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 GIVING
 El Ema wan nautmmg;
 Eastern
 Europe 3
 Amvaalent
 Benefactor
 Attuned to revolutionary changes,
 George Soros 1S spending nullions
 1'.
 to open closed societies
 in the former Soviet hide
 BySTEI'HENG.GREENEI . i
 " :i NEW YORK
 'r' 5 NOT UNUSUAL for a weaithy phiianthmpist to '_
 establish a private foundation,- But to set up more
 than a dozen of theni. in a region of the world
 where t'ew Western grant makers have dared to
 venture. puts George Soros In a class by hiniseit'. 3'
 A tireless promoter ofan' 'opeti society in the coun- ' 4
 tries of the disintegrating Soviet bloc. the Hungarian-
 bom financier this year will giveaway more than \$251 .
 million to people and organizations in that. region.
 What 3 more. he inngs to that task the same eiIergy and j .
 vision that have helped make him an eminently success- i
 M international investor-with personal assets esti-
 mated by Forbes magazine at \$975-mtlhon. i '
 Yet by his own admission. Mr. Soros is an :mbiva- '
 lent philanthropist. whose efforts are riddled with con- f?
 traditions: -' . - ;-l
 F Profoundly skepticaI about many human institu- i:
 lions. he has set up more than a dozen private founda-
 tions and a university-but he expects few of those
 institutions to survive him.- ,. '
 D Especially chary about charity. he has deveioped a
 reputation as a bold and innovative philanthropist-but
 as a self-styled "champion of losing causes.',- he is 4.
 proudest of efforts that'did not sueoedra 53' '1- :
 k Having profited hugely from untiammeled free en-
 terprise. he is nonetheless concerned that the Weslem
 economic and political system so many countries seek
 to embrace cannot survive unless a commiitment to the 'i
 common good transcends the self-interested pursuit of _
 personal gain. -- - -
 With his decision last month to open a foundation In
 Albania. Mr. Soros soon will have set up funds In every
 Eastern European country except the former East Ger-
 many-as well as in the three Baltic states. the Ukraine.
 and Russia And it is by no means certain that he will
 stop there. ' ' ' '
 "We only have foundations In 5 of the 15 Soviet'i
 republics. so thcrc' 5 room thech! he notes during an
 interview in his Manhattan olTice overlooking Central
 Park. As the former Soviet empire continues to splinter.
 he says. "there could be more foundations.
 thropy that rivals his renown as co-founcier and manag-
 Dccclnlicr 3, 1991
 - . V
 "II noun mm
 George Soros: "People who are professional givers suffer (tom
 the professional deformity that they are never told the truth."
 , er of the Quantum Fund. initial investments in which
 have increased twentyfold in two decades.
 _, til greatly admire what he's done." says William S.
 White. president of the Charles Stewart Mott Founda-
 tion and chairman of the Council on Foundations' Inter-
 national Committee. "He was making grants in the re-

. gion long before it was easy or popular to do so. He has
hired cxlrncly competent stail'who are willing to work
With people like us who are trying to lind our way
through the maze and sort oIIIt where we' re going. "
A 'Very Bold and Courageous' Strategy
III Eastern Europe-and especially In his native Hun-
gary-Mr. Soros is widely respectedf
Z'My personal opinion is that. after his death. he
deserves a slatue somewhere in this part of the world
for what he has done." declares Andras Biro. founder
and executive director of the Hungarian Foundation for
. , " ScifeRciittncc. which is based in Budapest and receives
All this grant making over the past decade has given '
Mr. Soros a reputation for canny, _quick-footed philan---
support from the Wcsl-lhough not from Mr. Soros.
_ iiiiis foundation has had an extraordinary, positive inI-
_ pact"
on Hungary's progress away from a totalitarian
regime. says Mr. Biro. adding, "he's been very bold
and courageous in his strategy."
For many Western grant makers. most parts of the
former Soviet bloc remain too troubled, too distant. too
impenetrable to be good prospects for philanthropy.
But Mr. Soros. a law who tied Hungary as a teen-
ager in 1947 to escape Nazi persecution, considers him-
self an expert in what he terms socile disequilibrium.
That can take two forms. he says: a static kind. in which
dogma is enforced despite its perilously widening diver-
gence from reality (as occurred in the Soviet Union for
30 years after Stalin's death). and a revolutionary kind,
in which events accelerate more rapidly than public
perceptions can adjust to them and finally spiral out of
control (as has happened under President Gorbachev's
percsIraika in the Soviet bloc).
"I have really been a specialist in these unstable
situations, both as an opponent ofthe frozen one and as
a pIaycr" in revolutionary changes. observes Mr.
Soros. "This is what I made my money on in the stock
market. so I'm more attuned to it than most people. It
Continued on Page 12

1)ucctuhcr Ii, 1991 i
e ' ' December 3, lye i

GIVING

Ambivalent Philantinopist SpcndsiMillions to Open Eastet n Em ope s ClosedSocie
(. mIIimIrd frum Page 6

has enabled me to be more alert to
Ievolutiotutry changes and to try to
keep up and to move witlt it."

