precipitously after 1990. The collapse is what Greenspan refers to as "rebuilding balance sheets." The collapse in the rate of growth of debt coincides with the expansion of speculative activity in currency and bond markets. Greenspan, Brady, and the banks have attempted to offset the decline in debt, by moving an ever greater portion of so-called financial assets into short-term activity, increasing the velocity of throughput of speculative funds to offset the decline in absolute volume. Three-quarters of the $4 trillion federal debt will mature during the next five years. To retire, or roll over $600 billion per year, while running deficits in the range of $400 billion, is to usher in the era of trillion dollar deficits, all in the name of "bringing the deficit under control."

To do this is to safeguard the claims of debt against every other area of economic and human activity. Employment is cut for "cost containment," or to meet interest payments. Investment is reduced. Research and development expenditures are eliminated. Education budgets are axed. All to maintain this sacred cow of debt. That's why sanity is eliminated in the discussion of the federal deficit in favor of casino financing and the claims of debt. To permit sanity to enter in, in the form of job-creating, revenue-enhancing, changes in policy, is to destroy the present casino swindle, and the cancer of debt from which it grew.

World trade declines as speculators rush in

by Anthony K. Wikrent

Most people assume that foreign exchange trading is largely generated by foreign trade—imports and exports of actual goods and services. They're wrong.

According to the most recent estimates, cited by U.S. Treasury Secretary Nicholas Brady at the annual meeting of the International Monetary Fund (IMF) in late September, currency trading around the world has reached the unbelievable sum of $1 trillion every day, or around $300 trillion a year.

By comparison, the dollar value of the world's total foreign trade in goods and services in 1990 was, according the the IMF's "Direction of Trade Statistics," $6.55 trillion. That's the sum of both imports and exports for every country in the world. In other words, the total amount of foreign exchange trading is now about 45 times larger than the value of actual foreign trade.

Tonnage decreases

But even that comparison is misleading, because the dollar volume of world trade masks a real decline in the world's trade of physical goods. According to the annual report *Maritime Transport,* by the Organization for Economic Cooperation and Development (OECD), the total annual tonnage carried in the world's seaborne trade fell from a high of 3.714 billion metric tons in 1979—the year the Tokyo Round of the General Agreement on Tariffs and Trade (GATT) was implemented—to 3.090 billion metric tons in 1983, and did not surpass the 1979 level until 1989, when 3.877 billion metric tons of freight were carried on the world's ships.

Indications from the maritime industry now are that the tonnage carried is again shrinking. The formation, in the middle of September, of a capacity-limiting agreement by shipping companies on the Europe-Asia trade lanes, leaves the intra-Asian shipping lanes as the only maritime trade routes where ship owners and operators have not attempted to cut back capacity to raise freight rates in the face of declining traffic. Twelve carriers on the North Atlantic, which have suffered up to $400 million in losses in the past year, agreed in August to reduce shipping capacity by 20%. On every other trade route—North America-South America, North America-Asia, North America-Africa, Europe-Africa, Europe-Asia, etc.—ship owners and operators have been forced up against the wall by a decline in demand for their services. That means that there is not as much freight being carried as there was before.

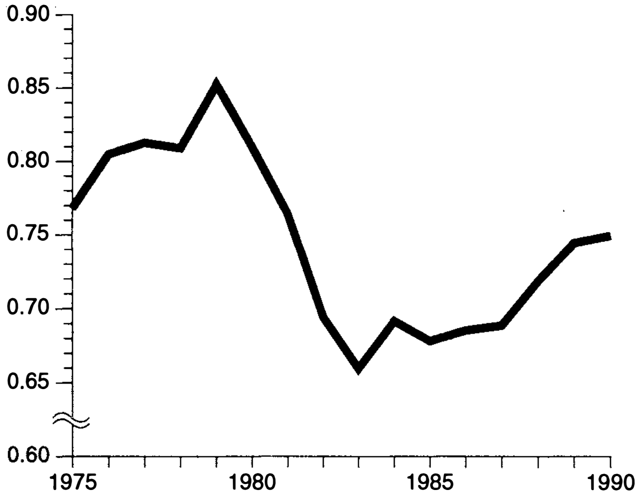
It may be argued that seaborne trade reflects only part of total world trade, since significant overland movements of freight, such as occurs in North America and Europe, are not covered. However, freight movements in Asia are overwhelmingly by water, and intra-Asian trade has been the fastest-growing area of world trade. What is missed in overland freight movements in North America and Europe is probably almost entirely made up for by the relatively disproportionate use of seaborne trade in Asia.

