The Barclays Shadow Board was set up in 1981 to monitor the activities of Britain's largest bank in South Africa. An Annual Report is published to chronicle details of how Barclays' presence in South Africa helps sustain the apartheid system.

Copies of the 1981, 1982, 1983 and 1984 Barclays Shadow Reports are available for 75p each plus postage from ELTSA, 467 Caledonian Road, London N7 9BE. Trade distribution by Third World Publications, 151 Stratford Road, Birmingham B11 1RD.

ISBN 0 9508012 2 4

Published by ELTSA (End Loans to Southern Africa), 467 Caledonian Road, London N7 9BE.
BARCLAYS SHADOW BOARD

Chairman

Mr Gerry Gillman (General Secretary, Society of Civil and Public Servants)

Directors

Mr Fennis Augustine (Former High Commissioner for Grenada)

Right Reverend Stanley Booth-Clibborn (Bishop of Manchester)

Ms Julie Christie (actress)

Ms Ethel de Keyser

Professor Michael Dummett (Professor of Logic, University of Oxford)

Mr Ken Gill (General Secretary, Amalgamated Union of Engineering Workers/ITASS)

Mr Robert Hughes MP (Member of Parliament, Aberdeen North)

Mr Neil Kinnock MP (Member of Parliament, Islwyn, and Leader of the Labour Party)

Professor John Rex (academic and author)

Professor Peter Townsend (Professor of Social Policy, University of Bristol)

Mr Donald Woods (Former South African newspaper editor)

Secretary

Rev David Haslam
STATEMENT BY THE CHAIRMAN

I am delighted to introduce the fourth Annual Report of the Shadow Board of Barclays Bank. Our report again focuses on the involvement of Barclays in the apartheid economy.

The series of Shadow Reports which we have published provide convincing evidence that the bank's operations in South Africa help to strengthen the regime and entrench white minority rule.

The impact of our reports is shown in a confidential briefing paper for local Barclays managers, South Africa and Namibia Fact Sheet.

Shadow Report
For the third year one of the more consistent critics of the bank's operations, End Loans to Southern Africa, has produced a glossy pamphlet entitled 'Barclays Shadow Report'. Because of its appearance, its slightly less strident language and its association with a group of 'shadow board' directors, this document gains greater credence than earlier leaflets among those who have not heard or will not listen to the bank's case.

Extract from Barclays' South Africa and Namibia Fact Sheet

It says that because of the Shadow Reports' 'slightly less strident language and its association with a group of Shadow Board directors, this document gains greater credence than earlier leaflets among those who have not heard or will not listen to the bank's case'.

The South African authorities have also been concerned about the effect of our Annual Reports. In May 1983 a copy of the 1983 report was confiscated from a Windhoek Observer journalist when she returned to Namibia from a visit to Europe.

As a trade unionist I am particularly concerned about the difficulties faced by my black colleagues in South Africa and Namibia. The Trades Union Congress has taken a strong stand on apartheid and in January 1984 it called on British unions 'to assist the black independent trade union movement and to isolate the South African regime'. Unfortunately, however, there are still no black independent unions among the non-clerical staff who account for the majority of Barclays' black South African workers.

The reorganisation of the Barclays Group structure offered the bank a convenient opportunity which it has failed to take to make a decisive move over its South African and Namibian operations. Barclays held an Extraordinary General Meeting on 2 November 1983 to approve the proposed merger of its UK and international interests. On the same day the Shadow Board met and issued a special statement urging that the reorganisation proposals 'should be accompanied by a commitment to disinvest from South Africa and Namibia.'
“It is my belief that the most valuable contribution that Barclays Bank can make to the cause of freedom in Southern Africa would be to withdraw from both South Africa and Namibia as soon as possible.”
Neil Kinnock, Leader of the Labour Party and member of the Barclays Shadow Board.

The escalating aggression against the front-line states, Pretoria’s continuing illegal occupation of Namibia and the growing tensions in South Africa itself make it even more urgent that British companies such as Barclays Bank should withdraw. The two main liberation movements, the African National Congress of South Africa and the South West African People’s Organisation of Namibia, both emphasise the extent to which these business interests sustain minority rule.

The operations of Barclays during the past twelve months have strengthened the Shadow Board’s conviction that the bank backs apartheid. We therefore repeat our call that Barclays should pull out of South Africa.

