



The hedge fund manager and philanthropist participates in the breakfast series run by **The Wall Street Journal**

GEORGE SOROS

CALLS FOR
RADICAL CHANGE



George Soros, chairman of Soros Fund Management and the Open Society Institute, believes that the Obama administration's management of the financial crisis has been credible but "well short of perfect."

The financier and Obama supporter was speaking at The Wall Street Journal's Viewpoints Executive Breakfast Series in New York yesterday. IESE Business School and The Boston Consulting Group co-support the series of conversations with global leaders.

In Soros' view, the Obama administration is doing very well in all aspects of government except in the recapitalization of banks and the reorganization of mortgage markets. "As far as the management of the financial system is concerned, I'm afraid that there has been too much continuity

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between the Bush administration and the Obama administration," he told Deputy Managing Editor of the WSJ, Alan Murray.

UNSUSTAINABLE SITUATION

- In terms of the banks, he would
- have preferred a compulsory recapitalization with the U.S. treasury acting as underwriter in the case that shareholders failed to step in. The billionaire financier also proposed that the capital be injected into a "new" bank, with the financial insti-

tution's toxic assets remaining in the old entity.

While acknowledging that the financial sector had enjoyed many years of high earnings – accounting for up to 14 percent of total US corporate earning – Soros said that such a situation "cannot be maintained and is not really very efficient either." However, the solution, in Soros' view, will not be found in simply expanding the scope and authority of regulatory bodies, whose actions can often make the markets even more unstable.

THE DANISH WAY

- On the topic of the mortgage
- markets, Soros proposes adopting or borrowing from the Danish system. In Denmark, mortgage credit institutions face strict regulations on matching the assets (mortgage loans) and the liabilities (mortgage bonds) based on "the balance principle" or "the balanced book principle."

L I F E