Promoting Democracy

Moving with it. in his case. has
meant supporting II wille network
of people working to promote tic-
Inocmcy IIIIII pluralism in Soviet-
hloc countries. nIIII setting up loun-
Ilations whenever tltnt heennte fett-
sible: iII lIIIngIIry in 1984. Poland in
1988. Czechoslovakia in 1989. littl-
uria and Romania last year. Yugo.
slavia and Albania this year.

The foundations. although man-
aged autonomously. all support
non-governmental activities that
collectively promote open socie-
ties-those where. in Mr. Soros's
words. no single person or institu-
tion has a monopoly on the truth.
In practice. that has meant doing
everything from helping dissidents
travel abroad. to equipping inde-
pendent journalists with television
cameras and computers. to trans-
lating seminal work: by Alexis de
Tocqueville. John Stuart Mill. and
Betty Friedan.

Each of the foundations is gov-
emed by people in their respective
countries. supported by stall mem-
bers at the Soros Foundation oliiee
in New York. Most grants :0 di-
rectly to people and organizations
in the region rather than to support
non-profit U.S. intermediary
groups.

The foundation in each country
is free to make grants however it
wishes-vbut Mr. Soros retains the
right to withhold his support
should he disapprove of how a fund
is operating.

By establishing separate founda-
tions in each country rather than
making grants through a single
fund. Mr. Soros hopes to nurture
independence and a benevolent
form of nationalism.

By also establishing programs
and institutions like the Central
European University and the East-
West Management Institute that
draw participants from the entire
region. he hopes to promote the
perception that all Europeans are
linked in a common destiny.

Together. in fact. the network of
foundations and institutions forms
a model for the decentralized. plu-
ralistic confederation he would like
to see created in the former Com-
munist bloc on an international
scale. That decentralized approach
also accommodates the great dif-

ferences between countries in the region in terms of their political, economic, and social development, while encouraging people in the region to learn from each other's experience, rather than turning only toward the West.

Credited with Keeping Hope Alive
 In a region in which haphazard communications systems, inconvenient currencies, and hostile government henchmen make any grant making difficult, Mr. Soros is given credit for keeping hope alive. "He didn't make the revolutions and didn't sustain the dissident networks: these things would have happened without George Soros," says John Cuthbertson, who directs the security program at the Institute for East-West Security Studies in New York. "But he was a lifeline, fax machines and letters to people when no one else was doing it. It's a time when most people thought they were decades away from taking power. For a lot of people, he was the court of last resort."

Mr. Soros, inspired by the protocol of larger international foundations, has been able to respond quickly and flexibly to rapidly evolving conditions. And in countries where the harder he works, what is permitted and what is not can change daily, his foundations have relentlessly pushed the frontiers toward openness and diversity—often in creative ways. In former Soviet republics, for example, foundation directors must book foreign visitors at hard-currency hotels yet cannot legally possess dollars. The solution? Give them corporate American Express cards.

"I've been moving the goalposts as fast as possible," says Mr. Soros. "You are dealing with a revolutionary process, fast-changing and accelerating, so what is possible at one time was impossible at another time."

'Changing the Rules'
 Much of Eastern Europe has now stabilized enough for other foundations to begin programs there, Mr. Soros says. But the former Soviet Union is still in turmoil. "While I encourage other foundations to move and I am happy to help them, they're right to be hesitant, because they are not flexible enough," he says. "They play by the rules—and I'm interested in changing the rules."

Mr. Soros details the evolution of his network of foundations in *Underwriting Democracy*, published this summer by The Free Press in New York. The book also

describes the philosophical under-
work of his philanthropy, which re-
lates to the social disequilibrium in
which he specializes.

Doesn't Undermine Foundations

But whether in print or in con-
versation, Mr. Soros mines no
words: He doesn't much like founda-
tions. Grant-making institutions
by their very nature corrupt both
the recipient, who becomes an ob-
ject of charity, and the giver. "be-
cause the recipients are going to
kowtow to you, suck up to you,
and tell you what you want to
hear," he says. "People who are
professional givers suffer from the
professional deformity that they
are never told the truth."

Despite the best precautions,
therefore, the critical process es-
sential to grant making tends to
erode over time. Mr. Soros says.

"When you set up an institution to
implement your idea and the insti-
tution becomes interested in its
own survival rather than in serv-
ing that idea, that's the ultimate
corruption," he says.

"(If) grant-giving institutions are us-
ing the grant giver," he titles.

"If they are to be human, they
must have a human life story
and not continue indefinitely
striving inevitably from the
visiting mission to develop at self-sustain-
ing, self-renewing institutions."

(In the foundations he has estab-
lished, says Mr. Soros, who is.

