

## OECD Forum 2011: Restoring Trust in the System



**The crisis revealed serious gaps in the world economy, and failures in governance and regulation. As livelihoods collapsed, there was a loss of public trust in the system.**

What have governments done to overcome the lack of confidence? What action should be taken? What results are to be delivered to restore people's trust and rebuild credibility?

In the wake of the worst economic crisis for decades, one of the most urgent tasks facing governments is to restore people's trust in the system, including both the business sector and the role of government. When the financial system crashed, millions of people saw their savings disappear and their living standards fall. Only a massive joint effort by the world's governments through the G20, bringing the developed and developing world together around the table, averted a complete collapse and possible depression.

Now stronger governance, improved regulation and a focus on ethical business are essential if citizens are to regain their confidence in the financial system. Many of the right promises have been made, and changes are under way, but they will have to deliver results to restore people's trust and rebuild credibility.

Other lessons of governance have also been drawn, leading to a new determination to tackle tax evasion and to stamp out corruption, led in no small way by OECD initiatives such as the *OECD Anti-bribery Convention*.

The need for such actions is clear. The cost of fighting one crisis has left governments hard pressed to manage their economies and ill-equipped to fight another crisis: financial regulation needs to work and put banks on a firmer footing; activities like tax evasion and bribery, which deprive governments of tax revenues, warp economic activity, and fuel inequality and underdevelopment, need to be eradicated.

For the sake of keeping the trust of voters, governments also need to be able to reassure citizens that their affairs are in safe hands. They know that trust and good governance are essential for our economies to move forward.