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## *Foreword*

The crisis that struck in 2008 forced governments to take unprecedented action to shore up financial systems. As economic recovery takes hold, governments will want to withdraw from these extraordinary measures to support financial markets and institutions. This will be a complex task. Correct timing is crucial. Stepping back too soon could risk undoing gains in financial stabilisation and economic recovery. It is also important to have structural reforms in place so that markets and institutions operate in a renewed environment with better incentives.

From the start OECD has said "Exit? Yes. But exit to what?" It is obvious that financial markets cannot return to business as usual. But the incentives and failures that led institutions to this perilous situation were many: remuneration structures, risk management, corporate board performance, changes in capital requirements, etc.; and they interacted in unexpected ways with tax rules and even the structure of institutions themselves. Sorting through all these issues will take time, but some are urgent. There can be no question that the effort is necessary. Financial markets cannot again be allowed to expose the global economy to damage like what has been suffered over the past year.

Two questions, then, are at the core of this report: How and when can governments safely wind down their emergency measures? And how can we sensibly reform financial markets? The purpose is to draw together and demonstrate the interconnections among a wide range of issues, and in doing so to contribute to global efforts to address these challenges.



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