

Soros on Soros

Staying Ahead of the Curve

Interviews with Byron Wien and Krisztina Koenen

George Soros

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The Philanthropist

Why do you give away many millions of dollars in Eastern Europe? Do you have a guilty conscience? Are you hoping to make up for something?

Not at all. I do it because I care about the principles of open society and I can afford it. It is a unique combination.

But you are widely accused of earning unconscionable profits as a financial speculator. You took money from every British taxpayer when you speculated against sterling.

Profits, yes; unconscionable, no. When you speculate in the financial markets, you are free of most of the moral concerns that confront an ordinary businessman. When the markets are functioning normally, no single anonymous investor can cause any perceptible change. There would have been a sterling crisis without me. My position changed when I became something of a guru after the sterling crisis, but that is a recent development. Before that, I did not have to concern myself with moral issues in the financial markets.

Rockefeller established his foundation when he was accused of making monopoly profits. He hoped to improve his public image with his foundation. Many large firms have set up foundations for similar reasons. It was different in my case; when I set up my first foundation in 1979, I had no public image. At that time I was a small fry in the market, managing a fund with \$100 million dollars of capital; today we have more than \$10 billion.

Perhaps you didn't have a public image when you started, but you certainly have one now.

Has being a well-known philanthropist helped you in your business?

Perhaps. It gives me better access. But, frankly, I don't need access for business purposes.

Indeed, I am fearful that it may warp my judgment. I made my career without hobnobbing with the rich and powerful and now that I can hobnob, I don't have time for it. The main advantage

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I have is that people like to be associated with me. That goes for people who propose business deals, as well as members of my management team. My being a philanthropist is not the only reason, but it undoubtedly contributes to the good spirit in the firm.

Then what are the real reasons for your philanthropy?

Some 15 years ago, when the fund had reached a size of \$100 million dollars, and my personal wealth had grown to roughly \$25 million, I determined after some reflection that I had enough money. After a great deal of thinking, I came to the conclusion that what really mattered to me was the concept of an open society.

How would you define an open society?

I wouldn't define it. Popper taught me that concepts shouldn't be defined; they should be explained. In my philosophy, open society is based on the recognition that we all act on the basis of imperfect understanding. Nobody is in possession of the ultimate truth. Therefore, we need a critical mode of thinking; we need institutions and rules that allow people with different opinions and interests to live together in peace; we need a democratic form of government that ensures the orderly transfer of power; we need a market economy that provides feedback and allows mistakes to be corrected; we need to protect minorities and respect minority opinions. Above all, we need the rule of law. Ideologies like fascism or communism give rise to a closed society in which the individual is subjugated to the collective, society is dominated by the state, and the state is in the service of a dogma that claims to embody the ultimate truth. In such a society, there is no freedom.

I can also give you a more personal view: An open society is one in which a person like me can live and prosper. As a Jew in Hungary I was hunted by the Nazis, then later I had a foretaste of communist rule in that country, so I know whereof I speak. I emigrated to England when I was 17 and it was as a student at the London School of Economics that I came to understand the difference between open and closed society.

What was the purpose of the foundation?

To open up closed societies, help make open societies more viable, and foster a critical mode of thinking. But I learned how to run a foundation only gradually. I was very leery of foundations. I had some strong prejudices against them. I still do. I think that charity tends to turn the recipients into objects of charity, and that is not what it is intended to accomplish. I call this the paradox of charity. I also think that philanthropy is basically a corrupting influence; it corrupts not only the recipient, but also the giver, because people flatter him and never tell him the truth. It's the role of the applicant to find a way to get money out of the foundation, and it's the role of the foundation to prevent people from taking advantage of it. To protect itself from people who want to take, a foundation needs to be either very bureaucratic and have very strict rules, like the Ford Foundation or the state, or it should keep a low profile, working quietly in the background. I chose the latter alternative, you know: "Don't call us; we'll call you." I intended, in theory, to make all the activities and all the donations anonymous. I made a deliberate effort to keep my ego out of it, because I felt that the foundation must justify its existence by what it accomplishes; if it only served for ego gratification, my ego would not be gratified. It is ironic that today I run one of the largest foundations in the world and I am personally, deeply involved.

What were you giving money to?

My first major commitment was in South Africa. Here was a truly closed society based on the separation of races. I thought the best way to undermine the apartheid system was to enable the blacks to stand up to the whites on an equal footing through education. I had a Zulu friend, a lecturer at a university in New York, who went back to South Africa. I went to visit him in 1980. Through him I met a number of South African blacks and I got to know them as friends. I also visited Cape Town University whose Rector, Stuart Saunders, impressed me with his commitment to educating black students. In a somewhat misguided fashion, I thought that Cape Town University was an institution based on the principles of open society, seeking to treat people equally. The tuition was paid by the state. I thought that by helping to put black students

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into Cape Town University, I would get the state to pay for their education, so that I would be taking advantage of the apartheid state.

It didn't quite work out that way. The University as a whole was by no means as open-minded as the Rector. I gave 80 scholarships to blacks as my opening effort, but the number of black students increased by less than 80. The University was obviously redirecting some of its own funds to other goals. I went back to South Africa the next year and met with the students, and they were exceedingly alienated, hostile, and resentful. I decided to see the first 80 students through, but not to continue the program. It was a great pity because, if it had continued, there would now be a greater number of qualified blacks to lead and develop the country. I tried other projects in South Africa, but I came to the conclusion that instead of me taking advantage of the apartheid state, the apartheid state was taking advantage of me. The system was so insidious that whatever I did made me an accomplice of the system. I continued a few projects, like supporting the training of black journalists and some human rights programs but, basically, I did not do a lot more in South Africa, which I now regret. And, belatedly, I have set up an Open Society Foundation there.

What else did you do in the early days?

In that same year, 1980, I started giving scholarships to Eastern European dissidents. I also began my support of human rights organizations, Poland's Solidarity, the Czechoslovak Charta 77 dissidents (through a foundation in Sweden), and the Sakharov movement.

That was a period in which no one dared to hope that any essential change could be effected in Eastern Europe. It was in December of 1981 that General Jaruzelski staged his putsch in Poland. The Chartists in Czechoslovakia were only a small, isolated group. What did you hope your foundations might accomplish?

My aim was to support the people who had staked their lives on fighting for freedom, for open society.

Then you did not envision imminent change in the political situation in Eastern Europe?

No. I was putting my money into something that other people had staked their lives on. I supported these people to carry on whatever they were doing, for it was they who were taking the risk and the responsibility. I had no projects of my own, no grandiose schemes. I did not believe for a second that I could change the regime. But I did have a certain perspective. I knew that communist dogma was false because it was a dogma. If one could foster alternatives, open the door for other ideas, the falsehood of that dogma would become obvious. By undermining the dogma one would, in fact, weaken the regime. I did not expect that the communist system would collapse, but I did want to weaken it from within by making alternatives available and supporting critical thought.

