

business to Wall Street that the protected lenders were getting preferentially?

Gray: I think they wanted to accelerate it. It's already happened, a large part has already happened. I'm just telling you they got their way!

I think there was a mixed bag on Wall Street. I think there were a lot of people who were making money off of thrifts, and are still doing that. I'm sure that some big money center commercial banks had those kinds of feelings. The extent to which they did, I don't know, but a lot of people have considered the thrift system to be a nuisance. To the extent that some of the things that have developed, they're probably right. It's rather a nuisance now for the taxpayer, and when I say a nuisance, I mean a *tragedy*.

EIR: You let Jim Wright have it in your *Regards* interview. Who else in the Congress besides Wright was either in on it with the bankers like Don Regan from a policy side, or else was venal or protecting morons?

Gray: I can tell you that some of the people tried hard—I remember Chip Pashayan from California. He was lobbying me very hard to do away with our growth regulation and our direct investment regulation back in late 1984-early 1985, in a way that was very unusual, because he was so fervent. And it seemed very strange to me that he was doing this, because nobody else in the Congress did quite that. You remember Congressman Annunzio, who authored a resolution to try to derail our direct investment regulation back in early 1985? And because of his great authority in Congress, and we were trying to get our FSLIC bill passed. There were constant pressures. We were getting letters. I remember I got an awful letter from—who was that senator from Arkansas?—saying we were doing terrible things to the thrifts in Arkansas.

EIR: There is a tremendous potential for a crash and for a panic.

Gray: Yes. I agree.

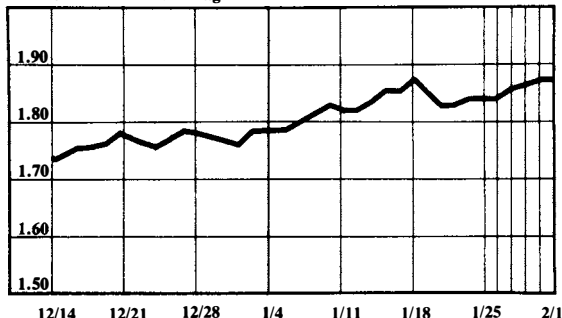
EIR: I don't see anyone in the current administration, who would sit down with the interest that you and I have and try to devise a way out of this that could hold up, if people like *U.S. News* and Walter Wriston, and Don Regan, and whoever else there is, all get on their high horse and whip up the justified public outrage at the looting of S&Ls by shysters—which is very justified. It's Wall Street, not Main Street. And those guys are now coming out yelling and saying the trouble is that "S&Ls are dinosaurs." That's a quote. And in the face of *them* doing *that*, I think the S&Ls are going to end up kind of like the Mexican banking system did when Britain invaded the Falkland Islands. Argentina and England went to war, and the next thing you know, everybody was pulling their money out of Mexico and Brazil. They want a panic to wipe out the S&Ls.

Gray: That's right.

Currency Rates

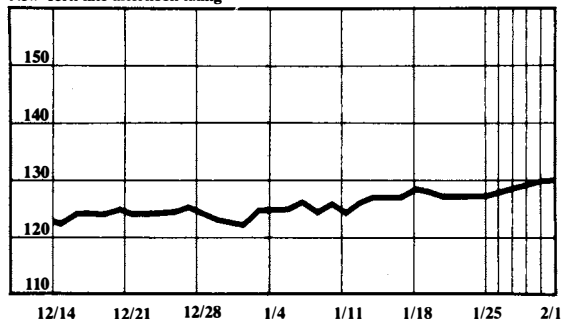
The dollar in deutschemarks

New York late afternoon fixing



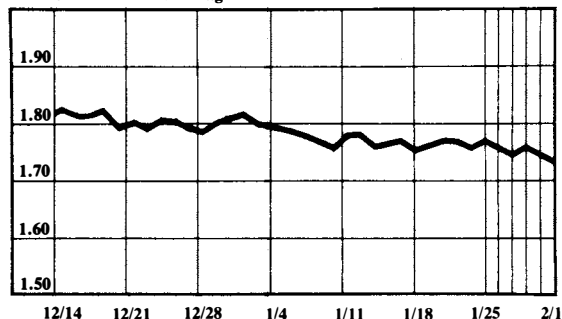
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

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