

## Appeasement grows: Bush backers Finlandize Germany

by Lyndon H. LaRouche, Jr.

Behind-the-scenes U.S. circles backing the 1988 presidential candidacy of Vice President George Bush, are pushing West German officials deeper and deeper into a process of rapid "Finlandization" of NATO's Federal Republic of Germany. U.S. circles are telling West German leaders to run to Moscow in search of wide-ranging new trade agreements, all as part of a package of trade-offs represented as helping the United States manage its own balance-of-trade deficit.

The year-end flight of Bavaria's Minister-President Franz Josef Strauss to Moscow, is one of the first results of this new U.S. pressure on West Germany. The scheduled early visit to Moscow of Baden-Württemberg Minister-President Lothar Späth, the U.S. choice to become the replacement for Chancellor Helmut Kohl, is another piece of the U.S.-proposed reorientation of West Germany's critical machine-tool and other high-technology sectors to dependency on Moscow orders.

In Washington, D.C., this is presented as an integral part of the measures being taken to ensure that either Bush or Republican Senate Leader Robert Dole is elected President in November 1988.

Interestingly, this reorientation of Germany's economy to Moscow is being pushed by the same Republican circles who insist that the INF agreement is not a Chamberlain-style betrayal of the vital strategic interests of the Western alliance.

In January 1987, Helga Zepp-LaRouche, chairman of Patriots for Germany, warned that Soviet plans for "Finlandization" of West Germany would begin to come to the surface very rapidly following the reelection of the coalition government of Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher. She warned that Moscow was preparing to revive the offer of German reunification made in the famous "Stalin Note" of March 1952.

By March of 1987, as Mrs. Helga Zepp-LaRouche had forecast, a heavily supported faction inside the governing Christian Democratic Union (CDU), surfaced with its proposal to seek German reunification along such lines, should Moscow be willing to offer it. During the year-end Moscow meeting between Strauss and Mikhail Gorbachov, Gorbachov waved the bait of revival of the "Stalin Note," which offered German reunification on condition that Germany distanced itself from the Western alliance with the U.S.A.—accepted the kind of "Finlandization" which Bush's backers in Washington are now pushing.

In her January 1987 warnings, Mrs. Zepp-LaRouche emphasized that NATO ceases to exist as a credible force, should West Germany be "Finlandized." She also emphasized her earlier warnings, that the economy of Western Europe was larger than that of the U.S.A., and that the West German economy was the linchpin of the Western European economy as a whole. Should Germany be "Finlandized," the entirety of the Western European economy would begin to fall rapidly into the orbit of the Soviets. The collapse of the defense potential of Western Europe, combined with the increasing client-state status of Western European economy, would ensure that Moscow achieved absolute preponderance in economic power in the world as a whole.

This is precisely what is now coming to the surface, accelerated by Reagan and Bush's INF appeasement gift to Moscow, and pro-Moscow economic deals pushed by circles of Bush backers.

### The impact of Reykjavik

Beginning August 1986, all Western European capitals had reacted with stunned dismay to the announcement of President Reagan's projected Reykjavik summit with Gor-

bachov. When the details of the summit discussions were reported, these European capitals reacted with words to the effect, "This is the beginning of the end." Excepting a strong mood of resistance from within France, all of Western Europe has been sliding into deepening cultural pessimism since that time.

Leading European political intelligence sources sum the process up in the following terms.

The fears of collapse of the Western alliance had begun during the period of the Carter administration, and had continued during the first two years of the Reagan administration. Confidence had been reborn with the March 23, 1983 announcement of the U.S. Strategic Defense Initiative (SDI). "We saw SDI as a dramatic change for the better, which could have reversed the trend," one highly placed source said recently. The Reykjavik summit immediately dropped Europe to a much deeper level of pessimism than had been reached during the Carter period.

The prevailing mood in Western Europe today, is, "We have been betrayed; the Americans are selling us out to Moscow." The reaction to this is, "Since the Americans are delivering us into Moscow's grip, we had better move quickly to make the best possible deals with our future masters."