You were running all these programs yourself?

Yes, everything was done purely on a personal basis. I got involved in Human Rights Watch, which was called Helsinki Watch at that time, and I attended their weekly meetings. I view it as a kind of learning period. Aryeh Neier, who was the head of Human Rights Watch, is now the president of my foundation. But, at that time, Open Society Fund was really a very small and experimental activity. After the South African attempt, my main focus was on giving an opportunity to dissident Eastern European intellectuals to come to the United States. A dozen or so dissidents were invited at any one time, and I got to know some of them. Their acquaintance helped me a great deal, for at that time I was unfamiliar with the problems of the region. After all, I had left it many years before.

Does your commitment have nothing to do with your Hungarian background, then?

It does have something to do with it. I speak the language, after all, and my roots are in Hungary. But it was not because I was born in Hungary that I decided to support the dissident movement there. Among the people who received scholarships from my foundation, there were at least as many Poles as Hungarians. Yet it was from the Hungarians that I learned the most and with

whom I established the best personal relationship.

Was that why you set up the first of your Eastern European foundations in Hungary?

Yes. The dissidents told me that the way I selected the candidates was beginning to have a harmful effect. It was secretive, and people were being rewarded for being dissidents. In a sense, the scholarships served to discredit them; they could be accused of making a living out of their opposition to the regime. The dissidents were morally upright people with an integrity you don't find very often, so their opinion carried a lot of weight with me. In 1984, I approached the Hungarian Ambassador here and I asked him whether it would be possible to set up a foundation in Hungary, which could then give out scholarships on a competitive basis and engage in other cultural and educational activities. To my considerable astonishment, my proposal met with a positive response. Obviously, the Hungarian officials regarded me as a businessman who could be a useful contact for them in America and who would give them money without too many strings attached, the proverbial American uncle who was naive enough to let himself be used.

Did you have any full-time people by that time?

The foundation here still had no full-time employees and, in effect, it was run out of my home. Susan, my wife, was then the chief administrator, and she did a very good job running it. There was no overhead whatsoever. Or rather, it was extremely expensive, depending on how I value the services of my wife.

When did you get your first full-time employee?

Later in 1984, with the establishment of the Soros Foundation in Hungary, which was separate from the Open Society Fund because the Hungarian government could not accept the name Open Society. That foundation had an office here in New York and a full-time person in charge. But the Open Society Fund did not. It continued to be run by Susan for several more years.

In 1984, when this was happening, the government in power in Hungary was still strictly communist. In Hungary of all places, you are now frequently accused of having collaborated with that regime in the interest of your foundation. Is that true?

Of course we collaborated: The communists wanted to use me, and I wanted to use them. That was the basis of our collaboration. The big question was who would get the better of the other. The arrangement we worked out was as follows: a joint commission was set up between the Hungarian Academy of Sciences, an institution still completely under the control of the communist party and government at the time, and the Soros Foundation in New York. We had an agreement ensuring that both sides had veto power over expenditures. Monies could be spent only on programs approved by both chairmen. I was one of the chairmen, the vice-secretary of the Academy of Sciences was the other.

Who ended up getting the better of whom?

In Hungary, there is no question that we won. I had wonderful advisors. One of them was, and is, Miklos Vasarhelyi, the one-time press spokesman for the Imre Nagy government of 1956. He is a man who was nearly sentenced to death for his part in the revolution and spent several years in prison. The Hungarian foundations success can be attributed to a great extent to his political wisdom and skill and the universal respect he enjoyed. Back then I did not take a step without first consulting him. He understood the situation much better than I, and I suspect much better than the responsible Hungarian authorities as well. We knew what we were doing and they did not.

But right at the start you wanted to quit?

After we had already signed the agreement establishing the foundation, we had a disagreement on how it should be run. Our idea was that the employees should be independent and selected by us. However, the government expected that the decisions of the commission would be carried out by a rather dubious organization called the Union for International Cultural Relations. They

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were an arm of the Ministry of Security established to serve as the counterpart of IREX, the American cultural exchange organization. At that point, Miklos Vasarhelyi insisted that I should not make compromises, that we needed our own staff. That led to a meeting—my first—with Gyorgy Aczel, the all-powerful Party boss for cultural affairs. We couldn't come to an agreement so I told him I was quitting. He said that I should not leave with bad feelings, whereupon I responded that I couldn't help having bad feelings, after all the effort I had wasted. I was then already at the door. He asked me, "What is it you really want?" "An independent secretariat," I replied. Ultimately we reached the same compromise with respect to the secretariat that we had regarding the chairmen. Each side appointed its own responsible person and they had to co-sign all documents.

How much money were you giving away at that time?

The endowment was \$3 million a year, but we did not spend all the money in the first years. One of our first projects was to offer photocopying machines to cultural and scientific institutions in exchange for Hungarian forints. We needed forints in order to give out local grants, but the photocopying machines also did a lot of good, so the same money was put to work twice. The project was a great success because it was a perfect way to undermine the Party control of information. Up until then, the few existing copying machines were out of reach, literally held under lock and key. Each user had to be approved. As more and more photocopying machines became available, the Party apparatus lost control of the machines and the dissemination of information.

Why didn't the Party forbid the project?

The institutes desperately needed the machines for their work. The Hungarian state did tighten the regulations, but, with so many machines, it could not enforce them. We then used the local currency we got from the institutes to support all kinds of unofficial initiatives.

The Hungarian foundation at that time was exempt from all the ills that befall normal

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foundations. All the paradoxes connected with philanthropy were resolved because the foundation became an institution of civil society. It did not have to protect itself because it was under the protection of the people whom it supported. The foundation didn't need to be bureaucratic; it didn't need to have any procedures for controlling, reporting, and evaluating, because the grant recipients would have been ashamed to take advantage of the foundation. If there was abuse, somebody would tell us about it.

There were a number of reasons why the foundation worked so well. First of all, there was a tremendous shortage of hard currency and the dollar was worth a lot more than the official rate. It was worth even more to cultural institutions that were flush with local currency, but had little access to hard currency. We joked about an exchange rate for "culture dollars."

On the local currency side, people practically volunteered their efforts for tiny grants because the foundation was empowering them to do what they wanted to do anyhow. So almost nobody had to be paid for their work. All they needed was some material support, like a photocopying machine, or an opportunity to do some research abroad. We were also using the facilities of the state for nonparty activities because most of the people were actually employed by the state. Courses, meetings, performances could be held without paying rent. That was another way in which the impact of the foundation was magnified. Ultimately, we were accused of being an alternate Ministry of Culture and Education and we considered this the greatest accolade we could possibly get. Don't forget, we were spending \$3 million a year and, with that, we affected the workings of the entire educational and cultural establishment, which had a budget hundreds of times greater.

