The Trillion-Dollar Zombies

The consolidation of global banking has produced unprecedented disasters.

The merger discussions between Barclays Bank of London and ABN Amro of Amsterdam appear designed to set off a new round of banking consolidation in Europe, and if some of the rumors are to be believed, perhaps even across the Atlantic.

The Barclays-ABN Amro merger, should it occur, would be the largest in the history of banking, combining two trillion-dollars-in-assets institutions into a giant, with assets somewhere in the range of $3 trillion. That is about a third larger than Citigroup, which today leads the pack, with $1.9 trillion.

Barclays, according to the *Forbes* magazine 2006 list of global companies, led the world, at that time, with some $1.6 trillion in assets, 1 of 15 companies—all financial institutions—with assets of over a trillion dollars. Rounding out the top five were UBS of Switzerland, Citigroup, ING Group of The Netherlands, and Mizuho Financial of Japan. ABN Amro was 14th, with just over $1 trillion.

The impact of the Barclays-ABN Amro talks was summed up succinctly by the *Daily Telegraph* of London, which bragged March 20, that the "long overdue" issue of European banking consolidation was back on the table. "The creation of national champions, such as France's BNP Paribas and Germany's Deutsche Bank, has led to a degree of state protectionism and a lot of management hubris," and a takeover of ABN Amro "would blow the argument for protectionism out of the water."

Those blunt comments go right to the heart of the matter, which is the battle for survival between the imperial parasites of the Anglo-Dutch financial system, and the nation-states. In the parasites' view, structures which protect the population from imperial looting cannot be tolerated, and must be stamped out. Only global institutions, divorced from any nationalistic impulses, can be relied upon to do the sorts of things of which Bertrand Russell said, "may be unpleasant, but what of it?"

One need look no further than the list of top U.S. bank holding companies, to see what has been done here. The top three banks, Citigroup, Bank of America, and J.P. Morgan Chase, are all members of the trillion-dollar club, and in the top 12 are included the U.S. subsidiaries of four foreign banks, two British, one German, and one Dutch (ABN Amro) bank.

The big three in the United States are themselves increasingly global in scope. Citigroup held only one-third of its $712 billion in deposits in domestic offices at the end of 2006, with the rest held in foreign offices and specialized international subsidiaries. J.P. Morgan Chase had 27% of its $649 billion in deposits overseas, and Bank of America, 14% of $694 billion.

The change in U.S. banking has been dramatic; for example, as recently as 1990, Citicorp, as it was then known, was the biggest bank in the nation, with just $217 billion in assets. Much of the growth of these big banks has come from gobbling up strings of other banks, many of which did their own gobbling before they were themselves eaten.

What is known today as J.P. Morgan Chase, used to be known as Chemical, before it took over Manufacturers Hanover, Chase Manhattan, and J.P. Morgan. The Hanover Bank, a predecessor of Manny Hanny, was named after Britain's King George I. The Morgan banking empire was actually founded in Britain, and moved to the United States.

Bank of America traces its roots to the National Bank of North Carolina, which took over several big Southern bank groups and some failed Texas banks, and finally as NationsBank, took over the San Francisco-based Bank of America, and kept the better-known name. The original Bank of America began life as A.P. Giannini's Bank of Italy, which is said to have handled Mussolini's financial interests in the United States.

Citigroup, the biggest of them all, was formed by the 1998 takeover of Citicorp by Travelers, an insurance company which also owned the Salomon Smith Barney investment bank. The combination was flatly illegal at the time, but was allowed anyway, reflecting the way in which the big banks play by a different set of rules.

We are now being told by Wall Street and its mouthpieces that the United States is losing ground to London as a financial center, and that we must loosen our rules to be more "competitive." Nothing could be further from the truth. Our trillion-dollar zombies are already hopelessly bankrupt, sucking deposits out of bank branches all across America and using those funds to speculate in the *casino mondiale*. Making them more competitive parasites will just make the situation worse.

Globalization is a euphemism for British-style imperialism, and the creation of ever-larger, ever more imperial banks is a key part of the scam. In subsequent columns we will examine the issue more closely.