

## GLOBAL FINANCIAL CRISIS TODAY

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It was three years ago when the global financial system suffered a nearly fatal heart attack. Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems. At the same time, the flooding of global financial markets with cheap dollars has fatally undermined the international monetary system and destroyed the credibility of the US dollar as the world reserve and trading currency.

Since the onset of the financial crisis in 2008, the World Bank Group has committed \$196.3 billion to developing countries, including record commitments in education, health, nutrition, population, and infrastructure, providing much-needed investments in crisis-hit economies. But recovery from the global financial crisis remains fragile.

There are abundant signs that the symptoms of 2008 are returning with a vengeance. Unemployment rates in all the major advanced economies are far higher. In addition, the level of public debt has been expanded by leaps and bounds. Taken together, this means that the global economy has much less latitude available for absorbing future economic and global shocks such as a major spike in oil prices, systemic bank collapse or, as is increasingly likely, sovereign debt default. Central banks have less possibility to ease monetary policy than they did three years ago; cash-strapped governments cannot afford to boost spending as much and political disarray in some countries may make concerted global policymaking harder.

For most of the countries, the European Union is one of the most, if not the most, important business partners for trade, for investment, for imports and exports. But as Europe's financial crisis forces governments to cut their budgets, and slows economic activity, many consumers have less to spend. And that is having a ripple effect around the world.

The global financial crisis has spawned a global protest movement campaigning against things like inequality, corporate greed, lack of jobs, etc. All over the world people protesting against the powers that be: in Egypt, Greece, Spain. This time, the global financial crisis has hit the ordinary citizens of Western nations quite hard, and inspired by the Arab Spring and protests in Spain, a global movement seems to have sprung up.

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