

## George Soros, Hayek Fan

<http://www.futureofcapitalism.com/2011/04/george-soros-hayek-fan>

WASHINGTON – George Soros — the money manager and financier of left-wing causes — turns out to be a fan of Friedrich Hayek, the Austrian economist whose *Road to Serfdom*, warning of the perils of central planning, has been a bestseller amid President Obama's expansion of government.

That was the message from Mr. Soros's remarks here this afternoon at a Cato Institute forum.

Mr. Soros described his own views, emphasizing "fallibility" and "reflexivity," as "in accordance with Hayek's ideas." He said that in the late 1940s, as a student at the London School of Economics, he had come out "on Hayek's side" against socialism, "scientism," and central planning.

Mr. Soros said he'd been "influenced" by Hayek. "He has had a big influence on my thinking," Mr. Soros said, going on to describe government regulation as "a necessary evil."

"If you can avoid the regulation, you should," Mr. Soros said, explaining that regulation tended to be bureaucratic, arbitrary, and influenced by special interests, and therefore more imperfect than markets.

The Cato event, which drew a crowd of about 200 invited guests that overflowed the libertarian think tank's F.A. Hayek auditorium and spilled into the foyer outside, where people watched on a video monitor, marked the publication of a new edition of Hayek's book [The Constitution of Liberty](#), originally published on February 9, 1960.

I asked Mr. Soros what he thought of [The Road to Serfdom](#), which has been propelled onto bestseller lists in part because of its promotion by a critic of Mr. Soros, the broadcaster and author Glenn Beck. Mr. Soros said that to properly answer he'd have to go back and re-read the book. But he said he agreed with the view of "excessive planning and certainly communism as a terrible threat to freedom." He added, though, in respect to planning, that "as long as you realize that your plan is bound to be flawed, there is a need for a plan as well."

In response to a question about Obamacare, Mr. Soros said "insurance companies destroyed the core of the reform," the "public option," and he also faulted the law for allowing pharmaceutical companies to make small price concessions and therefore avoid larger price concessions that would come with allowing the government to use its full bargaining power as a purchaser.

In response to a question about the Dodd-Frank financial "reform" law, Mr. Soros said, "It really did not address the fundamental issues." He said it had been "lobbied into incomprehension and inconsistency by special interests."

The other participants in the panel were Ronald Hamowy, who edited the new edition of *The Constitution of Liberty* and read the original before entering graduate school to study under Hayek; Richard Epstein, a professor at NYU law school, and Bruce Caldwell, the director of Duke University's [Center for the History of Political Economy](#), the general editor of *The Collected Works of F.A. Hayek*, and the author of [Hayek's Challenge: An Intellectual Biography of F.A. Hayek](#). (An interview with Mr. Caldwell from February 2010 is [here](#)).

Professor Hamowy described *The Constitution of Liberty* as "without questions Hayek's most important work" and said that on his original reading of the book — he wrote a review of it that appeared in the April 1961 issue

of the New Individualist Review — he had been "disappointed" by Hayek's view of how expansive government could be while still being consistent with a free society.

Professor Caldwell described the new edition as "a magnificent volume" and said Hayek had conceived it as the "positive complement" to Road to Serfdom. — one a description of what should be done, the other a warning about what to avoid. He said the work sought to lay out simple, general, prospective rules for a world in which knowledge is disperse and limited and in which leaders may be imperfect or evil. He noted that the book's epilogue is Hayek's explanation of "Why I am not a conservative."

Mr. Soros did have some criticism of Hayek, accusing him of "political bias" that led him to become "the apostle of market fundamentalism." Still, he hastened to clarify: "I don't mean to demean him... We are all biased and inconsistent in one way or another." He noted, as a justification, that Hayek was "fighting communism."

Mr. Soros said that "although I am often portrayed as a representative of the far left... I recognize the government is wasteful and inefficient and ought to function better."

Professor Epstein said the greatness of Hayek's work is "indisputable," so focused his remarks on his differences with Hayek, primarily what Mr. Epstein characterized as "Hayek's antipathy to natural law."

Professor Caldwell said Mr. Soros misunderstands some parts of Hayek, and contended, "if he understood, he'd identify himself as a Hayekian."

"There is definitely a difference, methodologically and in other matters, between Chicago and Vienna," Professor Caldwell said, distinguishing Hayek (who did eventually teach at the University of Chicago) from others such as Milton Friedman.

Professor Epstein tried to get Mr. Soros to endorse repeal of the National Labor Relations Act, asserting that [what has been going on with Boeing](#) is "a complete travesty." Mr. Soros didn't rise to that challenge.

With respect to Dodd-Frank, Professor Epstein noted that firms had been scrambling to try to get their competitors on the list of companies whose failure would pose a "systemic risk" — and that therefore would be subject to stricter capital requirements — while keeping themselves off. He said that 80% of the world runs well without government regulation, and that 90% of the government's attention should be devoted to that other 20%.

Update: Soros has an [op-ed piece](#) at Politico dilating on his view of Hayek.

---

by Ira Stoll | Apr 28, 2011 at 8:12 pm

**Related Topics:** [Capital Markets Regulation](#), [Education](#), [George Soros](#), [Hayek](#), [Health Care](#), [Non-Profits](#), [Regulation](#)

RECEIVE THE LATEST BY EMAIL: SUBSCRIBE TO THE FREE FUTUREOFCAPITALISM.COM [MAILING LIST](#)