the International Monetary Fund and the World Bank, and I quote, "spell the difference between a world caught again in the maelstrom of panic and economic warfare or a world in which nations strive for a better life through mutual trust, cooperation and assistance." The Bretton Woods generation built a platform for prosperity that has lasted down to the present day. . . .

The IMF and the World Bank have been vital to the prosperity of the world for the past half-century. We must keep them vital to the prosperity of the world for the next half-century. Therefore, we must modernize and reform the international financial system to make it ready for the 21st century.

The central economic challenge we face is to harness the positive power of an open international economy while avoiding the cycle of boom and bust that diminishes hope and destroys wealth. And the central political challenge we face is to build a system that strengthens social protections and democratic institutions so that people everywhere can actually reap the rewards of growth. We must put a human face on the global economy. An international market that fails to work for ordinary citizens will neither earn nor deserve their confidence and support. We need both an aggressive response to the immediate crisis and a thoughtful road map for the future. . . .

We must address not only a run on a bank or a firm, but also a run on nations. If global markets are to bring the benefits we believe they can, we simply must find a way to tame the pattern of boom-bust on an international scale. . . .

In the end, we must fashion arrangements that serve the global economy as our domestic economies are served, enabling capital to flow freely without the crushing burdens the boom-bust cycle brings. . . .

At a moment of financial crisis a natural inclination is to close borders and retreat behind walls of protectionism. But it is precisely at moments like this that we need to increase trade to spur greater growth. Again, we must never lose sight of what the fundamental problem is. We need more liquidity, more growth in this world today. Only by tearing down barriers and increasing trade will we be able to bring the nations of Asia, Latin America, and other parts of the world back onto the path of growth.

U.S. in rapid decline, yet Rubin talks up IMF

On Oct. 6, the Treasury Department released a state-by-state analysis, detailing the local impact of declines in U.S. exports, and the specific industry effects in individual states from the global financial crisis. A page of data on each of the 50 states shows drastic drops, by sector, of up to 60% in volume of exports, and of domestic economic activity, from the the first quarter of 1997 to the first quarter of 1998. The rate of decline since is even worse.

Treasury Secretary Robert Rubin is quoted in the Treasury News departmental release on the new study, stressing the danger of this process to the nation, and need for action. However, he then resorts to the reflex-reaction of calling for the country to fund the International Monetary Fund.

Rubin warns: "The study demonstrates the importance of international trade with both Asia and the world's developing nations to each states. Clearly events in Asia, Russia and Latin American are having a direct impact on the prosperity of America's farmers, workers, and businesses. The United States has a very real interest in stemming the tide of global economic turmoil.

"One important way we can act to deal with these threats is to fulfill our responsibility—and to provide the funding that the President has requested for the IMF. The international community must have the resources that it needs to deal with this crisis that has spread to so many emerging economies and threatens the economic well-being of the American people."

Among the highlights of the report is the agriculture crisis, showing that, "Forty percent of all U.S. agricultural exports go to Asia, more than to any other region. In the past year, total U.S. exports to Asia have decreased by 11%." In the state of Minnesota, for example, "exports to Asia in the agricultural products sector, the principal sector that exports to the region, decreased 50% between the first quarter of 1997 and the first quarter of 1998."

Manufacturing areas are likewise reeling. In Pennsylvania, "exports to Asia in the industrial machinery and computers sector, one of Pennsylvania's principal export sectors to the region, decreased 39% between the first quarter of 1997 and the first quarter of 1998." In Texas, the fourth-ranking state exporter to Asia, in terms of money value, "exports to Asia in the chemical products sector, one of the state's principal export sectors to the region, fell by 40% between the first quarter of 1997 and the first quarter of 1998."

The Treasury report concludes: "An important danger of the financial crisis is the contagion effect. Russia's economic difficulties and the recent market pressures in Latin America are in part due to contagion. The further deterioration of those economies and others in Asia could have an even more significant impact on the U.S. economy."

If the IMF is not replaced with a new "LaRouche economics" Bretton Woods system, the U.S. economy is dead.—*Marcia Merry Baker*