Mr Gerry Gillman
Chairman
Profits

Barclays' South African subsidiary (Barclays National) has become increasingly profitable during the past few years. In 1983 its pre-tax profits rose to a record 200 million Rands (£107m), up 32% on the previous year. Total assets reached 15,543 million Rands (£8,312m).

Soweto

The poor condition of Barclays' branches in Soweto continues to cause bitterness among the black population. This is one reminder of how the highly profitable bank views the black community.

In September 1983 Sam Zwane wrote to the Rand Daily Mail asking why the bank’s offices in the black townships are ‘so ugly’ compared to those in the white areas. He likened Barclays’ Soweto branches to public toilets or waiting rooms, concluding that it was a disgrace for ‘an international body like Barclays to promote apartheid’. Barclays’ deputy managing director, Christopher Ball, admitted that he had ‘great sympathy with Mr Zwane’s viewpoint, and we are unhappy about the state of our branches in Soweto’.

Living conditions in Soweto, Johannesburg’s labour reserve

Barclays branch in Johannesburg
Expanding in South Africa

Barclays National is expanding its interests with a major new acquisition in April 1984, further increasing its importance to the South African economy. The bank is buying a 30% stake in Southern Life Association, a giant new insurance group. This company is being formed by the merger of Anglo American Life and an existing firm known as Southern Life. The expanded group will be the third largest insurance company in South Africa with assets worth 3,000 million Rand (£1604m).

To fund the 135 million Rand purchase, Barclays National is to make a 80 million Rand (£43m) rights issues of shares for private investors in South Africa. Barclays International’s stake in its South African subsidiary will therefore fall from 55 per cent to 50.4 per cent. This does not mean, however, that Barclays International has disposed of part of its South African investment; it simply has a slightly smaller share of a larger company in South Africa.

Arms sales

Barclays has helped finance the export of arms from Britain to South Africa. Documentary evidence has revealed that the bank’s South African subsidiary provided a credit for a $108,000 rifle sale to the Pretoria authorities, although Barclays headquarters in London says that its South African subsidiary was unaware that the goods involved were arms.

Letter of Credit 422/ID/7368/79 was approved by Barclays National’s Braamfontein branch in late 1979 for the import of 1,264 pieces of ‘general merchandise’. This Letter of Credit should only have been paid when the Johannesburg-based weapon company Armsel had inspected and approved the goods on arrival in South Africa. But subsequently the bank said it made an error in January 1980 and the $108,000 was prematurely released.

The arrival of the consignment was delayed until 5 June 1980 when the shipment was found to consist of second-hand Colombian rifles. These were not the weapons originally promised, and were of little use to the South African authorities.

In October 1982 a London trial revealed that three men had helped to ship a total of £1 million worth of weapons from Britain to South Africa in defiance of the arms embargo. Leo Hammond, Michael Aspin and Robert Cherrett were all sentenced to prison. It was this trial, Barclays claims, that alerted the bank to the possibility that the ‘general merchandise’ they had financed had been rifles. Legal action has been initiated by the bank, but the money has not yet been recovered.
Further documents suggest that Barclays may have also been involved in other shipments in the £1 million series of deals. In May 1980 South African arms dealer Dirk Stoffberg arranged a Letter of Credit (442/ID/11/80) with Barclays for $132,560 worth of ‘hydraulic spares’.

Barclays in London insists that its South African subsidiary would ‘not knowingly be involved in transactions which contravene the arms embargo’. But the Old Bailey trial has raised doubts about how effectively Barclays National monitors its trade financing in order to avoid dealing in arms.
Wooing the troops

Barclays in London has seriously misled shareholders and the public over its jingoistic advertising campaigns aimed at South African military personnel. At the bank’s AGM in April 1983 chairman Timothy Bevan claimed that Barclays National had ‘stopped advertising in the military press in 1982’.

This is simply untrue. Barclays National has continued to place advertisements both in Paratus, the official journal of the South African military, and Armed Forces. These advertisements were published even after the assurance given by Barclays in April 1983.

At the 1983 Barclays AGM a copy of an offensive advertising booklet aimed at soldiers was produced by a shareholder who claimed it had been picked up a few months earlier at a number of the bank’s South African branches. This booklet—headed ‘If you’ve received your marching orders we’ll get you started on the right foot’—is further evidence of Barclays’ attempts to woo military custom.

