

[George Soros and free markets](#) [1]

Written by [Tim Worstall](#) [2] | Monday 7 April 2008



I have to admit that I did something of a double take when I saw this from [George Soros](#) [3]:

Regulators have abandoned their duty by letting markets regulate themselves. It's because a market fundamentalist ideology has come to dominate the behaviour of market participants and market regulators over the past 25 years ... and the idea that markets are best left to their own devices became policy.

Well, yes, I certainly do believe that markets regulate themselves to a great extent: although that doesn't mean that there should never be any regulation at all, of course. The interesting arguments are always about what regulation, by whom, and who benefits?

The double take comes from the fact that it was of course the same George Soros who showed us quite how expensive bad regulation could be all those years ago:

His heavy bets against sterling helped force it out of the European exchange rate mechanism in 1992, netting himself an estimated \$1bn profit that Black Wednesday.

That profit being a transfer from us taxpayers of course. Now no, of course I don't blame him, nor even begrudge him his profit: it was a cheap price for the education of the political classes that it will always be markets that determine prices, not those politicians.

It's just odd to see a man who has become so rich by arbitrage, the very process itself being the exploitation of inefficiencies caused by the lack of deep and liquid markets, insisting that markets should be curbed, more regulation enacted in order to make them less efficient....oh, wait a minute.

It's not become that hard to make a profit with a hedge fund, surely?

[blog comments powered by Disqus](#) [5]

Source URL: <http://www.adamsmith.org/blog/miscellaneous/george-soros-and-free-markets>

Links:

[1] <http://www.adamsmith.org/blog/miscellaneous/george-soros-and-free-markets>

[2] <http://www.adamsmith.org/taxonomy/term/5778>

[3] <http://www.independent.co.uk/news/business/news/soros-predicts-end-of-the-road-for-cheap-and-easy-borrowing->

804978.html

[4] http://disqus.com/?ref_noscript

[5] <http://disqus.com>