Didn't they try to stop you?

Yes. The question was seriously debated in the Party. But even there we had our sympathizers.

Who were they, and what made them sympathetic?

They were mainly on the economic side. The ones responsible for ideology were opposed to

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the foundation. My main government supporter was Ferenc Bartha, who was, at that time, in charge of economic relations with foreign countries. The government held him responsible for the foundation, and he definitely wanted it to be a success. He hoped to help change the political system without exposing himself. He was a technocrat who, along with a number of other economists, Marton Tardos, for example, wished for reforms.

The foundation was very circumspect. We carefully balanced projects that would annoy the ideologues in the Party, with other projects that they couldn't help but approve, and we made sure that there was always a positive balance. We engaged in patriotic cultural programs and widely beneficial social programs to offset the distribution of copying machines. The Party was particularly alarmed at our grant program for writers because it increased their independence. We were even accused of having fomented the Writers Union's rebellion against the Party.

Looking back, do you consider your activity in Hungary as a success?

That was the most fantastic, marvelous time we ever had. The foundation enabled people who were not dissidents to act, in effect, like dissidents. Teachers, university professors, and researchers were able to indulge in their nongovernmental activities while keeping their jobs. So it was really a very successful operation, and a wonderful spirit prevailed. Nothing that we have done since quite compares with it. The foundation was clean and well run. I visited from time to time and discussed the strategy; the next time I visited, it was implemented. I don't know how they did it. Perhaps it was because the foundation was the only game in town and all the intellectual energies of civil society were available to it. After the liberation in 1989, people had many other opportunities; but from 1984 to 1989, the foundation was really the center of intellectual life in Hungary.

You speak of that time with a great deal of nostalgia.

I'm sure that everyone involved looks back on it with nostalgia, for we achieved a tremendous amount with very little money. And we felt good, fighting evil. Never again have circumstances

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been so favorable. Later, after the changeover, the Hungarian foundation had a lot of trouble adapting to the new reality.

At that time, was the work of the foundation more important to you than making money?

Not at all. I was actively managing money. That was the time when I was engaged in the real-time experiment that forms part of *The Alchemy of Finance*, and it was certainly a lot more important to me. The foundation work was still very much a sideline, even though I was intimately involved in it. I did not identify with it; I looked for no recognition. I felt the foundation belonged to the Hungarians; that was the secret of its success. There was no publicity, which also contributed to the success. The “agitprop” of the Communist Party in Hungary put out the word that the media should ignore the foundation. Therefore, there were no press reports, although we were allowed to advertise our programs. Most people found out what was going on by word of mouth. Here was the only institution in Hungary that actually did something worthwhile without talking about it, whereas all the official organizations always talked about things that they didn’t actually accomplish. So, in a way, the image of the foundation was established by the lack of publicity. And I was firmly determined not to take any personal credit, because I genuinely felt that the people running the foundation were putting themselves on the line, and I was merely providing them with the means. I admired them for doing what they achieved, so it was really their creation, not mine.

But it was your money that was making it possible.

Yes, I found all this very, very gratifying, but, as I said, the foundation was something apart from me that I admired almost as an outsider. It’s very different from my involvement today.

After your success in Hungary, you expanded the scope of the foundation, didn’t you?

Yes. I tried my hand in China, starting in 1986. I also set up a foundation in Poland soon after, based on “Okno” (Window), an underground cultural organization associated with Solidarity.

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Then came the foundation in the Soviet Union in 1987, when Sakharov was allowed to return to Moscow. After the Revolution of 1989, there was an explosive growth in the number of new foundations. That is when the foundations became a network.

By now you have foundations in 25 countries, most in Eastern Europe. What exactly do your foundations do?

It is impossible to say. The transformation of a closed society into an open one is a systemic transformation. Practically everything has to change and there is no blueprint. What the foundations have done is to change the way the transformation is brought about. It has mobilized the energies of the people in the countries concerned.

In each country, I identified a group of people—some leading personalities, others less well known—who shared my belief in an open society and I entrusted them with the task of establishing the priorities. I had an overall vision and, with the passage of time, I learned from the experience of individual foundations. I reinforced the initiatives that were successful and abandoned the ones that were not. I tried to transfer the successful programs from one country to the others and I also introduced regional programs. But I did not impose anything from the outside. I gave the foundations autonomy and I exercised control only through the amount of additional money I made available.

Open society is meant to be a self-organizing system and I wanted the foundations not only to help build an open society, but also to serve as a prototype of open society. We started in a chaotic fashion and order emerged out of chaos gradually. The scope for the foundations was practically unlimited. We tried to choose projects that made a real difference. What they were, depended on the need we identified and on the skills we could bring to bear. The priorities are rapidly shifting. For instance, travel grants were usually effective in the early days, but they are less so today. Our main priorities are education, civil society, law, the media, culture, libraries and the Internet. But these categories do not describe adequately the scope of activities. The activities came first and the categories afterwards. Nobody knew everything we were doing,

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and I liked it that way. I derived the greatest satisfaction from activities I knew nothing about, that I ran across accidentally. I had managed to mobilize other people's energies—things were happening that I did not think of, indeed, could not think of, because often they were beyond my comprehension. It gave me a sense of liberation. Finally, I broke out of my isolation and connected with the real world. When I found out about the various activities of the foundations, I didn't like everything I saw, but I derived great satisfaction from the fact that, unbeknownst to me, all these activities were going on.

Can you give me some examples?

I met Wiktor Osiatynski, a brilliant political scientist, who had been treated for alcoholism by Alcoholics Anonymous. He introduced AA first to Poland and then to other countries. He had a tremendous impact, for instance, in the treatment of alcoholics in Polish prisons. We introduced a new approach to health education and I visited a workshop of teachers from various countries who were spending a week together. Their enthusiasm was overwhelming. But, perhaps, the most relevant is the network of contemporary art centers we have established. I really don't like most of the art in the centers, but I realize that I am not competent to judge. You may consider it weird, but in my view, it is an essential feature of an open society that not everything should be to my liking. If I tried to control the content of every program, I would not be creating an open society. I could certainly not have expanded the foundation network as fast as I did. Our growth was exponential.

How could you finance it?

It so happened that the dissolution of the Soviet Union coincided with some wonderful years for Quantum Fund. The amount of money I had available exceeded the capacity of the foundations to spend it well. The combination of a revolutionary opportunity with ample financial resources was explosive. The foundation network grew dramatically in five years. It dwarfed the growth rate of Quantum Fund.

How did you manage it?