Moscow, watching this, saw the INF agreements as a way of breaking the back of Western European morale. They saw President Reagan as drooling so much with the desire to accept those agreements on almost any conditions Moscow proposed, that, instead of formally dumping Mikhail Gorbachov at the October 1987 Soviet Plenum, the new ruling triumvirate of Central Committee Secretary Yegor Ligachov, KGB Chief Chebrikov, and Marshal Ogarkov decided to retain Gorbachov as a front-man for Western negotiations during at least most of 1988. During 1988, up to the eve of the November elections, at least, Moscow intends to play its Reagan and Bush cards to the limit, for as many irreversible acts of appeasement from those sources as it can get.

So, although the INF agreement is calculated by some to mean only an approximate 3% destruction of U.S. nuclear capabilities, it is even by itself the first major concrete step of actually decoupling the United States from the defense of Western Europe. The cultural, economic, and political effects of this INF agreement, are combined with the military implications to make this as crucial a betrayal of Germany as Chamberlain's betrayal of Czechoslovakia to Hitler in 1938.

When the United States aggravates this effect of the INF with acts pushing West Germany's high-tech economy directly into the hands of Moscow, the demoralization is massive. If present trends continue, as circles supporting Bush insist they will, NATO could be dead, not formally, but to all practical purposes, by the end of 1988.

### **The financial collapse**

The ongoing financial collapse is a bigger strategic factor at the moment than even Reagan's and Bush's rampant ap-

peasement of Moscow on military and regional-matters issues.

Although constant-dollar values of budgeted U.S. defense expenditures have been collapsing continuously since the Carter years, under President Reagan's first term, Defense Secretary Caspar Weinberger skillfully managed shifts in allocations to bring about improvements in the first-line military balance, despite the erosion of depth of capabilities occurring at the same time. The assumption underlying Weinberger's approach appears to have been, that if a proper balance of first-line capabilities is developed, the basis for adding depth to these capabilities, later, is preserved.

During 1984-85, and with the advent of Gramm-Rudman, disaster struck.

In the original design of SDI, we included as crucial certain elements which have since been scrapped from the program. SDI investment should have been about \$7 billion during 1983-84, rising toward about \$35 billion annually during several years. That could have put a first-line system in place, including x-ray laser and particle-beam capabilities, by about 1988-89. The entire U.S. military capability would have been restructured, with included modifications in the U.S. and NATO orders of battle, by about 1988-90.

The damage to SDI began to develop shortly after the President's initial announcement of March 23, 1983. During April 1983, Paul Volcker and others deployed to Capitol Hill and the administration, seeking to block SDI by pressing for cuts in military expenditures, and moving in the direction of what became later the Gramm-Rudman-Hollings legislation. As 1984 electioneering came into view, the President was induced to keep SDI out of the campaign—until the second Reagan-Mondale debate; the work on SDI was deemphasized accordingly.

From the beginning of the second Reagan term, everything was downhill. The years 1985-87 were 1927-29 all over again on the financial and fiscal fronts, laying the basis for the events of Black Monday.

This worsening financial, fiscal, and economic mess is the key to the worsening strategic crisis in several respects.

Directly, it means savage cuts in the constant-dollar value of defense capabilities.

The first round of Gramm-Rudman destroyed much of the U.S. military logistical capability. The current rounds are cutting into bone. Those determined to continue the Gramm-Rudman approach, are committed to cutting away a great deal of that bone. The President supports this approach. Therefore, U.S. foreign and strategic policies are reshaped to encourage a cutting-away of military bone. The INF and START negotiations are part of that policy of sacrificing whatever is possible to facilitate those cuts.

The reason U.S. troops are still in Europe, is that it would cost more to redeploy them to the United States, than to keep them in Europe!

Indirectly, the Reagan administration and Bush circles

have combined forces with the networks of the influential Comrade Armand Hammer inside the administration and National Endowment for Democracy, to respond to the financial crisis with launching of trade wars with our allies and other principal trading partners. The immediate conflicts between our government and the governments of our Western trading-partners are presently much more vicious and hostile than any active disagreements with Moscow. In all Verity, this sort of Bush-league economic conflict with our allies and other friends is doing more to tear the Western alliance apart than even the INF agreements.

It will become worse during the first half of 1988.