"It is my hope and intention to
wind them up within my lifetime."

As transitional institutions, he be-
lieves, they must fade away when
their mission is accomplished.

Wants to Allow Europe to Survive
not the Central European Uni-
versity Institute, both of which he
helped set up last year, should be
given a chance to survive him, he
says, because a constant influx of
students and faculty members
gives academic institutions a
chance to renew themselves.

Even in the brief time his older
foundations have been operating,
the scope of their work has
changed significantly.

In Hungary, for example, the
foundation is no longer supporting
anyone who walks through the
door with an intriguing idea, he
helping to destroy totalitarian re-
gimes. The task has now shifted to
building democratic institutions—a
far more difficult prospect.

Gone are the days when his founda-
tions could delight in tweaking
their government oppressors: in-
stead, fragile new governments are
in place that need careful nurtur-

ing.

Talking with Mr. Soros. it is apparent that in some ways he believe: the best days of his philanthropic efforts may be behind him. Indeed. he speaks of the Soros Foundation's early period in Hungary as "a kind of nirvana. because we could trust people." . . . , 1 ' W.

"The people. whom we gave grants to and the people who ran the organization believed in- what they were doing". he recalls
"They recognized the foundation as belonging to them; and therefore they went out on their way to promote it. There were incidents of misuse of funds or people not delivering or coming to us under false pretenses, but we were always warned and protected by the others. So it was a wonderful time. and we did things with relatively little money but with tremendous impact. "

In other countries. that spirit has been more difficult to attain. In the Soviet Union. "the people involved in running the foundation were unable and unwilling to extend support to all people on an equal basis." Mr. Soros says.

"They inevitably tipped off their friends and used or abused the foundation." - J :i

In countries that lack working models of the kind of fairness and openness Mr. Soros seeks to cultivate. foundations have had to import westerners who can demonstrate those principles; In the Ukraine and in Romania, he says.

"we are succeeding but only by bringing in people from the West."

Fund for Opening China

Mr. Soros readily acknowledges that his judgments have not been infallible. his grant making not without failures. Perhaps his most visible misstep was the Fund for the Reform and Opening of China, which he established in 1986 but dissolved two years later after learning that it was controlled by China's security agency. -

retrospcct. he says. China was still a tightly controlled open society because it had no independent intelligentsia.

His supreme sell-out. strung together. still seemingly bottomless pockets have IBI'd Mr. Soros some enemies. Hungarian and Romanian nationalists and Communist hard-liners have vilified him. Imiti other critics have no use of him of meddling in countries where he has no business.

For Mr. Soros. such criticism acts as a tonic.

"If I have any concern that my .

foundations have a mission to fill. - fill. these attacks have removed . it." he writes in his book. "As long as the threat of a closed society remains so acute. the concept of an open society remains a goal worth fighting for."

. Eastern Europe is a 'Renighted' Furthermore. he says. Western democracies can learn from newly emerging ones in which critical thinking. openness. and freedom of choice are greeted as precious treasures.

"America. which has been a free country on the whole. has lost many of the values which are necessary to maintain freedom." Mr. Soros declares. "Freedom is like air; it's yours when you have it. you don't even notice it. We need to be reminded and Eastern Europe is a tremendous reminder."

Observers familiar with the Soros foundations apparently detect no decline in their effectiveness. The foundations' stall members draw high praise from other grant makers and officials of non-profits. some of whom have come to rely on them for assistance or advice.

"They continue to do among the most creative thinking in philanthropy in that part of the world." says Eliza Klose. executive director of the Institute for Soviet-American Relations in Washington. "They are constantly exploring and pushing. establishing new offices in different regions. It will take a long time for some of them to be effective. but they keep trying."

But Mr. Soros himself feels gloomy foreboding about the future of the former Soviet Union. Although he says his grant making has brought him many rewards. he expects to see the foundations created slowly lose their pioneering. innovative spirit.

Becoming Bureaucratic

"We now have a transition where we have to go from a spirit of volunteerism in civil society to professionalism." he observes. "I'm willing to do it-and actually are expanding the foundation by putting more effort and more money into it-but I realize that it's only a matter of time before we become bureaucratic. we lose our spirit. and we become just like the other foundations."

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Open Society Fund
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Cultural Inlunuve Foundauon

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FoundaIIion

Estahllshed: December 1989.

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Iosophy. history. law. and sociology
and political science.
East-West Management
Institute
Established: 1990.
Main offices: Budapest. New York.
and Washington.
Finances: Mr. Solos helps pay operating costs: Institute seeks other support.
Key officials: George Soros. president; Hana L. Seldman. chairman (New York); Zsuzsanna Rankl. executive director (Budapest); Steven G. Rankl. executive director (Washington).
Notes: Provides management Internships in the West to: East European and Soviet managers. develops management training programs. and provides training in business English and management orientation to interns.