We operated with what Janos Kornai calls “soft budgetary constraints,” which are disastrous for an economy, but can work wonders for a foundation. A foundation is, in a sense, the inverse of a business. In business, it is the profit that counts; in a foundation, it is the way the money is spent. With soft budgetary constraints, the foundations can concentrate on what really counts.

It sounds as if your foundations were running out of control.

In a sense, yes. But I demanded high standards of performance and also high ethical standards. I wanted the foundations to be lean and clean. But if they enjoyed my confidence, I was willing to authorize any number of new projects at short notice. That is what I mean by “soft budgetary constraints.”

Money is only one of the components necessary to success, and, under certain circumstances, money can do more harm than good. If a foundation has nothing but money, it has no justification for its existence other than a self-serving one. I am constantly subjecting the foundations to severe critical examination.

How can you test them?

One of the ways is to keep the overhead low, to ensure that people working for the foundation are not in it for the money. Even then, an unlimited supply of money for programs can spoil them. For instance, I made a terrible mistake in Russia. After several false starts, we finally had an incredibly successful program for the transformation of the humanities. Originally, I provided \$5 million for the program, and it made a real impact on the entire educational system of the country. But I got carried away. I increased the budget to \$15 million and I was planning to raise it again to \$250 million. The temptation was too big for the program administrators, and what had been a lean operation became corrupt. It nearly destroyed the foundation.

You already mentioned that the foundations have not been everywhere as successful as in

Hungary. What kinds of problems have they had?

All the foundations are different. No two of them have the same problems. In China, for example, the foundation became embroiled in the country's internal political struggle. That was in 1988. The hard-liners tried to destroy Prime Minister Zhao Ziyang and Party Secretary Bao Tong by attacking the foundation. Zhao defended himself by transferring the foundation from the supervision of the internal political police to the external political police. The external political police took no chances: it put its own people into the foundation. In effect, the foundation was run by the secret police. When I got wind of it, I tried to close the foundation and the Tiananmen Square massacre gave me an excuse for doing so. Poor Bao Tong is still in jail and reportedly very sick.

In the beginning, I had a lot of trouble with the Polish foundation as well. Probably I was to blame, for I was trying to reproduce the success of the Hungarian foundation. I felt that I had a solid base of support in Poland because I had supported the Solidarity movement and its cultural arm, "Okno," which was also illegal. In trying to replicate the Hungarian formula, I relied on the Okno people, assuming that they knew how to run a foundation. I thought all I had to do was to make a deal with the government and give them some money and they could take it from there. But it didn't turn out that way. The Okno people had no idea what to do; they couldn't even manage to get a telephone line installed. After the revolution of 1989, I placed the foundation in the hands of Zbigniew Bujak, the Solidarity hero. But that didn't work too well, either. We later found the right man to act as executive director, but by then a major conflict developed between me and the foundation. I was still expecting it to function like the Hungarian one, as a grant-giving organization, open to all, empowering people to pursue their goals, serving as a support mechanism for civil society. But the people involved in the foundation had a different vision. They wanted an operating foundation with priorities and programs of its own. It turned out that they were right and I was wrong. Their format was better suited to the new era. Over the years, the Polish foundation—Stefan Batory—has become one of the best foundations in the network.

The Bulgarian foundation is very similar to the one in Poland, but I didn't have the

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same trouble setting it up. It arose fully armed like Pallas Athene. I had the assistance of the American Cultural Attache, John Menzies, who had worked in Hungary and understood what the foundation stood for. He prepared everything and all I had to do was to bless it. That is not to say we didn't have some problems. For instance, one of the board members, who had been the head of a human rights group, turned out to be a rabid nationalist, violently anti-Turkish and anti-gypsy.

The Russian foundation is quite another story. I could write a whole book about it. Let me just say that I wanted it to lead the revolution, but it got caught up in the revolution instead. It went through the same revolutionary turmoil as Russian society at large.

It suffered as many setbacks?

I began organizing the Russian foundation, or more correctly the Soviet foundation, in 1987. I first went to Moscow as a tourist, hoping to convince Andrei Sakharov to head it. He strongly advised me against going ahead, because he was convinced that the money would end up in the coffers of the KGB. But I persisted, and I managed to assemble a governing board. It was truly an odd collection, for it included people who normally wouldn't even speak to each other: on the one hand, the historian Yuri Afanasiev and the sociologist Tatyana Zaslavskaya, and on the other hand, the writer Valentin Rasputin, who has since become an extreme nationalist. Such a combination would be unthinkable today.

The management of the Cultural Initiative Foundation, as it was called, fell into the hands of a reformist clique of Communist Youth League officials and they proceeded to form a closed society for the promotion of open society. I tried to prevail on them to be more open-minded, but they couldn't shake off their Soviet mentality. When I became aware of it, I had to organize a putsch to remove them. This came just before the August 1991 putsch. But the man who organized it, my lawyer in Moscow, then turned the foundation into his personal fiefdom so I had to organize a second putsch to get rid of him. The foundation then languished until we started the Transformation Project—an ambitious program to replace Marxist-Leninist teaching in schools

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and universities. With the full cooperation of the ministries, we made tremendous strides within a very short period—commissioning nearly a thousand textbooks, training school principals, giving grants to innovative schools, introducing a new curriculum in economics, sponsoring Junior Achievement. The project was so successful that I decided to throw a large amount of money at it and that was the cause of the next crisis. This happened at the height of the robber-capitalist episode in the first half of 1994, when shares of Russian enterprises were given away in a mass-privatization voucher scheme and could be bought for a song. Money was in incredibly short supply and less reputable banks paid as much as 10 percent a month for dollar deposits. Everybody with money was making money hand-over-fist. The temptation must have grown too strong for the administrators of the program. We discovered an enormous bank deposit—some \$12 million—in a less-than-first class bank and, although we recovered it and suffered no loss, we undertook a thorough audit. We got rid of our key operating personnel and the foundation has still not recovered from it. With three reorganizations, we lost five valuable years. I learned from bitter experience how difficult it is to run a foundation in a revolutionary environment.

But you said you were a specialist in just such revolutionary situations.

I was able to recognize when things were going wrong. I could correct mistakes, but I couldn't find the right people to get things done. Perhaps if I had learned Russian and devoted full-time, I could have done a better job.

This sounds like a tale of woe. Yet your foundations in the former Soviet Union are reputed to be very successful.

