

# From Dustbowl To Saigon: The “Peoples Bank” Builds an Empire

*“It is no myth that A. P. Giannini, founder of Bank of America, was truly the little fellow’s friend, the little fellow’s banker.”*

—BANK OF AMERICA 1950 ANNUAL REPORT

**O**N FEBRUARY 25, 1970, a crowd of angry students from the University of California in Santa Barbara drove the police out of the student ghetto called Isla Vista and burned to the ground the local branch of the Bank of America.

“When asked what they had against the Bank of America,” the San Francisco Chronicle reported, “students replied without elaboration that the bank ‘supports the war in Vietnam.’” Said a 17-year-old bank-burner: “Well, it was there . . . the biggest capitalist establishment thing around.”

The world’s biggest bank, with assets of \$25.3 billion, instantly mounted a \$340,000 advertising blitz to denounce the burning of the \$400,000 branch as “mindless violence.” “We are but one bank, but we have decided to take our stand in Isla Vista,” proclaimed the spunky financial behemoth in full-page ads around the country. The Isla Vista branch was quickly re-opened in trailers, while construction started on a new brick building, bigger than ever, with a new police station across the street.

The fact is, the mighty bank was stunned. Although the loss of the Isla Vista branch was negligible (the B of A still had 954 branches left in California, and another hundred in 75 countries around the world), the wound to the image cut deep. For the Bank of America, from the beginning an upstart and pariah to the old banking elite, had based its whole historic rise on its identification as the “people’s bank.” Its public face was its fortune. The Isla Vista branch itself had been a special experimental operation for the marketing research department to learn how to build a winning popular image among the new 17 to 25 generation.

In the aftermath of Isla Vista, the people’s bank was being linked to everything from ecological plunder, to Vietnam, inflation, labor exploitation, usury, imperialism, and racism. Bank executives decided to deny everything. Twenty days after the burning, Bank President A. W. “Tom” Clausen made front-page news at the shareholder’s annual meeting by denying that Bank of America (1) profited from the Vietnam war, (2) repressed farm labor, (3) exploited underdeveloped countries, (4) supported racism, or (5) possessed inordinate power over the American economy. Clau-

sen even denied that the bank (6) “represented the capitalist establishment.” All of it, said Clausen, was “pernicious propaganda.” He harkened back to the legend of A. P. Giannini, founder of the “Little Fellow’s Bank”: “It is ironic, indeed, that the bank chosen for attack was founded to serve the common man. In its sixty-five years of existence, Bank of America has always maintained A. P. Giannini’s philosophy that this bank would serve the needs of all the people, not just a privileged few.”

[ GOLD FROM THE MELTING POT ]

**B**UT THE HEROIC UNDERDOG saga of Giannini and his bank, unquestionably one of the most revealing adventures of American capitalism, remained what it had been from the beginning in 1904—a thin ribbon of truth tied around a fat pack of lies.

The myth began with the man—Amadeo Peter Giannini—big, loud, gregarious and ambitious. His father, an Italian immigrant farmer who lived in San Jose, California, was shot by a farm worker in a dispute over a \$1 debt when A. P. was seven. His mother remarried a fruit-and-produce trader, and the family moved to San Francisco’s North Beach Italian colony. By the age of 12, her aggressive son was mastering the business; by age 19, his stepfather made him a partner; by 31, he could retire to seek new fields to conquer.