Mr Bevan told the AGM that the booklet had been ‘stopped six years ago’. Further investigations by the bank must have revealed that this was not correct. A senior Barclays executive later admitted that specific instructions had been issued to branch managers in June 1983 to ensure that this particular pamphlet was removed. But five months later, in November 1983, copies were still on display in Barclays branches in at least two major cities.
Advertising aimed at military personnel is only the most recent example of Barclays' involvement with the armed forces. Back in 1974, for example, the bank was among eight South African companies which encouraged their white employees to serve as volunteer soldiers, sailors and airmen in the Citizen Force. Barclays committed itself to grant Citizen Force volunteers twenty-one days paid 'military leave' to attend training courses.

Loans

Barclays continues to be a major source of foreign loans for South African state corporations. These Eurocurrency loans have assumed a new importance now that it is increasingly likely that International Monetary Fund assistance to South Africa will be cut off.

Barclays has particularly close links with ESCOM, the state electricity corporation. Johannes Smith, a director of Barclays National, is chairman of ESCOM. The electricity corporation is now completing the Koeberg nuclear plant, a project which is helping South Africa develop the 'bomb'. In 1982 Smith was also appointed to the Atomic Energy Corporation, the official body responsible for nuclear research in South Africa.

During 1982-3 Barclays took part in three loans to ESCOM. A 20 million Deutsche Mark bond issue for ESCOM was partly underwritten by Barclays. The bank also participated in a syndicated $25 million credit for exports to ESCOM. Finally, and most seriously, Barclays International helped arrange a massive $550 million loan to ESCOM, among the largest loans that ever been extended to South Africa. Barclays' loans to ESCOM free other state resources for spending on the repressive machinery of apartheid.
Political directors

Basil Hersov, who took over as chairman of Barclays National in 1983, is deeply involved with the South African white establishment. While on the Barclays board he had also served as a director of the notorious Defence Advisory Board in 1980-82. This government-established body was responsible for advising the armed forces on arms procurement. Hersov’s contribution to the South African government was recognised in 1983 when he was presented with the Award for Meritorious Service, the highest civilian decoration given by the authorities.

Hersov is also Honorary President of the South Africa Foundation, a private body which disseminates South African propaganda overseas. No fewer than three other directors of Barclays National serve as trustees to the South Africa Foundation—bank vice chairman Ogilvie Thompson, Duchesne Grice and Johannes Smith.

Mining

Barclays National has very close links with mining, the most exploitative section of South African industry. Wages for black miners are now only one-seventh of those of their white counterparts. The bank is responsible for 55% of total bank lending to the mining sector. This sum amounts to 275 million Rands (£147m).

Barclays National is also partially controlled by the country’s largest mining house, the Anglo American Corporation of South Africa. Anglo American holds 13 per cent of the bank’s shares and a further 5.3 per cent are owned by its associate, De Beers. The two deputy chairmen of Anglo American, Ogilvie Thompson and Nicholas Oppenheimer, both sit on the Barclays National board, as well as Anglo American directors Dion Nicholson and Gordon Waddell.

The remaining South African mining houses are also well represented on the Barclays National board. Anglo-Transvaal Consolidated Investments Chairman, Basil Hersov, is chairman of the bank. Other directors of Barclays National include Gordon Dunningham (vice chairman of Barlow Rand), Sir Anthony Tuke (chairman of RTZ, a British-based multinational with a major holding in the Rossing uranium mine) and Gordon Waddell (chairman of Johannesburg Consolidated Investments).
Barclays also acts as a part-owner of one of South Africa’s uranium mines. Barclays National Nominees owns a 12 per cent stake in Driefontein Consolidated, a gold and uranium mine in West Witwatersrand.

Namibia

Barclays continues to operate in Namibia and to service the South African troops who are illegally occupying the territory. The recent invasion of southern Angola by South African troops based in Namibia emphasizes the need to end this occupation.

The effect of the occupation on everyday life for the black community was illustrated by an incident reported in the Windhoek Observer on 13 August 1983. An African claimed that having entered a Barclays branch in the capital to cash a cheque, ‘a young white policeman called me and asked what I was doing in the bank’. After producing his identification card, the black was taken to the police station for questioning. It does not appear that Barclays staff made any effort to prevent a customer being marched off the premises at gunpoint for no apparent reason.