Rightly so. I was speaking only of the Cultural Initiative Foundation in Moscow, which we are phasing out and replacing with a new organization. I am also responsible for the International Science Foundation (ISF), which has as its mission saving the best of natural science in the former Soviet Union, and a companion program, The International Science Education Program (ISEP). These are mega-projects, much larger than the projects we normally undertake. I gave

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ISF \$100 million and we spent it in less than two years. We gave emergency grants of \$500 each to some 30,000 scientists, which was enough to support them for a full year. We organized a grant program, on the model of the National Science Foundation, that allocated the bulk of the money. We also provided travel grants and scientific journals, and we are currently working to make the Internet available not only to the scientific community, but to all users: schools, universities, libraries, hospitals, the media. The Science Education Program, with a separate annual budget of more than \$20 million, is reaching an even larger number of people than the ISF. Everything is done according to clearly defined rules. It's very efficient and it has had a tremendous impact on the scientific community.

Why did you decide to spend such large amounts on science in the former Soviet Union when you practically excluded natural science from the regular activities of your foundations?

I wanted to prove that Western aid can be effective, and natural science was the best field in which to prove it, for a number of reasons. Soviet science represented an outstanding achievement of the human intellect, a somewhat different strain from Western science, that deserved to be preserved. Scientists had been, and remain, in the forefront of the struggle for open society. Also, the effort had a reasonable chance of success, because there are reliable criteria by which merit can be judged, and the international scientific community could be mobilized to assist in the selection process.

We proved our point. The programs were a resounding success. We recently came under attack by the Russian counterintelligence service, and the Duma instituted an investigation. The entire scientific community rose up in our defense and what started out as an attack ended up as a triumph for the foundation.

Most of the other foundations in the former Soviet Union are doing well. The one in Ukraine is particularly strong. It has succeeded in the role I would have liked the Russian foundation to play. A whole network of other institutions has grown up around it, each working

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in a different area. They are all related to the foundation in one way or another but independent: an institute that trains public servants, a private university, a foundation for the development of legal culture, a media center, a center for modern art, an economics institute, a privatization institute. The foundation is helping to supply Ukraine with the infrastructure necessary for a modern state—and an open society. If Ukraine survives as an independent state, the foundation will have made a real contribution to its success.

What made you focus on Ukraine to such a considerable extent?

It was a combination of factors. I recognized the importance of an independent and democratic Ukraine. As long as Ukraine prospers, there can be no imperialist Russia. I was able to help Ukraine, because I had very capable and reliable collaborators: Bohdan Hawrylyshyn, who retired as dean of a business school in Geneva in order to set up a business school in Kyiv, and Bohdan Krawchenko, a professor from Canada who went to Ukraine to do research. I put them in charge and they built the foundation. We started early, establishing the Ukrainian Renaissance Foundation in 1989, well before Ukraine became independent in 1991. When independence came, we decided to push ahead with all possible speed. Our explicit objective was to blaze the trail for the Western aid we hoped would follow. Again I can say that we accomplished our goal.

I must admit I started with very ambivalent feelings about Ukraine. I knew the fate of Hungarian Jews deported to Ukraine during World War II because one of them returned and gave me boxing lessons when I was about 13. His stories made a deep impression on me. When Ivan Dzuba, a Ukrainian writer who later became Minister of Culture, asked me to set up an Open Society Foundation in Ukraine, I confronted him with those stories. He said the objective of the foundation would be to build a different Ukraine where those kinds of atrocities couldn't happen. I accepted that as a worthwhile goal.

In Prague, in the Czech Republic, everything seems to have miscarried for you.

As I said earlier, I had supported the dissidents of Charta 77 through a foundation in Sweden

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since 1980. Altogether I gave it some \$3 million. I was its main source of support. When the Velvet Revolution took place, I suggested to Frantisek Janouch, who ran the foundation in Sweden, and to Prince Karl von Schwarzenberg, who headed the International Helsinki Federation for Human Rights in Vienna, that we should now set up a foundation inside Czechoslovakia. We met in Prague in December 1989. I remember that Schwarzenberg, a member of what had been the Czech royal family, still had difficulty getting a visa, because the Czech Embassy in Vienna had not yet fully adjusted to the new situation. There was a wonderful, peaceful, Christmastime atmosphere in Prague, one that I shall never forget. However, the foundation we set up was not properly grounded in civil society. From the very beginning, outside help was regarded with suspicion. There was a lot of grumbling on the part of people who had received support from Janouch, and much more on the part of those who hadn't. People did not know that I had supported Charta 77 long before the revolution, and no one understood what this strange person from America wanted to accomplish. The problem was that my support had gone through emigrants, and there was a lot of mistrust of emigrants. Old quarrels kept breaking out and, instead of living in the present, people were mainly concerned with settling the disputes of the past.

There was also conflict between the foundation and the Charta 77 organization, for Charta 77 was of the opinion that the foundation ought to belong to them. These conflicts ultimately consumed all of the foundation's energy. I warned Janouch a number of times to put the past to rest and to devote himself to the present. When that didn't do any good, I stopped my support for the foundation in Prague. It was the most disappointing experience in all my philanthropy.

You not only support the foundations, you also finance the Central European University.

Why do you feel this university is necessary?

I used to be opposed to setting up permanent institutions and I never wanted to invest in bricks and mortar. But, after the revolution of 1989, I recognized the need for an institution that would preserve and develop the spirit of that revolution. As a revolution, 1989 was incomplete. It

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destroyed communism, but it did not give rise to a new form of social organization. The Velvet Revolution was fought in the spirit of open society, but the concept of open society was not elaborated, either in theory or in practice. There was a gaping intellectual need and I set up the CEU in the hope that it might meet that need. It is not meant to propagate the concept of open society, but to practice it. The aim is not only to educate a new elite, but also to reach a new understanding.

The university came into existence in a revolutionary fashion—without any planning and without the proper legal structure. Classes started in September 1991, a few months after the decision to set up the university was made. By now, order has emerged out of the chaos and the university has been transformed into a solid institution. We have an outstanding faculty, combining eminent names with names that will become eminent in the future, a first-class president and a distinguished board of trustees. I was very active during the founding period, personally making decisions, but I have relinquished authority to the board. Our degrees have been accredited by New York State and the quality of instruction was deemed high enough that even students in the first academic year were awarded Masters degrees retroactively. I believe that is a unique accomplishment in the history of education: six months to start an accredited M.A. program.

The university will receive at least \$10 million a year from me for running expenses for at least 20 years. In the fall of 1995, classes will begin in downtown Budapest, in an attractive building that we built.

Originally it was planned that the university would have branches in both Budapest and Prague. Did your plans for the Central European University in Prague also miscarry?

That's a long story. I was anxious not to start the university in Hungary. Since I am myself Hungarian, the university would have immediately become a Hungarian one. The Czech government offered us a building and I gratefully accepted it. After the 1991 election, the new government reneged on the obligations undertaken by the previous government. I was partly to

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blame because I didn't pay enough attention to the legal documents. There were strong voices opposed to the idea of the university, including Vaclav Klaus, the new prime minister, and not enough support for it, so I decided to close our branch in Prague. It was not primarily a question of money. The university in Budapest cost me a lot more. I felt that the university in Prague did not have enough local support. On principle, I don't want to inflict my philanthropy. I want the people involved to develop a sense of commitment and to show an ability to fend for themselves.