The real collapse in actual movements of physical goods around the world is made even clearer by converting the OECD's figures into tonnage carried per capita of world population (see figure). By this measure, world seaborne trade collapsed absolutely throughout the 1980s, as GATT "liberalized" world trade, and the U.S. Federal Reserve under Paul Volcker implemented a "controlled disintegration" of the world economy. In fact, *the per capita volume of world trade has never recovered to the levels of the mid-1970s,* and in fact continues to stagnate at levels around 12% below what it was before 1979.

Air cargo down

A major reason airlines have suffered huge losses in the past two years, is that air cargo is declining also. Airlines typically derive most of their profit from carrying cargo,

World seaborne total trade volume
(metric tons per capita of world population)



Sources: OECD, *Maritime Transport* 1989, 1990, 1991; U.S. Department of Commerce, *Statistical Abstract of the United States.*

since most of the costs of a flight are incurred in carrying passengers. Air freight is used to move very high-value cargo. Apple Computer, Inc., for example, moves 20% of its inventory by air freight. But, from a record 10.275 billion ton-miles in 1990, the amount of freight carried by U.S. airlines in 1991 declined to 10.204 billion ton-miles—and that's at the same time that U.S. airlines have expanded rapidly overseas.

The capital goods sector

This atrophy of world trade is all the more remarkable, considering the enormous amounts of capital goods the developing-sector countries need to help them build the electrical generating and transmission systems, water management systems, sanitation systems, transport systems, and industrial base they so desperately need.

Examine, for example, U.S. exports of capital goods. The United States exported nearly 30,000 farm tractors a year in the 1970s, with 38,092 recorded in 1977. By 1983, the number of farm tractors exported had fallen to 10,609; by 1987, it had fallen by half again, to 5,731. Meanwhile, exports of crawler construction tractors—bulldozers—fell from 6,902 in 1979, to 3,111 in 1982, to 1,913 in 1986. In 1990, only 1,660 crawler tractors were exported from the United States.

For most of the 1970s, the United States exported 500 to 700 rail locomotives a year. In 1981, the U.S. exported only 195 locomotives. After struggling back up to 504 locomotives exported in 1986, the number collapsed again, to 106 in 1988.

LaRouche: 'There's no recovery, anywhere'

Independent presidential candidate Lyndon H. LaRouche made the following comments in a campaign statement on Aug. 5, 1992, released at the National Press Club on the occasion of the announcement of the Rev. Jim Bevel as LaRouche's vice-presidential running mate:

It is an understatement to say that what is happening presently and what has been in process since 1987—October 1987, to put a specific date to it—has been the worst economic depression worldwide in the 20th century.

People talk about recovery. There is no recovery. It is occurring *no place*. What there has been and is, is a resistance to this depression in western continental Europe and in Japan and in a few other spots in Asia, such that these countries are collapsing at a much slower rate so far than have been the English-speaking countries which have been leading the collapse outside of the former Soviet empire. . . .

There's no solution to these problems unless one speaks of a high-tech industrial recovery based on large-scale investment in infrastructure. We're talking about $600 billion to $1 trillion a year, not of debt, but of credit issued through the mechanisms of Section 8, Article I of the U.S. federal Constitution, to state and federal authorities, and to vendors to those state and federal authorities, for large-scale water projects, for large-scale transportation projects, for large-scale energy projects, for improvements of our medical system and facilities, for improvements of our school facilities, and in addition to that, large-scale credit for vital sections of industry, to push ahead with new technologies and to diversify their industry, such as the auto and aerospace complex, in order to save what the United States is losing most essentially in the tool-making industry.

We no longer have the ability, or are rapidly losing the last vestige of the ability, to produce new technology. We will be importing technology if we can get it, if we can afford it, from Europe and from Japan, and even from some Third World countries, at the present rate.

From an Aug. 12 statement:

We are now, this month, in a new downturn of an ongoing worldwide economic depression, which has been in progress since the October 1987 stock market crash. While the stock prices on the New York Stock Exchange still tend to go up or float at a fairly high level above the so-called 3200 Dow Jones Index level, the fact is that U.S. financial instruments are worth less and less every day—and because also the depression is spreading through every part of the world.