Incidents such as this have now become commonplace in Namibia. Yet Barclays continues to operate in a country which has become a ‘war zone’.
Detentions

Edward Shikongo, a 30 year old Barclays bank clerk serving at the Namibian town of Rundu, was detained by the authorities in March 1983. It is believed that he is still in detention, and Barclays seems to have done little to help secure the release of one of their employees.

Black account refused

A request by the black consciousness Azanian People’s Organisation (Azapo) to open an account with Barclays was initially turned down for political reasons. Azapo spokesman Ishmael Mkhabela said in April 1983 that his local Barclays Branch manager had said he would not allow Azapo to open an account ‘because he did not like our aims and objectives’.

Following this row, Barclays National’s deputy managing director Christopher Ball apologised, saying that he ‘regretted the misunderstanding’, and Azapo was welcome to open an account. Nevertheless the incident remains a reminder of the racist attitudes frequently found among local managers in Barclays’ South African network.

This was not the first time that Azapo had been snubbed by Barclays. In 1982 Bradley Potgeiter, an employee of Barclays National and chairman of Azapo’s Durban branch, was sacked from the bank after his conviction for wearing a banned T-shirt and putting up a poster marking the anniversary of the Sharpeville massacre. Following protests, both in South Africa and internationally, Mr Potgeiter was subsequently reinstated by Barclays National.
The boycott campaign

In Britain, organisations and individuals continue to withdraw their accounts from Barclays as a protest against the bank's involvement in South Africa. At the 1983 Barclays' AGM chairman Timothy Bevan admitted that six local authority accounts, worth thousands of millions of pounds, had been moved. These were those of Brent, Coventry, Crawley, Lambeth, Lewisham and Norwich. Since then the London Borough of Southwark has withdrawn its £1,000 million account from Barclays. The London Borough of Newham and Rochdale are now considering similar action.

Since the last Shadow Report a number of other organisations have 'boycotted Barclays' by removing their accounts. These include the Liverpool University Guild of Undergraduates (income £500,000 a year), the Brighton branch of the National Union of Teachers, the youth group of Roydon Parish Church in Essex, the Anglican Pacifist Fellowship, St George's Church in Chesterton, the Federation of Hackney Tenants Associations, Westcott Theological College in Cambridge and Returned Volunteer Action.

A number of organisations have also sold their shareholding in Barclays Bank as a protest against the bank's apartheid connections. Recent protest sales include the Friends Foreign Mission Association.

The Barclays bill

The proposed merger by Barclays of their UK and international interests sparked off a two and a half hour debate in the House of Commons. Parliamentary approval was required for the reorganisation, and when the Barclays Bank Bill came before the House of Commons for its second reading on 31 January 1984 it was immediately challenged by MPs.

The debate on the bill was subsequently held on 29 February 1984. Donald Anderson, MP, a Labour Party front bench spokesman on foreign affairs, spoke out strongly against the bill. He told the Commons that the Labour Party believed that 'in the process of this reorganisation the opportunity should have been taken by the bank to divest itself of its South African interests'. He added that the series of reports produced by the Barclays Shadow Board confirmed that the bank was 'mightily involved in the apartheid system'.

Following Mr Anderson's speech, a debate occurred on Barclays involvement in South Africa and Namibia. Other MPs also objected to the Barclays bill on the grounds that the Banking, Insurance and Finance Union was opposing the merger because of its effect on the bank's staff. The bill was ultimately approved by 181 votes to 72, but the debate did demonstrate the depth of parliamentary opposition to Barclays' presence in South Africa and Namibia.
The following institutions have withdrawn their bank accounts from Barclays since the first Barclays Shadow Report was published in 1981.