Why was Klaus opposed to the university?

That is a complicated question. The university was the initiative of the previous government of dissident—and ineffectual—intellectuals whom he detested. That government gave us a building and the Klaus government reneged on that obligation. He did not like an intellectual center for Eastern Europeans in Prague, because he wanted to move toward the West. He would have been happy to see Eastern Europe fall into the ocean, because then the West would take him on board more readily. But there was more to it than that. He felt a personal animosity toward me. It troubled me, because I did not need him as an enemy. It all became clear recently, when he accused me of advocating a new form of socialism. He believes in the pursuit of self-interest and, accordingly, he finds my concept of open society—which requires people to make sacrifices for the common good—objectionable. Now I know why we are opposed to each other, and I am happy to acknowledge it. In my view, Klaus embodies the worst of the Western democracies, just as the pre-revolutionary Czech regime represented the worst of communism. I am opposed to both extremes.

Did you give up everything in Prague?

No, we haven't abandoned Prague. President Vaclav Havel offered space for the university in the president's castle. I was delighted to accept his offer, because it showed that the university had some support after all. We are planning a major new initiative in Prague, a department that combines international relations with ethnic relations. We have moved the former research

institute of Radio Free Europe to Prague and it will also be connected with the university. The headquarters of the Central European University, however, will be in Budapest, with branches in Prague and Warsaw.

Who is allowed to study at the university?

We accept graduate students from East and West, but most of them come from Eastern Europe to whom we give full scholarships. The various disciplines of the humanities are represented, and the language of instruction is English. Currently, many of the teachers come from Western universities, but I hope this will gradually change. The program is somewhat different from traditional universities. There is more room for original research. Teaching, research, and involvement in practical projects mutually reinforce each other.

How is the foundation doing in Hungary? You mentioned that it had difficulties in adapting itself to changed conditions.

That is true. After the regime change, we were no longer the only game in town. Before 1989, we had a decisive influence on cultural life; after, there were many other sources of support for cultural activities, and we lost our preeminent position. Our financial situation also deteriorated. Cultural institutions were no longer flush with local currency and the “culture dollar” lost its value. We could no longer work with volunteers. We had to pay people, we had to become a professional organization.

There was a short period prior to the first democratic elections in April 1990 when we enjoyed a privileged position. We were the very embodiment of liberation, compared to the reform communist government that had lost the support of the people. The government wanted to work with us, hoping that our legitimacy would somehow rub off on them. They gave us matching funds. That was the high point in the history of the foundation. Once free elections were held, the new government had legitimacy, and we lost status. After that, there was a certain tendency in the foundation to live in the past and resist change.

Why did the free elections cause the foundation to lose status?

For a very simple reason: The new government didn't like us. Although the foundation had taken great care not to have any preferences in party politics, not to develop into a clique, most of the people associated with the foundation were members or sympathizers of a party that ended up in the opposition after the first free elections, namely the Free Democrats. Which is no surprise, for the political program of the Free Democrats comes closest to the concept of open society.

I can explain the situation in more general terms. Communism sought to establish a universal closed society. Many people rejected it because it was universal, because it denied them their national identity, and for that reason they adopted a nationalist program in opposition to it. Others rejected it primarily because they wanted an open society. In Hungary, they divided fairly precisely into the Democratic Forum, which won the elections, and the Free Democrats, which lost them.

To make matters worse, the Democratic Forum had a rabidly nationalistic anti-Semitic wing. I came into direct conflict with them, which did the foundation a world of good. It regained its sense of mission.

Have conditions improved under the new socialist-liberal government?

For the foundation, yes. Now it can work with the government, which it couldn't do before. Programs that have been successful in other countries can now be instituted in Hungary as well. That is especially true in the areas of education and public health.

Is it not a problem for you to stand so close to the government? You have even received a decoration.

It doesn't bother me in the least. I don't lose my critical faculties. The problem is in the opposite direction: in most countries, I come under increasing criticism. Some of the attacks are so vile and vicious that they are hard to take.

Why is that?

Because they don't like what I stand for. The idea of open society, in general, is coming under attack.

You once referred to yourself as a “stateless statesman.” How far can a foundation established in a foreign country—by a citizen of another state—really go? What do you see as the limits of your involvement?

A legitimate and very important question. I always rely on the people who actually live in the country. It is they who decide what is best for their country. If I did not do so, I would be an intruder from the outside. I support the concept of open society. That doesn't stop the people who are opposed to this concept from regarding me as an intruder. President Tudjman of Croatia accused me of supporting traitors and called the concept of open society a dangerous new ideology. So my activities are controversial, to say the least. The greater the opposition, the greater the need for the foundation.

You are accused of meddling in internal affairs.

Of course, what I do could be called meddling, because I want to promote an open society. An open society transcends national sovereignty. At the same time, an open society cannot be imposed from the outside. The people within the country who are on the board of the foundation have to take responsibility for its actions and I rely on their advice to the greatest possible extent.

In practice, I often find it difficult to decide what position to take, because the political situation differs from country to country and, as relations between countries deteriorate, a position that is appropriate in one country may be unacceptable in another. For instance, when I took a strong stand on Bosnia, my statements endangered the foundation in Yugoslavia. I try to be circumspect, but I don't always succeed. I don't know how it will work out. In the good old bad days, my situation was easier because I was anonymous; now I have a high profile.

Are there some things that you would never do with your foundations? Are there limits you would never overstep?

Yes! I support the concept of open society, but I am categorically opposed to supporting political parties. I have no difficulty supporting a democratic movement if it is fighting an undemocratic regime. But my foundations would never support a political party and never have. It would be against the law governing United States foundations.

To be precise, however, I have to say that in any given situation, it may be very difficult to draw the line between a democratic movement and a political party. Take a country like Romania. There we supported all the independent newspapers by supplying them with newsprint at low prices. President Iliescu subsequently accused me of supporting the opposition. My response was that I was supporting a pluralistic, free press. We agreed to disagree. I use this example only to illustrate how difficult it is to determine just how far one should go.

There are plenty of people who don't want an open society in Central and Eastern European countries; they want a closed one. That was once true of the communists and today it is equally true of the nationalists. If someone wants a closed society, it is only natural that he would like to force people like me out of the country.

In many countries, the foundations have unquestionably become a force in the cultural realm, and now you have declared that you also want to do business in Eastern Europe. Haven't you and your foundations become too powerful for these countries, which are, as a rule, small and weak?

