

Sarkozy Wants Summit to Overhaul "Crazy" Finance

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UNITED NATIONS - French President Nicolas Sarkozy called on Tuesday for a summit of world leaders in November to examine ways to overhaul a "crazy" financial system in the wake of the crisis that has rocked global markets.

In a speech to the U.N. General Assembly, Sarkozy called on major powers to devise a new form of regulated market economics that would prevent the excesses behind the current credit crisis which felled investment bank Lehman Brothers.

"Let us build together a regular, regulated capitalism, where entire sections of financial activity are not subject solely to the assessment of market operators," he said, calling for greater transparency in market transactions.

"It is the responsibility of heads of state and government of the countries most directly concerned, to meet before the end of the year to examine together the lessons that can be drawn from the financial crisis, which is the worst the world has seen since that of the 1930s," he added.

At a news conference after his speech, Sarkozy said the summit of heads and state and government should be based on the Group of Eight (G8) industrialised nations but also open to some emerging countries, and should take place in November.

Sarkozy stopped short of outlining a plan of how to reform the system, but he criticised hedge funds and credit ratings agencies for their roles in the current crisis and denounced pay practices in investment banks and elsewhere, adding that all those issues should be discussed in November.

HEDGE FUNDS

"I am told 'We don't know who is responsible.' Oh yeah? Well let me tell you that when things were going well, we knew who got bonuses. What a strange system," he told a news conference after his speech.

"How can you claim to be responsible for success and not responsible for failure?" he said, denouncing "a crazy system which has been our system for years".

He said the crisis began with hedge funds and called for closer regulation of credit ratings agencies.

"Let us build a capitalism where ratings agencies will be subject to controls and punished when necessary, where transparency of transactions will replace opaqueness. The opaqueness is such today that we have difficulty understanding even what is happening," he said in his speech.

He also repeated a call he made on Monday night for those who were responsible for the current crisis to be punished, but did not go into specifics.

"Let those who have put people's savings in danger be punished and finally assume their responsibilities," he said.

Sarkozy said the venue of the summit was open to discussion, citing London, Paris and Washington as possible locations, and suggesting that U.S. President George W. Bush attend with his successor, who will be elected on Nov. 4.

Source: Time