

George Soros: Wrong on Hayek [VIDEO]

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On April 28th, George Soros [visited the Cato Institute](#) to be a part of a Book Forum panel on the works of Nobel Prize-winning Austrian Economist, Friedrich August von Hayek. Soros attended the London School of [Economics](#) during the early 1950s, when both Hayek and Soros' mentor, Karl Popper, were teaching at the college. Surprisingly, Soros made several remarks during his speech at Cato that significantly misrepresented Hayek and his economic theories.

For instance, Soros' opening remarks included the following:

“Hayek is generally regarded as the apostle of a brand of economics which holds that the market will assure the optimal allocation of resources as long as the [government](#) doesn't interfere. It's a highly formalized and mathematical theory whose two main pillars are the efficient market hypothesis and the theory of rational expectations. It's usually called the Chicago School and it has come to dominate the teaching of economics in the United States. I refer to it as market fundamentalism.”

However, Hayek was not a “Chicago School” economist (although he did teach at [the University](#) of Chicago) and did not adhere to either the efficient market hypothesis or the theory of rational expectations as Soros claimed. Hayek was, in fact, a key member of the “Austrian School” of economics, in the tradition of his own mentor, Ludwig von Mises. Hayek's own theories regarding the limits of knowledge necessarily rejected both of what Soros considered to be the “two main pillars” of “market fundamentalism”.

While the Chicago and Austrian [Schools](#) share many similarities, there are also many other substantial differences between their views of economics – particularly in the realm of methodology.

During the final Q&A session toward the end of the event, Soros' fellow panelist, Bruce Caldwell, called him out on three of his major misunderstandings of Hayekian economic theory. See the video here:

A few other [observers](#) have [commented](#) on Soros' apparent confusion. Soros claims to have been highly influenced by Hayek in his formative years at the [London](#) School of Economics, but he has since focused much of his time and wealth on political advocacy against many of the types free-market policies supported by Hayek's ideas.

After the event, The Daily Caller's Chris Moody caught up with Mr. Soros and asked him a few questions about his previously [friendly relationship with Charles & David Koch](#).

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