No fear. I am unlikely to invest significant amounts of money. The foundations are another matter. In some countries, they have become very influential, perhaps too influential for their own good. But I am aware of the problem and I have taken steps to prevent the foundations from becoming a monolithic block. We have many checks and balances within the foundation network. We are so decentralized and diffuse that the real problem is that the left hand doesn't know what the right hand is doing.

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The country where the foundation is the most powerful is Ukraine. The foundation supports roughly two dozen independent organizations, each with its own board of directors. It is much more like a network than a power structure with a uniform direction.

But they are linked by a very powerful bond, they all receive money from you.

Correct.

The Eastern European countries are very weak. In such circumstances, the weight of a strong organization is even greater. And that is especially true if one adds your business ventures. Couldn't the foundations one day find themselves in a situation where they are stronger than the state? That would run counter to the idea of open society.

A foundation will never be able to compete with the state, no matter how weak a state might be, because a state has powers of coercion. Without such powers, a foundation may run afoul of a government, but it cannot replace the government.

You couldn't topple a government?

No. You confuse the power of ideas with political power.

How about the power of money?

I am fully aware of it. We have very strict rules to ensure that awards are made on the basis of merit and not on the basis of connections. We consider transparency in the process of making awards even more important than the awards themselves. In Romania, for instance, that is how the foundation established its reputation. Nobody had ever seen scholarships awarded on merit. Even in the media program, which was confined to independent newspapers, we took great care to treat them equally. We are often accused of buying people or buying influence, but usually by people who cannot imagine acting any other way. We would never do that; it would defeat our purpose.

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I recognize that people may profess certain ideas or propose certain programs just to get money out of the foundation. That applies to all foundations and it is the job of the foundation to protect itself. I also recognize that a foundation may become too powerful when civil society has no other sources of support. I guard against it by respecting the autonomy of the people who receive support. The best protection is to spend my money while I am alive.

That means that we have to trust that you continue to be one of the “good guys.”

In the sense that power shouldn't go to my head, you are right. For that purpose, I must rely on my critical faculties and my willingness to surround myself with people who are not hesitant to tell me when they disagree with me. But think of this: If we had not always respected the autonomy of those receiving assistance, we could not have established our reputation. If we had ever tried to tell people what to do, people would not have come to the foundation in the first place. Think of this, also: What conceivable use would I have for a myriad of Eastern European vassals? I ran up against that problem in China. According to Chinese morality, if you help someone he becomes obliged to you for life. In a sense you own him, but also he owns you. He expects you to continue helping him forever because, if you don't, you lose power. That is why I would never dream of restarting the foundation in China.

You said earlier that you did not plan to invest in Eastern Europe, not only because you have enough money already, but also because it could lead to conflicts between your business goals and your philanthropic ones. Why have you changed your mind?

Because the situation has changed.

Do you no longer have enough money?

No, that's not it. My rule not to invest in countries where I had foundations was a simple rule to deal with a complex situation. It was convenient, because it avoided any possibility of conflict of interest. Today the rule is no longer tenable. The Eastern European financial markets are

developing, and it is my business to operate in financial markets. On what grounds can I deny my investment fund the possibility of being involved in this market? Moreover, Eastern European countries are in desperate need of foreign capital. I shouldn't abstain from investing merely for personal convenience.

Are your foundations and the possibility of conflicts of interest not reason enough to stay out of the Eastern European markets?

No, not any longer. Originally I was worried that my investments might be held hostage in order to influence the behavior of my foundations. Now the foundations are strong enough to be able to resist such blackmail. There is still a risk, to be sure, but much less so than before.

Besides, my experience shows that people take me much more seriously as an investor than as a philanthropist. So if I really want to have an influence in these countries, I can do better as a potential investor. In Romania, for example, the government was at first extremely hostile to my foundation. However, after my role in the sterling crisis, President Ilescu urgently wanted to see me, and the foundation has also had a somewhat easier time since then. But I have no intention of investing in Romania at present.

One problem remains. I might be accused of exploiting my political influence for financial gain. To guard against it, I invest only on behalf of my foundations and not for profit whenever this possibility arises. For instance, I am currently working on an investment fund for Ukraine in order to reinforce the privatization effort there. So I rest easy on that score. It troubles me more that if I invest in a country in which I have a foundation, I immediately fall into the same category as a Robert Maxwell or an Armand Hammer, whose foundations were part of their business activity. I find the comparison somewhat repugnant. But I have always put substance ahead of image. The fact is that my foundations predated my business activity in the region by more than 10 years. You have to be very gullible to believe that I set up the foundations just to prepare the ground for entering the market as an investor.

But by refraining from making investments, you could have reduced the grounds on which you can be attacked.

Yes, I could have. But I deliberately chose to expose myself. To be a selfless benefactor was just a little too good to be true. It fed my self-image as a godlike creature, above the fray, doing good and fighting evil. I have talked about my messianic fantasies; I am not ashamed of them; the world would be a grim place without such fantasies. But they are fantasies. And to be godlike is to be removed from humanity. The great benefit of the foundation to me personally was that it brought me in touch with humanity. But the explosive growth of the foundation and the sheer size of the operation brought with it the danger that I would become estranged from humanity once again. I became an awesome figure, and I could see, particularly in Russia, that people simply could not understand what I was all about. Previously I never needed to explain my motivation to people who shared my objectives, but in today's Russia, people are so caught up in the fight for survival that the pursuit of an abstract good like open society seems hardly credible. I made the decision to start investing last year at the height of the robber capitalist episode. It seemed to me that to appear as a robber capitalist who is concerned with cultural and political values was more credible than to be a disembodied intellect arguing for the merits of open society. I could serve as a role model for the budding robber capitalists of Russia. And by entering the fray as an investor, I descended from Mount Olympus and became a flesh and blood human being.

My descent was more rapid than I intended. I entered the Russian market—the ultimate emerging market bubble—just before it burst. I realized this almost as soon as I entered and I tried to get out, but it was more difficult than getting in so we got stuck with part of our investment and I have egg on my face. From godlike, I have become all too human.

Did you lose money in your investments in Eastern Europe?

On balance, we are about even. We did well in the Czech voucher privatization.

Do you feel that Eastern Europe needs this kind of investment? Isn't Quantum much too large for these countries that are so extremely short of capital?

The countries of Eastern Europe need financial markets. As investors in financial markets, we contribute to their development. Of course we don't do that as a public service, we do it to make money. It may not be in the interest of these countries that we take away the profits we make there, but that's the nature of financial markets. It is much worse, both for us and for them, if we don't make any profits. In any case, the rumors that are circulating about the extent of our investments are exaggerated. In all of Eastern Europe we have invested at the most 1 or 2 percent of our capital. Admittedly that is not insignificant for Eastern Europe, but it is almost too little for us to justify the effort. With our \$10 billion, we are like a supertanker that can put in to only a few deep ports. The fact that the Eastern European markets are so small is indeed a limitation.

