

# The Dalhousie International

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Taskforce condemns

## Canadian support of Chile

"The brutal military dictatorship of Chile is being supported by Canadian business", according to a spokesperson for the local branch of the Canadian Committee for Solidarity with Democratic Chile.

The recent \$350 million investment of Noranda Mines Ltd. of Toronto, the \$125 million loan of a consortium of banks including the Royal Bank of Canada, the Toronto Dominion Bank and the Bank of Nova Scotia, and the recent use of the port of Montreal as a conduit for US arms shipments to Chile have bolstered Pinochet's regime and have established Canada as an ally.

The Canadian Taskforce on the Churches and Corporate Responsibility has condemned the recent bank loan. In Halifax yesterday at the annual shareholders meeting of the Bank of Nova Scotia, representatives questioned the decision to support the repressive regime. Information was distributed which described the actions of the Pinochet government.

Since seizing power in September 1973, the military junta led by General Augusto Pinochet has campaigned hard to attract foreign investment in the face of obvious economic instability and widespread criticism of Chile's repressive economic, social and political policies. But with little success.

The reports of international bodies - such as the United Nations, the

International Labour Organization and the World Council of Churches - have kept international attention focussed on the unparalleled repression of human rights and the brutal elimination of opposition to the regime, with the result that many Western countries have refused to deal with the junta, according to the Toronto Based Latin American working group. Britain and Scandinavia would not reschedule Chile's heavy foreign debt last year, and there is speculation that this year France and West Germany will follow suit.

Many transnational corporations have rejected Chile on the grounds of economic instability and an inflation rate hovering above 300%, and even the international lending agencies like the World Bank have proceeded hesitantly due to international criticism of participation with such a brutal regime.

The local spokesperson said "The Canadian banks, corporations, and the government are willing to close their eyes to the repression to make a profit. This gives the Chilean junta an economic and moral boost that is entrenching it still more firmly in power.

"We urge people, to express their concern by pressuring the banks involved as well as our government. If all nations refuse to deal with the fascist dictatorship if will help the Chilean people's struggle for human rights".



Auth, Philadelphia Inquirer

## Canada aids torture

### LETTER TO THE GLOBE AND MAIL:

We, the undersigned, wish to express our grave concern over the recent loans negotiated by a number of Canadian banks with the governments of Chile and Argentina.

In the spring of 1976 it was reported that three Canadian banks—the Royal Bank of Canada, the Bank of Nova Scotia and the Toronto-Dominion Bank—joined a predominantly United States consortium to lend \$125-million to the Pinochet dictatorship in Chile. More recently it was reported in The Globe and Mail (Nov. 20) that seven Canadian banks negotiated a \$66-million loan to Argentina. In addition to the banks involved in the Chilean loan were the following four: Bank of Montreal, Bank Canadian National, Mercantile Bank of Canada and the Canadian Imperial Bank of Commerce.

Torture is widespread in both of these countries. Numerous international organizations, including the United Nations and Amnesty International, have documented the heinous treatment afforded political prisoners.

The loans negotiated by the Canadian banks serve to perpetuate these oppressive regimes. The banks respond to the effect that a loan does not imply approval of the Government's policies. Such rationalizations simply side-step the real issue. These countries are most sensitive to financial pressures. Chile, for example, prior to the loan was in dire economic straits. Many European countries were refusing to extend any more financial aid because of that government's hideous record with respect to human rights. To appease these European creditors and avoid bankruptcy Chile might have been forced to improve these conditions. The loan by the Canadian banks has permitted Chile to avoid any such compromise and the

situation has continued to worsen. Had Canada, like a number of other countries, applied an economic boycott against Chile and Argentina many of these horrendous practices might have ceased. In short, the Canadian banks are in large part responsible for every act of torture that has occurred since the negotiation of the loan.

The response of the Canadian Government is indefensible. Finance Minister Donald Macdonald has adopted a hands-off approach. In the House of Commons on May 3, 1976, he stated: "If we do not participate in the loan, of course we are not informed on all the details." We submit that Canada must make itself informed. This is no time for apathy.

These financial institutions enjoy a very privileged position in Canadian society. The non-competitive nature of the banking industry essentially means that most Canadians have little choice as to where they will do their banking. As a result many Canadian citizens have become unwitting participants in the perpetuation of these odious practices. Canadians should not be forced to tolerate such actions by their banks.

We urge the federal Parliament to consider seriously the implications of these recent loans. A failure to act constitutes implicit approval and we become no better than those whose policies we deplore. We become monsters.

Prof. Joseph Arvay, Michael Castagne  
Faculty of Law  
Prof. Edward J. Crowley  
Department of Religious Studies  
Prof. Bruce Barton  
Department of Political Science  
University of Windsor  
James Lockyer, Secretary  
Amnesty International (Canadian Section)  
Gene Mino, P.J. Milne, David Himelfarb Windsor

## Corporate Study Centre 'outraged'

### Africa News

A major new loan to the South African government put together by a group of New York banks is causing a stir among critics of South Africa in the U.S.

The loan, headed by Citibank, the nation's second largest financial institution, will push total U.S. loans to South Africa well beyond the \$2 billion mark—nearly double the level of a year ago.

"We're outraged," says Tim Smith, director of the Interfaith Center of Corporate Responsibility of the National Council of Churches. "The loan is an indiscriminate line of credit, a carte blanche to the South African government at a time of unprecedented domestic political opposition."

Smith expects strong reaction from church agencies, against the banks involved.

Participants in the agreement have decided not to disclose details of the pact, but bank sources told Africa News that the loan would be worth about \$150 million and might include British as well as American money.

### Breakthrough for Pretoria

The loan is a breakthrough for the hardpressed government of South Africa, which is experiencing a record trade deficit this year, due largely to heavy

defense spending and falling gold prices. Between April and June, government spending was up \$725 million over the same period last year, with 24% of the increase for defense expenditure.

With both debts and deficit growing, South Africa has found it increasingly difficult to acquire the capital it desperately needs. Domestic political protest that broke into open violence in June has caused investor hesitancy and some potential lenders have backed off. Reports say negotiations for a major loan from the Shah of Iran fell through last month, forcing South Africa to turn to American sources to put together the deal.

Chase Manhattan Bank analyst Joel Stern says, "These debts have placed unusual pressure on the government to resolve the crisis of deficit spending. The result is a stagnating economy that grew 7% in 1974, 2% in 1975 and none at all this year."

The need for U.S. bolstering may prove troublesome. George Houser of the American Committee on Africa, a New York-based research and information group, says his group will consider organizing a boycott against participant banks, as it did a decade ago, when a 10-bank consortium aided South Africa in the financial crisis that followed the deaths of demonstrators at Sharpeville in 1960.