

You Lose, Soros Wins

By Richard W. Rahn

Have you ever wondered why billionaires like George Soros financially support politicians who say they will "increase taxes on the rich"?

The answer quite simply is that the tax increases are most often put on people trying to become rich, not those already rich. Hence, the rich, big government advocates can gain far more by "buying" the politicians. The "bought" politicians then provide them with confidential information about administrative decisions, which these donors then use to place big bets in the market, making themselves much richer. If you have deep financial pockets and inside information, you can make huge amounts of money when markets drop.

Mr. Soros, the Democrats' financial angel, is often referred to as the "man who broke the bank of England" in the 1992 Sterling crisis. During that episode, he made \$1 billion in one day at the expense of British taxpayers. The relevant question is, did Mr. Soros bet a couple of billion dollars on mere guesses of what the German, French and British officials would do, or did he have inside information?

A member of the British Parliament, who was a close adviser to the British chancellor at the time, told me he believes "Soros was acting on insider information obtained from the French central bank and the German Bundesbank." The insider information was that they would not support the British pound, despite a pre-existing arrangement to do so. Others familiar with the situation have made similar charges.

Given that Mr. Soros is no fool, the British believe it is highly doubtful he would have made

such a colossal bet without knowing with great certainty that the Germans would not reduce their interest rate.

Mr. Soros has a reputation for trading on confidential information obtained from political sources. For instance, he was convicted by a French court of having insider knowledge about a takeover attempt of a major French bank. His conviction was upheld in 2006, and he had to pay a multimillion-dollar fine.



The hypocrisy of George Soros is often noted. He is a man who voices many left-wing and even socialist ideas and has been a major critic of the United States for years. Yet, his actions in his own financial interest, using highly questionable tactics and insider information, have made him billions. His modus operandi is to do political favors for left-wing politicians and then use them for his own advantage.

For example, he gained influence with left-wing forces in the United Nations and with anti-U.S. groups by paying for a \$10 million townhouse for Mark Malloch-Brown (now a lord and a U.K. Foreign Office minister) to use as the latter's home. Baron Malloch-Brown was former U.N. Secretary-General Kofi Annan's deputy and spent much time voicing Mr. Soros' anti-American statements. Capital Research Center has done

extensive reporting on the activities of George Soros (www.capitalresearch.org).

Mr. Soros is often referred to as the man who owns the Democratic Party because of his huge contributions to party committees and individual politicians. It is known that many of his Wall Street friends have been major donors to key Democratic committee chairmen and members in the House and Senate.

As recently as this past spring, House Financial Services Committee chairman Barney Frank, Massachusetts Democrat, and Senate Banking, Housing, and Urban Affairs Committee chairman Chris Dodd, Connecticut Democrat, were claiming both Fannie Mae and Freddie Mac (for which they had oversight responsibility) were fiscally sound and needed no additional regulation. At the same time, many independent financial experts were sounding the alarm about these two government-sponsored behemoths.

It would be in the public interest to know which members of the Democratic leadership, members of Congress, and their financial contributors were selling shares of (or shorting) Fannie Mae and Freddie Mac this year, and of other financial institutions overseen by the congressional Democrats. (Note: In the private sector, if someone with insider knowledge - as Mr. Frank and Mr. Dodd had access to - makes misrepresentations about the health of a company, that person is subject to criminal penalties.) The press should demand full disclosure before Election Day, given the hundreds of billions of dollars the misrepresentations by Messrs. Frank, Dodd, etc. are costing taxpayers.

Note that the Bush administration's ill-thought-out "bailout" scheme was both greatly altered and then endorsed by the congressional Democrats, in

part, it appears, because it will give even more opportunities for profit-making by Democratic financial supporters. The forced, partial (and probably unconstitutional) nationalization of the big banks by the seemingly unprincipled Bush Treasury will provide many opportunities for self-dealing politicians and their financial supporters when it comes time to sell the government stakes.

Those who bet against the foolish policies and actions of governments provide a public service by exposing the stupidity, provided they are not using inside information given them from politicians and other government officials. But when people like George Soros and other big financial backers of politicians use confidential inside information or their ability to manipulate the political class for their own ends, it hurts everyone else. The larger the government and the more discretion government officials have regarding issues that can damage or benefit private parties, the more opportunities there will be for abuse and corruption.

If Barack Obama wins with big Democrat majorities in the House and Senate, you know from their statements that they will increase capital gains and business taxes. But they have already said, there "will be exceptions," - which will be worth billions of dollars to those with prior knowledge of what the exceptions will be. Who do you think will have that prior knowledge?

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