

Fed funds rate, for the first time in months, broke the psychological barrier of 12 percent.

As an informed German banker emphasized in the wake of this test case for crisis-management, "the main point is *not* to pass lower interest rates on to the economy" in these countries, "but rather just to plug the holes which would rip open in the financial system if rates stayed too high."

A French government official commented on the whole exercise by describing the intentions in this deal of Finance Minister Delors, a figure whose role in the BIS gameplan can best be described as that of a Jacobin who hopes to use the BIS's controlled depression to drive France back into a pastoral condition. The French official stated that "what Delors would like is a kind of interest rate 'snake', a coordinated policy on interest rates. But he thinks this will be difficult because setting interest rates has been one of the main means of action by national governments. He thinks governments will not want to abandon" this power.

Washington's maneuvering room

There is little encouragement to be had from the meeting being held the week of Dec. 7-11 between members of the U.S. cabinet and the top bureaucracy of the European Community. Through a series of manipulations arranged by State Department zero-growth spokesman Meyer Rashish in late November, on Dec. 11, Secretaries Haig, Baldrige, Block and Special Trade Representative Brock converge in Brussels for consultations with EC Commission head Gaston Thorn and EC Industrial Commissioner Count Davignon.

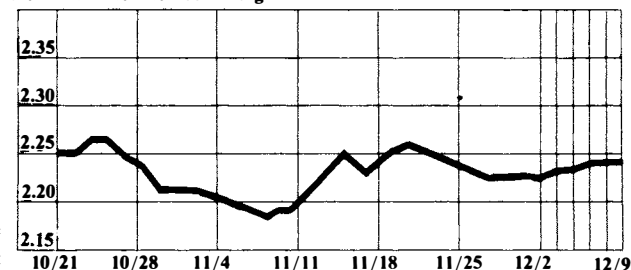
The meeting, unfortunately, is expected to do nothing more than launch a condition of near trade war between the United States and its European allies. The U.S. representatives are expected to go into the meeting with a long list of grievances about European producers' dumping of steel and agricultural goods on the U.S. market. Davignon has already prepared a "crisis-management" solution to these problems, which would entail cartelizing world production on these markets, a type of European-U.S. parcelling out of a shrinking world economy which fits perfectly into the BIS's emergency currency-management scheme.

If Washington is to extricate the West from this catastrophe, it will first have to recognize the gravity of the *global* crisis underway and then take the necessary steps to build bridges to those Europeans like Schmidt who genuinely want an economic recovery. One German banker who disagrees with the BIS gameplan told *EIR* Dec. 9, "About the only thing you can hope for is that things in the United States develop such that Reagan can finally point at Paul Volcker, and make him responsible for social turmoil and mass unemployment, and force a change of policy."

Currency Rates

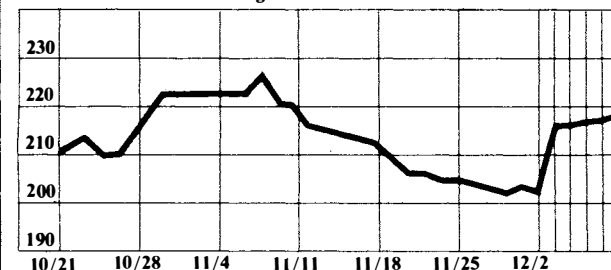
The dollar in deutschemarks

New York late afternoon fixing



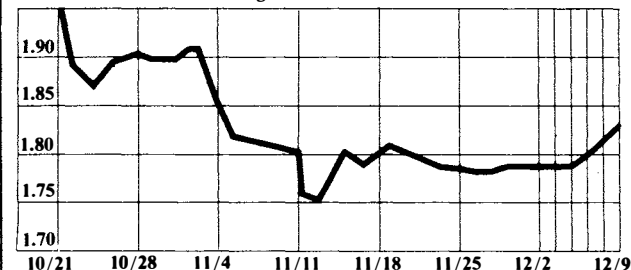
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