Do you make the investment decisions yourself?

Only the strategic decisions whether to get engaged or not.

You have been accused of playing by your own rules and changing the rules when it suits you.

I plead guilty. I do not accept the rules imposed by others. If I did, I would not be alive today. I am a law-abiding citizen, but I recognize that there are regimes that need to be opposed rather than accepted. And in periods of regime change, the normal rules don't apply. One needs to adjust one's behavior to the changing circumstances.

Look at the tremendous changes I have gone through on a personal level. Consider my career as a philanthropist. In the beginning, I avoided any personal involvement. I sought to remain anonymous and shunned publicity. Later, when the revolution gathered momentum, I accepted the fact I was deeply involved. After 1989, I actively sought to gain a hearing for my views. That alone was a major change. At the same time, I continued to abstain from doing business in Eastern Europe. Now, I have given that up too. The reversal from my starting point,

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when I dissociated myself from my philanthropy, is complete. I accept everything that I do, whether as an investor or as a benefactor, as an integral part of my existence. And I am very happy about it because in a sense my whole life has been one long effort to integrate the various facets of my existence.

There is a remarkable parallel in the evolution of my attitude toward philanthropy and my attitude toward making money. At first, I didn't want to identify myself with my business career. I felt there was more to me than making money. I kept my private life strictly separate from my business. Then I went through a rough patch in 1962, when I was practically wiped out, and it affected me deeply. I had some psychosomatic symptoms, like vertigo. It made me realize that making money is an essential part of existence. Now I am completing the process by doing away with the artificial separation between my activities as investor and as philanthropist.

The internal barriers have crumbled and I am all of one piece. It gives me a great sense of fulfillment. I realize that I cut a larger-than-life figure and I feel ambivalent about that. On one hand, I find it gratifying, but on the other, the sheer magnitude of my activities, both in business and in philanthropy, makes me uneasy. I must admit that I wanted it that way and I probably could not feel all of a piece if I weren't larger than life. It makes me feel somewhat abnormal, and that is the source of my malaise. Still, it is much better to have abnormal accomplishments than to harbor abnormal ambitions. For the first 50 years of my life, I felt as if I had a guilty secret; now it is out in the open and I am proud of what I have accomplished.

I have another interpretation of the changes that have taken place in you: You are a person primarily interested in beginnings, in stormy, revolutionary times. Those times are now over in Eastern Europe. It is my feeling that the prosaic routine that now faces the foundations can no longer hold your interest. You are simply bored. Over the long haul it is surely more interesting being a fund manager than a philanthropist. In this respect, the fund manager has won out over the philanthropist.

What you say about the adventure of beginnings and about prosaic routine is correct. But I don't

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believe you are right about the victory of the fund manager. It would be more correct to say that I would like to transcend both roles. I would like to change my relationship with the foundations in the same way as I have changed it with my funds. I would like to distance myself from the management of the foundations as I have from the management of the funds: set the strategy and be available in case of need, but delegate authority and responsibility to others. I would like to free myself from these daily burdens, so as to be able to explore new boundaries. I am pushing against the boundaries of understanding. There has been a tremendous increase in my capacity, both in making money and in giving it away. I am concerned that my capacity to think, to comprehend a fast-changing world, has not kept pace.

All in all, would you say that your foundations in Eastern Europe are a success? Has it paid off giving away so much money?

Absolutely. The way I run the foundations, I come in contact mainly with the problems, but as I travel around, I get a strong sense of all the wonderful things the foundations are doing.

You mentioned that now, in the post-revolutionary period, the foundations have to work differently from before, in a communist regime. What had to change?

The foundations had to become more professional. It is a change I have had difficulty accepting. In the beginning, I wanted to have an anti-foundation foundation, and for a time I succeeded: the Hungarian foundation was exempt from all the ills that beset normal foundations. Then came the revolution and I rose to the challenge. There was an opportunity to change the world and I threw everything into the effort. The revolution is now cooling off, but the mission is not accomplished. The need for the foundations remains as strong as ever. Yet to continue without becoming an institution would be very detrimental. To operate without bureaucracy would render us wasteful and capricious. I have come to realize that we require a solid organization, a bureaucracy if you will. I have become reconciled to the fact that we must switch from a sprint to long distance running.

How long do you expect the foundations to continue?

As long as the money lasts, but I want them to spend the money as quickly as possible.

And how long will that be?

I envisage a minimum of eight years, but it may be much longer. It depends on how the Quantum Fund performs. The Central European University is endowed for a longer term, but even the foundations may outlive me. I now recognize that the mission of these foundations, building open society, cannot be accomplished in one revolutionary leap. I have started thinking in biblical terms: forty years in the wilderness.

But why shouldn't the foundations exist forever?

Because they are bound to stray from their original goals. They are institutions with a mission, and institutions tend to put their institutional interests ahead of their original mission.

How can you presume that the foundations could ever become superfluous? Even Western societies, which function more or less properly, could benefit from having an open society foundation.

Eastern European societies will surely need the foundations for a long time. But I have to assume that the foundations are going to degenerate. They should not be endowed by the money of a dead man who cannot exercise critical judgment.

I am certain that in 10 or 40 years, people will look around for new sponsors so as not to let your foundations go under.

It is happening already and I am very pleased about it. It means that the foundations are proving their right to exist.

What has changed in the foundation network?

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The greatest change is that we now have a budget. Up to now everyone who had a good project that fit our criteria received money, and if it didn't work out, he or she didn't get any more. It was chaotic, appropriate to the confusion of the revolutionary process in Eastern Europe. That method is no longer appropriate. We now have to plan ahead for the whole year. That changes the character of the foundations.

We have also gone from explosive growth to consolidation. 1995 will be the first year that I cannot finance the foundation out of current income and must dip into principal.

How do you feel about that?

I don't mind, indeed I quite enjoy it. I am following in my father's footsteps, who lived up his capital. But the foundations are not so happy. It is a hard landing. You have accused me of following my own rules and changing the rules to suit my needs and I pleaded guilty to the charge. I like changing my modus operandi to the circumstances; it makes me feel on top of the situation. But organizations don't take to change so kindly. They like stability. I have learned that the hard way. For instance, the Hungarian foundation that performed so brilliantly under the communist regime simply could not adjust to the new situation. And it remains to be seen how the network reacts to the changes currently underway.

And how are you going to adjust?

I am showing exemplary behavior. I recognize that I am not an organization man. I am ready to delegate everything that has to do with organization to those who are more qualified, but I retain the right to formulate strategy. I am determined to preserve as much of the spirit of the foundations as possible.