

trade of any nation in Ibero-America. This further weights upward the percent of all of Ibero-America's exports that are exported to the United States.)

## Europe

Though for Europe's leading economies, the percentage of their total trade that goes to the United States is small, it is nonetheless strategic.

It must be kept in mind, that for the major nations of Europe, approximately 50% of their trade stays within Europe, since in trade terms, Europe has a significant degree of integration. **Table 4** documents that today, 10.2% of Germany's total physical goods exports are exported to the United States. Since roughly 50% of Germany's trade is intra-European, then, we see that 20.4% of Germany's trade outside of Europe is exported to the United States. Trade with the United States represents a strategic function, as a pathway for Germany to get its goods out to the rest of the world. This plays an important marginal role in domestic German production. The same is true for France and Italy.

## World Trade

World trade is now so constituted, that an increasing share of total physical goods exports has been caused to flow to the United States.

**Figure 3** depicts that whereas in 1980, 15.8% of all the world's physical goods exports, excluding intra-European trade, were exported to the United States, today that has risen to 24.2% (this figure includes all of Europe's exports outside the European Union). Critically, this is particularly concentrated in certain regions: The export dependency of many major Asian nations and all of Ibero-America is in the range of 30% to 56.5% of all exports being shipped to the United States.

In conclusion, the inability of the United States to finance its current account deficit, which is heavily weighted by physical goods trade, will cause a sharp contraction of goods trade between the United States and the rest of the world, and create a worldwide interacting downward spiral. The continued existence of all economies is threatened. A New Bretton Woods System could restart world production and trade.

## Al-Arab Reports: 'It's LaRouche or Greenspan!'

Under that headline, Dr. Mustafa Al-Bazargan, economics editor of the London-based Arabic daily *Al-Arab International*, on Feb. 2 gave his readers a report on *EIR*'s cover story of Jan. 19, "The Demise of the Importer of Last Resort." He showed why Lyndon LaRouche, and no one else, should be listened to, in order to avoid an international economic collapse.

Al-Bazargan writes: "In the past few days, I couldn't find any more precise and honest description of the true state of the American economy, than a biting political cartoon on the cover of the American weekly magazine *Executive Intelligence Review* issued on Jan. 19." He describes Claudio Celani's cartoon, in which a freezing, shirtless Uncle Sam looks longingly into a shop window, where items are for sale that are "Made in Germany," "Made in Japan," or "Made in China."

"This is a more than truthful picture of what has become of the American economy, after its submergence in record imports at the expense of the national industry. This was a result of a two-sided policy. The first was a public policy, manipulated by the American Administration to deceive the American citizen and to brag about dreamed-up economic successes and achievements for the sake of getting support in the elections. The second was a real

policy through which the Administration was hiding and burying the true impact of a policy that has been leading the American economy to the abyss. Politicians, businessmen and the mass media were not allowed to mention, acknowledge, or warn against it.

"Yesterday, an important industrial report was published, showing that the American industrial sector has been shrinking for the sixth consecutive month, proving that the American economy is heading into a depression. . . .

"Here, we must state clearly, that what has happened to the American economy was forecast and the appropriate steps were described to avoid it by the American economist and statesman Lyndon LaRouche for more than two years. He wrote numerous articles and studies which revealed that true state of the economy in the U.S.A., and warned against the collapse of the speculative bubble. He stressed that the economy is heading to this depression and will head into graver conditions, unless it were dealt with through appropriate plans. . . .

"We see today that LaRouche's warnings and forecasts are hitting with full force. Even members of the new Republican Administration and Chairman of the Federal Reserve Alan Greenspan admit today all the problems facing the American economy, 'the most powerful economy in the world,' according to previous statements made by Greenspan himself. The question now is: Will Americans realize, before it is too late, what kind of storms are going to strike their economy? Or will they go on playing the ostrich, with their head stuck deeply in the sand?"