

'A Toy for Hedge Funds'

That's how ABN Amro CEO Rijkman Groenink characterized the assault on The Netherlands' largest bank, which is now "in play."

The battle over the Dutch banking giant ABN Amro is further evidence of the way in which the top levels of the international financial oligarchy are attempting to save their political power by smashing not only nations, but also the power of national oligarchies. The goal is to create global power structures which are immune to efforts by nationalist tendencies to resist the savage austerity measures which are planned. This re-imperialization, sold under the deceptive euphemism "globalization," is not progress, but instead a return to the methods of the British Empire.

We shed no tears for ABN Amro, which traces its dirty history back to the days of the Dutch East India Company, and remains a major component of the Anglo-Dutch predatory financial system. Neither ABN Amro, nor the predators chasing it, are "good guys," and no matter who wins, the public is the loser. Still, even banks like ABN Amro, to the extent that they continue to function as banks amid their speculative excesses, have some usefulness to society, whereas hedge funds do not.

Groenink's comments were made to the Amsterdam Enterprise Chamber, a Dutch business court, in a hearing on a petition from the Dutch investors group VEB to block the sale by ABN Amro of its LaSalle U.S. banking unit to Bank of America. The deal to sell LaSalle was part of the maneuvering by ABN to complete its planned merger with Barclays.

Almost immediately, the British hedge fund TCI demanded that Groenink be fired. In February, TCI had sent a letter to ABN Amro demanding

that it consider breaking itself into parts, claiming that the bank would be worth more broken apart than it was as a whole. TCI owns only a tiny sliver of ABN Amro, and appears to be acting as a stalking horse for more powerful forces. Working with TCI is another British hedge fund, Toscafund, which is chaired by former Royal Bank of Scotland chairman Sir George Mathewson.

Presumably not coincidentally, TCI and Toscafund, and the other hedge funds which own an aggregate 40% of ABN Amro at this point, are supporting the efforts of a group led by the Royal Bank of Scotland (RBS) to break the merger agreement between ABN Amro and British bank Barclays, and take over ABN Amro itself. The other two members of the RBS group are the Dutch-Belgian Fortis and Spain's Banco Santander. Their plan is to buy ABN and split its operations among themselves.

What RBS wants most from the deal is LaSalle, the Chicago-based bank owned by ABN's U.S. unit, ABN Amro North America, the 11th-largest bank company in the U.S. RBS already owns Citizens Financial of Rhode Island, the 10th-largest bank company in the U.S. Adding LaSalle to its holdings would roughly double RBS's presence in the U.S. and provide the basis for further acquisitions.

After Barclays and ABN Amro agreed on a \$90 billion merger deal, the RBS group countered with a \$97 billion bid. In response, ABN cut a deal to sell LaSalle to Bank of America for \$21 billion. Now the RBS group, the VEB, and the hedge funds are trying to break up both the Barclays deal

and the sale of LaSalle to BofA.

How the battle over ABN Amro will settle out is not clear. Barclays may win, the RBS group may win, and perhaps a third bidder group will emerge. Bank of America has stated that it intends to buy LaSalle as agreed, and the British press has already floated rumors that BofA might team up with Britain's HSBC, France's BNP Paribas, and the Dutch ING to make a counterbid for all of ABN Amro.

Were Barclays and ABN Amro to merge, with Bank of America taking LaSalle, the result would be the first \$3-trillion-in-assets bank in world history, and thus, given the state of the global financial system, the most bankrupt bank on the planet. Whatever happens, the battle over ABN Amro is just the latest salvo in a continuing process of consolidating global financial and economic power into an ever smaller number of hands. The dollar amounts involved, however impressive in their size, are mostly irrelevant, since the oligarchs' game is not saving the bubble, but implementing a new financial system to replace it, one even more suited to their depraved law of the jungle worldview.

The unprecedented use of hedge funds as weapons against what were once powerful banks, is an indication of just how far the existing financial system has deteriorated, and just how desperate the various financial groups have become. The end of the old system and the beginning of a new one brings all sorts of nastiness to the fore, opportunities to settle old scores and shift the power arrangements among factions. It is a bloody process.

At the same time, it provides the nation-states with a tremendous opportunity to overturn this entire slime-mold and begin the process of rebuilding the world. It is an opportunity not to be missed.