

# Now, Bank of America goes east

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Liberation News Service

Not so long ago, Bank of America was hurting. The year was 1963. Bank profits had gone down for two years in a row. Deposits and loans were just not growing fast enough. Even with 819 branch banks in California. Even with thousands of pesticide-breathing Chicanos working hard in the fields so farmers could repay their Bank of America loans, with interest.

The bank needed to find the wave of the future, as they say in corporate America.

Before profits could slip below the \$77 million mark, Bank of America's directors found a new president with vision. His name was Rudolph Peterson — just plain "Rudy" to his friends up at the posh Pacific Union Club.

### Pacific promises profit

"The wave of the future," Rudy told other big executives, "rides in the Pacific... extending beyond Australia and the Far East to India. This is a largely underdeveloped area, yet an area rich in an immense variety of resources and potential capabilities. Were we California businessmen to play a more dynamic role in helping trade development in the Pacific Rim, we would have giant, hungry new markets for our products and vast new profit potentials for our firms."

Off went Bank of America to get a piece of the "vast new profit potential" of East Asia. The bank was cautious. The unpredictable "little yellow people" of Asia had fouled up their investment plans once before. Back in 1949, Bank of America opened a branch in Shanghai, China and five months later the Red Army arrived and seized the branch's assets on behalf of the Chinese people.

Bank of America took one look at Vietnam in the early 1960's and saw history repeating itself. The National Liberation Front was winning victory after victory. U.S. corporations were very worried.

They knew that what happened in Vietnam was going to have a big influence on their ability to invest in the "dominoes" of Southeast Asia: Thailand, Malaysia and the Philippines, where Bank of America already had branches, and in the big prize, Indonesia, which was still hostile to U.S. corporations.

If puny little Vietnam could kick America

out, then where would it stop? And each day Vietnam seemed more likely to fall in to the hands of the Vietnamese.

By no coincidence at all, U.S. troops landed in Vietnam in 1965. The bankers heaved a sigh of relief.

"U.S. action in Vietnam this year have considerably reassured both Asian and Western investors," said Chase Manhattan Bank. Bank of America was typically more soft spoken:

"In Vietnam it is hoped that the increased efforts of the United States will make possible a resolution of differences."

### Roots and branches

A year later, differences were even less resolved in Vietnam, but enough U.S. troops had arrived for Bank of America to open a branch in Saigon.

Nine banking facilities also went up at U.S. bases in Vietnam and Thailand.

Investment prospects still weren't very good because the Vietnamese people were fighting back harder than ever. But there was the future to think of.

"Having a branch in Vietnam ties in with our long-range plans," said the manager of the Saigon branch.

Meanwhile the bank could finance war imports. And it could help its corporate customers profit from the war too. Aided by a \$20 million bond issue managed by the Bank of America, the Dillingham Corporation built a huge airbase and port at Sattahip, Thailand. It is now home base for B-52 bombers which are devastating the countryside of Indochina.

With 600,000 U.S. troops in Vietnam, Rudy Peterson could implement his strategy for the "Pacific Rim."

Indonesia was opened up after a coup in 1965 by American-trained military men. About half a million leftists were slaughtered in a giant pogrom and the country became safe for U.S. investment. Bank of America opened two branches in Djakarta in 1968.

### High profits

All over East Asia, U.S. corporations were discovering they could earn 20 to 40 percent profits on investments. Bank of America advised corporations like Dillingham, Kaiser, Union Oil, U.S. Steel, Tenneco and



Saigon branch of the Bank of America — saved by the marines.

Standard Oil where to set up their plants and how to get favourable concessions from the native governments.

The bank lent money for the investments and often took a part of the ownership so it could reap a share of future profits.

The great natural wealth of the area was going to be "developed" right out from under the feet of the people who lived there. It may sound like thievery but it wasn't illegal — the bank and the corporations paid their taxes so pro-American governments could buy planes and guns to enforce the peace.

All this bustling business in Southeast Asia did wonders for the Bank of America's balance sheet. In 1965 the bank was making a paltry \$98 million. By 1969, profits were a respectable \$152 million.

To keep up the sizzling growth, Bank of America is trying to expand its operations not only in Asia but also in Latin America, Africa and Europe. Bank Chairman Louis Lundborg put it this way:

"We're not likely to grow as rapidly in California in the future as we have in the past. Therefore we are seeking additional avenues of growth."

### Military connections

Unfortunately for the bank, some people began to suspect that America's military activities and Bank of America's financial activities were somehow connected. This was a ridiculous notion, scoffed bank officials, who insisted they were only trying to do business. But the notion persisted.

After 40,000 young Americans had come home from Vietnam in coffins, the students and street people at the University of California at Santa Barbara burned down Bank of America's Isla Vista branch. "Bank of America breaks human laws!" they shouted.

### Public relations needed

Bank of America's managers were so distressed that they momentarily lost their cool. At a cost of \$340,000 the bank placed full-page advertisements in every daily newspaper in California.

Bank of America officials decided that a more vigorous public relations effort was needed. Two months after the Isla Vista burning, bank Chairman Louis Lundborg came out against the war. Yes, Bank of America was for peace.

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