Local authorities

London Borough of Brent
Coventry City Council
Crawley District Council
London Borough of Lambeth
London Borough of Lewisham
Norwich City Council
London Borough of Southwark

Church organisations

All Saints Church, Homerton
Anglican Pacifist Fellowship
Catholic Renewal Movement
Catholic Institute for International Relations
Industrial Mission Association (European Contact Group)
Roydon Church, Essex (youth group)
St George’s Church, Chesterton
Wakefield Society of Friends

Others

Federation of Hackney Tenants Associations
Liverpool University Guild of Undergraduates
National Association of Local Government Officers
(Manchester Health Services branch)
National Union of Teachers (Brighton branch)
Returned Volunteer Action
United World Education and Research Trust
Westcott College, Cambridge

Trade union bank

A group of major British trade unions is to set up their own bank to provide an alternative to the privately-owned high street banks. Technical help in establishing the new bank is being provided by the Co-op Bank and it could begin operations in 1985. Six big unions have already pledged £1.5 million to start the bank and another twenty unions have promised support.

Although the new bank has not yet been formally constituted, it will almost certainly adopt a tough line on South Africa and refuse to have any dealings with the apartheid regime. The bank should offer organisations and individuals a ‘clean’ alternative to banking with Barclays. The launch of the new trade union bank is therefore expected to strengthen the ‘boycott’ Barclays campaign.
Withdrawal from South Africa and Namibia

In the past Barclays in London has argued that one of the major obstacles to withdrawing from South Africa would be that the bank could not remit the proceeds of the sale to Britain because of South African exchange controls. In February 1983, however, these controls were lifted so that Barclays could now freely remit the funds obtained from the sale of its interest in Barclays National.

The major liberation movement in South Africa, the ANC, has argued that Barclays’ presence bolsters apartheid. It has called ‘upon people everywhere to have no dealings with Barclays, the most deeply involved of the international banks in the apartheid economy.’

SWAPO of Namibia argues that Barclays supports South Africa’s illegal occupation. It points out that the bank ‘serves the South African Defence Forces, responsible for criminal atrocities against the Namibian people’ and that payment of taxes to the illegal regime ‘contributes fundamentally to the regime’s ability to sustain its occupation.’ SWAPO therefore insists on ‘the withdrawal of Barclays from our country.’
At a meeting of the Greater London Council held at The County Hall, SE1 on Tuesday 20 December 1983 the Council adopted a DECLARATION presented by the Greater London Council as an expression of its opposition to apartheid and its commitment to the cause of freedom in South Africa, to pay tribute to Nelson Mandela and all other prisoners of apartheid and in recognition of the struggles and sacrifices of the African National Congress of South Africa and South West African Peoples Organization of Namibia and others to liberate their peoples.

The Council declares its abhorrence of the racist regime of South Africa and its illegal occupation of Namibia. The Council believes that the apartheid system of South Africa is an affront to human dignity and a threat to world peace and racial harmony.

In accordance with these views the Council will, within the limits of its legal powers, campaign to end all links between the Council and the apartheid regime of South Africa, utilizing all social, political, economic and legal measures that are at its disposal. In particular it will, whenever possible and appropriate, having regard to the Council's legal powers and duties, pursue vigilant practices to:

1) Cease the purchase of any goods originating from South Africa and Namibia;
2) Withdraw all investments held by the Council in companies with South African interests or companies with investments in South Africa and Namibia;
3) Ensure that the Council is not officially represented at any function attended by representatives of the South African Government, South African embassy, the "Bantustans" or trade missions and refuse to meet or receive any official visitors from South Africa and Namibia;
4) Campaign against investments and loans held by companies in South Africa and Namibia, discourage all economic links between Greater London and apartheid South Africa and Namibia and promote better relations with the developing economies of the Third World;
5) Withhold use of leisure facilities from any sporting or cultural event involving South African and Namibian participants who are known to support the concept of apartheid;
6) Promote public understanding of the situation in southern Africa and encourage the positive teaching of the history, culture and struggle for self-determination of the South African and Namibian people and in particular the role of women in this struggle;
7) Encourage the naming of streets and buildings after prominent opponents of apartheid, and the commemoration of historic connections between the southern African liberation struggle and London, including the unveiling of blue plaques in honour of such connections;
8) Discourage the advertisement of South African products at public sites and facilities, including London Transport and British Rail and
9) Ensure that the Greater London Enterprise Board and other Council agencies pursue policies consistent with this Declaration.

The Council hereby declares the Greater London area to be an 'Anti-Apartheid Zone' to complement its Anti-Racist Declaration, and undertakes in cooperation with the Anti-Apartheid Movement to discourage the people of Greater London from buying South African products, to organize appropriate events to publicise and implement the adoption of this Declaration and to encourage all other London boroughs to do likewise.