

The problem: Global Financial Crisis

In 2008, the Global Financial Crisis was triggered. It was the greatest wealth-crushing event since 1929. This was reflected in growth rates which fell dramatically between 2008-2009.



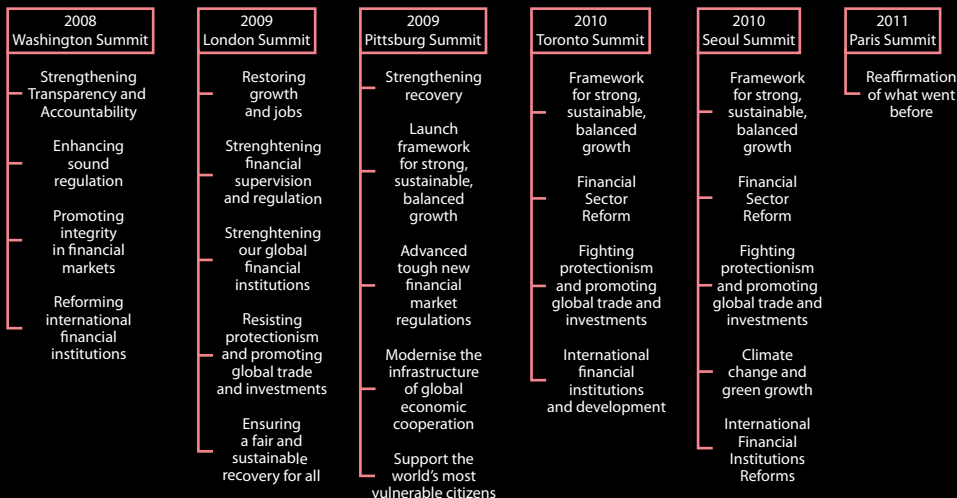
Source: The World Bank, 2009

Implications: A wide range of effects across the world

House repossession
 Social tension
 Bailouts
 Banking crisis
 Unemployment
 Cutting back of welfare services
 Credit crunch
 Return of 'boom and bust'
 Nationalisation of banks

What the world is doing about it: G20 reforms

To deal with the financial crisis, the G20 has passed a series of measures to mitigate the impact of the crisis as well as to mend and reform a system which collapsed in 2008.



Source: G-20 Summit Documents, 2008-2011

What the research suggests: Create a World Financial Authority

Davies argues that a World Financial Authority ought to be created to manage global financial regulation and reform. He acknowledges this is unlikely to occur, and thus provides a series of smaller, more immediate reforms.

*"As Wymeersch (2010) says 'the creation of some form of [World Wide Regulator] cannot be excluded one day' but that day has not yet dawned."
(Howard Davies)*

REFORM 1	REFORM 2	REFORM 3
There is a need for an absolutely higher level of capital in banking	Financial regulation must be more sensitive to changing macroeconomic conditions	Financial Stability Board needs more authority to coordinate the activities of the sectoral regulators

Global Policy Source: Howard Davies, Global Financial Regulation after the Crisis. Global Policy, Vol. 1, Issue 2.