

# Special Features

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# THE INTERNATIONAL FINANCIAL SYSTEM: A FLAWED ARCHITECTURE

The international financial system and the dubious foundations upon which it is built are to blame for recent economic crises. State and international organization policies have placed undue burden on U.S. workers and borrower countries.

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#### BAILING INTHE PRIVATE SECTOR: BURDEN SHARING IN INTERNATIONAL FINANCIAL CRISIS MANAGEMENT

International financial institutions' recent bailouts of collapsing economies raise concern that such efforts shield investors from the consequences of their investment behavior. Alternatives bail out the countries while bailing in investors.

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# THE ASIAN MELTDOWN OF 1997: THE ROLE OF THE FINANCIAL SECTOR AND OF BANK EXIT POLICIES

The accumulation of unproductive investments led to a decline in international competitiveness. Increased bank portfolio risks heightened the danger of loan defaults as macroeconomic conditions deteriorated.

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## THE ASIAN FINANCIAL CRISIS: LESSONS FROM THAILAND

The origin of the crisis lies in the private sector, which misallocated financial resources with government approval. Inappropriate Western-style policies—aimed to improve economic conditions—only worsened the situation.

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# FINANCIAL FRAGILITY AND THE RISKS OF CRISIS: THE CASE OF JAPAN

Even economic giants such as Japan cannot afford to pursue laissez-faire economic policies. Macroeconomic stabilization of consumer confidence, the financial system and the strength of the currency should be the top priority.

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# IN SEARCH OF THE MARKET FAILURE IN THE ASIAN CRISIS

The private sector's inadequate country risk analysis is at the heart of the crisis. This led to high-risk cross-border lending and investment in the region as the market lacked the information it required to function properly.

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The growing Islamic financial services industry provides sophisticated instruments for Muslim borrowers and lenders. These instruments give more importance to the valuation of anticipated profits than to collateral.

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## ETHICS, ISLAMIC BANKING AND THE GLOBAL FINANCIAL MARKET

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# THE FUNDAMENTALIST CHALLENGE TO THE SECULAR ORDER IN THE MIDDLE EAST

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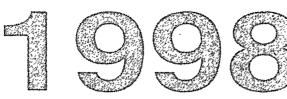
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# THE GEOGRAPHY OF CONFIDENCE: ENVIRONMENTS, POPULATIONS, BOUNDARIES







