such action will not happen again". The bonds were sold in December 1977. But Dolling later admitted to a South African newspaper that his undertaking to the UK Foreign Office had "meant nothing" beyond avoiding publicity if further Defence Bonds were purchased.

Barclays is still involved in providing financial support to the South African military effort. Payment of taxes helps fund the armed forces. When Chairman Sir Anthony Tuke was asked about this at the bank's 1981 Annual General Meeting he simply replied that "there is no means of trading in a country and then saying we are not going to pay taxes because we do not like what they are used for". Barclays is therefore helping to finance the record Rands 2,600 million (£1,456 million) South African Defence budget for 1981-82.



Army Camp on the Vaal River.

Barclays National's holding of Rands 920 million (£517 million) in government and government-guaranteed securities means that the bank is providing a massive financial support for the government's coffers at a time when defence spending is leaping ahead.

Barclays has also been involved in a number of recent Eurocurrency loans which have had a vital strategic importance for the South African regime. In August 1980 Barclays helped manage a \$250 million (£100 million) loan to the South African Government. This represented direct support to apartheid, and it obviously freed considerable resources which could then be diverted to help fund the military's massive budget.

**BARCLAYS AT WORK:
BACKING THE TROOPS**
CONTINUED

WHAT DOES A BORN TO SERVE TROOPER WITH DREAMS WANT WITH A BARCLAYS ACCOUNT?

Barclays

What does a born to serve trooper with dreams want with a Barclays account?

BARCLAYS

"Why does a National Serviceman need a bank?"

Barclays

Die Soldaat se Bank.

Geld. Wat doen jy met joune?

Barclays

"I certainly wouldn't have thought that we make a special beeline for getting army accounts . . ."

Sir Anthony Tuke, at Barclays AGM 1981.

HOE KAN 'N LOOPBAAN IN DIE BANKWESE JOU AAN DIE GANG KRY?

Barclays

How can a career in banking get you going?

The Opportunity Bank

Trading in your dog tag soon?

What does? Thought about a career in banking?

What opportunities are there? Because banking is a business—a big business—there is a wide variety of careers to choose from.

What about advancement? We give you training on-the-job or at one of our modern training colleges. If you prove yourself maybe university or overseas training.

Want to find out more? Contact the accountants at your nearest Barclays branch or send in this coupon.

Barclays

A career, not just a job, with the Opportunity Bank.

The Career Bank.

You've thought about going home. But have you thought of your future?

Barclays

BARCLAYS AT WORK: BACKING THE TROOPS

CONTINUED

Recent loans to ESCOM, the state electricity corporation, have also enabled the South African authorities to proceed with the construction of a Rands 1,000 million (£560 million) nuclear power station at Koeberg. This enormous project, which is due to come on stream late this year, has increased South Africa's capability in the nuclear field. In July 1980 Barclays helped arrange a Rands 500 million (£280 million) loan to ESCOM, the largest foreign loan ever made to the country. Then four months later Barclays participated in a DM 100 million (£20 million) bond issue for ESCOM.

Barclays' assistance to SASOL, the state oil corporation, again shows the bank's deep involvement with strategically important sectors of the economy. In September 1979 Barclays National purchased 10 million SASOL shares. Last year these shares were worth Rands 50 million (£28 million).

Barclays in South Africa is involved in providing financial facilities to many of the 800 private companies which are involved in contracts or sub-contracts with ARMSCOR, the state arms corporation. When asked about these arrangements, Stephen Mogford, a director of Barclays Bank, told a shareholder that "here again we have no information in London".

Barclays is therefore involved in a whole range of activities which provide direct support to the armed forces of the apartheid regime in South Africa. Despite the fact that the UN Security Council has imposed a mandatory arms embargo against the apartheid regime, Barclays National continues to provide substantial financial backing to the military. This support makes a mockery of Barclays' argument that it is a liberalizing influence in South Africa striving for peaceful change.



