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The Little Black Book of Billionaire Secrets

Hedge Fund Billionaire George Soros: 'Donald Trump Is Doing The Work Of ISIS'



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George Soros, the world's richest hedge fund billionaire, has no shortage of opinions when it comes to both politics and the global economy. Famed for making a billion dollars by "breaking" the Bank of England in 1992, Soros is in a semi-retirement, but his prognostications still move markets. And he remains a top contributor on the U.S. political scene, where he supports liberal candidates and causes.

On Thursday evening at the World Economic Forum in Davos, Soros used a 45-minute interview with Bloomberg TV's Francine Lacqua to create an explosion of headlines on both the political and economic front. "**Donald Trump** is doing the work of ISIS," Soros said, citing the anti-immigrant vitriol that's been a hallmark of the Trump campaign as he's risen in Republican primary polls. He levied a similar critique against candidates such as Ted

Cruz, and said **Hillary Clinton** would win the general election in a landslide.

(Soros **ranked** #16 on the **FORBES 400** with a fortune worth \$24.5 billion. Trump **ranked** #121 with a fortune worth \$4.4 billion)



Francine Lacqua, editor at large and anchor for Bloomberg Television, left, speaks with George Soros, billionaire and founder of Soros Fund Management. Photographer: Matthew Lloyd/Bloomberg

Ideas like closing U.S. borders to Muslims, Soros said, might “convince the Muslim community that there is no alternative but terrorism.” He also said ISIS’s “days are numbered” as both the Iraqi and Syrian governments win back territory the terrorist group gained.

The rise of ISIS and the crumbling of the Middle East has created a crisis for Europe, and Soros said German Chancellor **Angela Merkel** may have erred in opening the country to refugees. “She risked her political capital and lost,” Soros said. Nonetheless, he expressed optimism that Germany and other European powers could successfully integrate migrants.

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With a tinge of biography, Soros recalled his days as a refugee from Hungary after World War II. “I was a migrant for fifteen years,” Soros said, speaking about his teenage years in England, where he received an education, and his time New York City, where he launched his investing career at F.M. Meyer and Wertheim & Co in the 1950s. “Migrants in those days were better treated,” Soros said. He added, “now that I am a bit of a statesman, my loyalty is for the stateless people.”

Often, Soros’s prognostications about the U.S. political process and geopolitics are dismissed as partisan. He is, after all, a kingmaker to the Democratic party and a host of liberal causes. Nonetheless, his read on the global economy, central banks and investing is a must-listen no matter where one’s politics lie.

Thursday, Soros gave a dire perspective on the current market environment. He was unsparing in his critique of [Janet Yellen](#) and her peers at the Federal Reserve, who made a “mistake” when raising interest rates in December. “By the time they acted, the window of

opportunity closed,” Soros said of the Fed’s hike, which he argued should have happened a year ago. “Quantitative easing works, but it has a diminishing return,” Soros said.

Europe is one part of the world where central bank stimulus remains potent, according to Soros. The threats of deflation and a recession are also giving Mario Draghi, head of the European Central Bank, the support to embark on a new round of easing measures after the ECB resisted such a move in December.

QE may eventually work for Europe and the Fed is unlikely to raise rates for the balance of 2016, but Soros doesn’t believe either development should make investor bullish.

“This is not a time to buy in my opinion, but rather for those who have to sell to sell,” Soros said. He entered the year short the S&P 500 Index, and the currencies of commodity producing countries. He was also long U.S. Treasuries, bracing for weaker-than-expected growth and the threat of deflation.

Eventually, Soros believes Europe can come out of its malaise. China won’t collapse, Soros indicated, but it may face a hard landing, unable to generate strong enough growth to continue driving the global economy. “I see the turnaround. I see the light at the end of the tunnel,” Soros said. “I just don’t know how to get there.”

For now, his recommendation is central bank dovishness.

“Quantitative easing has worked. It has saved the world from deflation and a Great Depression,” Soros said. And regions like Europe need another dose. “What you have to do is just print money.”

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