Generally, one might think that there will be no new Black Mondays during the weeks and months immediately ahead. The administration, and the Bush-league influentials, have learned from Black Monday, that futures markets must be hit promptly, and trading-hours cut back sharply, to prevent a repetition of the exact sort of panic acted out on Black Monday. If that were a decisive factor in the situation, we would have reason to believe that there would be new major financial-market panics like Black Monday coming during the first half of 1988. We would expect merely a persistent, average gradual erosion in financial markets. Instead of having the crash occur in big jumps downward, the same amount of net decline spread out over the coming six months.

However, that estimate, while plausible to the point of appearing quite sensible, is not strictly correct. We are in the middle of the collapse of the biggest financial bubble in history, a collapse which must fall well below 1982 levels of constant-dollar values over the coming 12 months or so—assuming that Bush's supporters do not succeed in pushing through an all-out hyperinflationary spiral. So steep a collapse can not occur gradually. A period of slow erosion over a few months, at most, brings parts of the total financial structure to threshold levels at which structural adjustments occur. These structural adjustments erupt in the form of new kinds of panics.

What may be hit directly by such "jumps" may not be the stock markets at first, but rather bond markets, foreign-exchange markets, real-estate markets, and so forth. At the same time, the conflicts which the Reagan administration and Bush supporters are pushing with our allies and other former friends are increasing the heteronomic—"every man for himself"—tendencies within world markets. Bush supporters' pushing West Germany eastward will accelerate this heteronomic trend; Japan is already pushed into the direction of dumping depreciated dollars into dollar-denominated markets for hard commodities, and working toward building up "yen trading blocs" within the world's markets. As heteronomic tendencies are strengthened so, the possibility of coordinated "crisis management" control over the financial collapse vanishes.

High rates of growth, and high rates of collapse, are both "non-linear" processes for these reasons. High rates of growth

under conditions of technological progress, means that the major turns upward tend to appear as jumps in investment-trends. High rates of collapse are marked by intervals of gradual downward trends, with the intervals interrupted by those kinds of mathematical-trend discontinuities we usually term panics.

The combined structure of economies and of this financial bubble now collapsing, indicates that most probably we must foresee two more major panics along the road, probably during 1988, until an unstable equilibrium is reached somewhere significantly below 1982 constant-dollar prices of financial assets. To understand why this is so, one must shift attention away from "technical market analysis" of trends, to concentrate upon the structural features underlying markets. Those who rely upon studying of mechanisms of trading behavior in terms of "technical market analysis" of trends will foresee, today, a gradual, but steep average rate of decline in financial markets. Those who look at the same facts in terms of underlying structures, will estimate that two major panics will erupt between now and the time the collapse of this financial bubble hits a temporary bottom.

The entirety of currently operational Soviet strategic policy is based on the assumption, since 1982, that the Western world is headed into what Marxist doctrine terms "a general breakdown crisis" worse than the conditions of 1932-33. They are playing all cultural, economic, and political factors of trend and conflict within the Western world, including the developing sector, from this vantage-point. The role of Comrade Armand Hammer's influence, through such channels as Charles Z. Wick's circles connected to the White House, and through Hammer's and other "Trust"-type financier influences on the National Endowment for Democracy, is merely an important auxiliary factor.<sup>1</sup>

Unless there is a very specific sort of sharp reversal in monetary and economic policies, Soviet world-domination, or possible general warfare looms for the 1990s. Two changes must be rejected as worse than the disease. Immediately, circles backing Bush are pushing for what are in fact hyperinflationary solutions, all designed to carry Bush into the January 1989 inauguration. This is pure insanity; there is only one sort of financial crisis vastly worse than the one already in progress: a hyperinflationary blowout echoing on a world-scale the Weimar hyperinflationary blowout of 1923. The second, more general proposal, is fascist austerity modeled on the 1929-32 measures of the man who put Adolf Hitler directly into power in Germany, Hjalmar Schacht: the policies lately recommended by Sen. Robert Dole. Unfortunately, inside the United States, I am the only presidential candidate outlining the measures which will work.

So, while Reagan's appeasement and the ambitions of presidential candidate Bush push Moscow more rapidly toward early world-domination, we may say, in the spirit of the famous Chinese saying, "We find ourselves living in extremely interesting times."