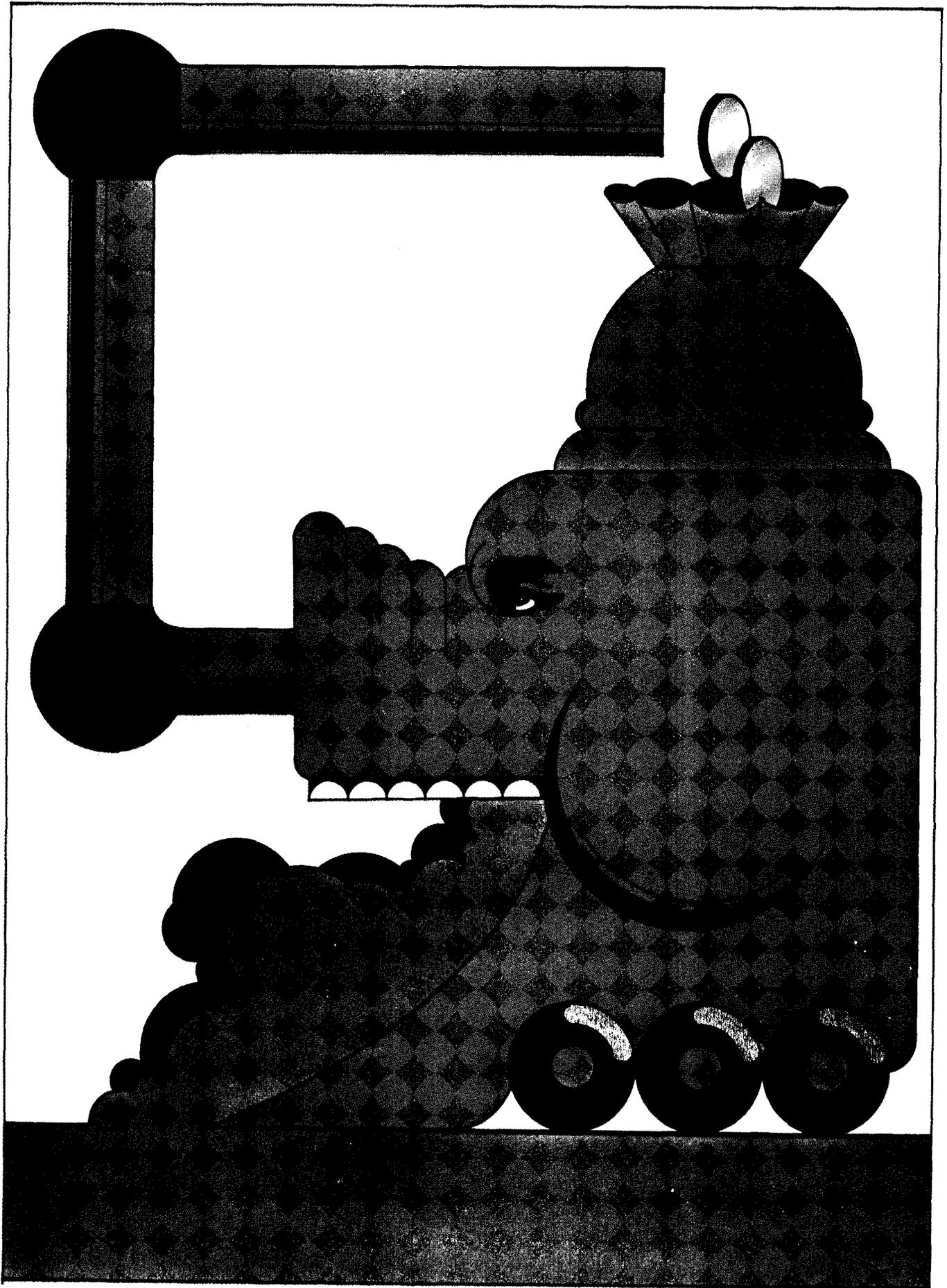
Giannini had married the daughter of a wealthy San Francisco merchant, and after his father-in-law’s death, A. P. inherited his seat on the board of a little savings bank in North Beach. Soon Giannini found himself battling constantly with the bank’s conservative management, pressuring them to loan out more money to the bustling Italian community. Frustrated, Giannini quit and in 1904 opened his own Bank of Italy in a refurbished saloon. “We were new to the game when we started out,” Giannini recollected. “We had to do unusual things.” In an era when banks tended to be run rather like the aristocratic clubs of the wealthy and the big corporations, Giannini set out to build a great bank on the financial business of the masses.

He sold stock in Bank of Italy to immigrant fish peddlers as well as to his rich business friends. He started the unheard-of practice of advertising for depositors, and then he astounded other bankers even more by advertising for bor-

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by Michael Sweeney

Illustration by Peter Marks





# Kaiser: You Pay Your Money and You Take Your Chances

Illustration by Mike Bull

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