Making Waves

Financier George Soros is spending enormous sums to build a far-flung network of activist foundations.

When media mogul Ted Turner announced his $1 billion gift to the United Nations last year, a reporter asked him to identify the philanthropist he most admired. Instead of citing a legendary figure from the past – Carnegie, Rockefeller, or Ford – Turner named one of his own contemporaries: Hungarian-born financier George Soros.

Well before Turner made a splash with his $1 billion pledge to the U.N., Soros had disbursed more than $1 billion of his own to promote press freedom and prison reform, improve health care and school performance, and defend political pluralism and minority rights around the world.

Like Turner, whose fortune is built on an international communications empire, Soros has been a major player on the world stage for years – first as an international investor and currency trader, then as an international grantmaker.

That may be where the similarities end. Turner is a flamboyant showman who mixes it up with movie stars and athletes. Soros is a self-described "philosopher-philanthropist," who surrounds himself with academicians and policy wonks.

Born to a Jewish family in Budapest in 1930, Soros survived the Nazi occupation and relocated to England as a teenager. While studying at the London School of Economics, he came under the influence of Sir Karl Popper, whose doctrine of the "open society" emphasizes respect for minorities and minority opinions. In his 1945 book, Open Society and Its Enemies, Popper expounded on the basic tenet that no group or ideology holds a monopoly on the truth, and that democratic institutions thrive when the rights of all people are protected.

After immigrating to the United States in 1956, Soros set up an international investment fund and quickly amassed a huge fortune speculating in the currency markets. His first philanthropic foundation, the Open Society Fund, was established in New York in 1979. Five years later, he returned to his native Budapest and created the first of his Eastern European foundations there. Since then, the Soros network has expanded to the former Soviet Union and Central Eurasia, as well as South Africa, Haiti, and
Guatemala. Soon nine new Soros foundations will open in Southern Africa, bringing to 40 the total number of countries in which the network operates.

The Soros foundations' relations with local governments are sometimes rocky. Their aggressive defense of human rights can pose a clear menace to strong-arm rulers, and Soros himself has frequently locked horns with foreign leaders who view his influence with suspicion. In Malaysia, Prime Minister Mahathir Mohamad accused him of attacking currencies in his region for political reasons, a charge that Soros vigorously denied. In Burma, the Soros-sponsored Burma Project has mounted tenacious opposition to the ruling military junta, charging it with gross violations of human rights. Soros has personally called for an international trade and tourism boycott of the repressive Burmese regime.

In Belarus, Soros was forced to close his foundation after President Aleksandr Lukashenko imposed a $3 million fine for alleged violations of Belarusian tax laws, and then proceeded to seize the foundation's bank account. In Croatia, the Zagreb City Court tried two officials of that country's Open Society Institute on charges of falsifying official records. After the men were convicted, the president of OSI-New York, respected human rights activist Aryeh Neier, branded the convictions "groundless" and "politically driven." Meanwhile, Croatian President Franjo Tudjman accused OSI-Croatia of introducing a "dangerous alien ideology," and attacked the foundation for backing independent media and human rights organizations that were "spreading their tentacles throughout the whole of our society."

In one case, Soros foundations' troubles stemmed from internal corruption rather than outside attacks. In Russia, the foundations were forced to undergo a painful restructuring when it was discovered that employees were diverting funds into Swiss bank accounts, and then using the money to buy expensive cars.

In 1994 Soros's foundations spent less than $2 million on U.S. programs. This year the figure is expected to be more than 50 times that amount.

This new focus on domestic programs comes with Soros's trademark appetite for taking on big, controversial issues. It also comes in response to what he sees as this country's growing tilt toward the right.

While he may be one of the century's most successful capitalists, Soros is also an ardent critic of raw individualism and laissez-faire economics. Writing in the Atlantic (February, 1997), he warned that unless the "uninhibited pursuit
of self-interest...is tempered by the recognition of a common interest that ought to take precedence over particular interest, our present system...is liable to break down."

In 1996, when Congress cut off public assistance for legal immigrants, Soros said that he felt a sense of personal outrage. He responded by spending $50 million to create the Emma Lazarus Fund, which assists immigrants in becoming U.S. citizens and thereby reclaim their eligibility for benefits.

Other Soros-sponsored domestic programs promote abortion rights, teen pregnancy prevention, campaign finance reform, legalization of marijuana, and needle exchanges to prevent the spread of HIV. In Baltimore, foundation staff worked with Mayor Kurt Schmoke to develop a demonstration project for drug treatment on demand.

Soros has also donated large sums to support ballot initiatives – money which, unlike the contributions he makes to his foundations, is not tax deductible. In 1996 he gave $1 million to campaigns in California and Arizona supporting the legalization of medical marijuana. Voters approved both measures by wide margins.

His progressive domestic agenda has made Soros almost as unpopular with the American right as he is with dictators abroad. "At first people thought, because of his background on Wall Street and because of the work he did in Eastern Europe, that he was an anti-Communist – and then because of the drug stuff, that he was a libertarian," Robert Pamilanco of the Capital Research Center, a conservative think tank, told U.S.A. Today. "But it's become increasingly clear, as he's gotten involved in public policy in this country, he's the ACLU with a billion dollars."

But Soros – and the people who work for him – appear undaunted by such criticisms. Rather, they seem to relish their reputation as activists and risk-takers. "You can count on other people to pay for the safe stuff," said Ethan Nadelmann, head of OSI's drug policy reform program, the Lindesmith Center. "Our money should be used to pay for things no one else will pay for because it's too hot to handle."

David Rieff, a writer who serves on one of Soros's boards, echoes that sentiment. "Soros is successful because his giving is openly political and daring," Rieff told New York Times reporter Judith Miller. "He is determined to use his money to change the nation's social agenda and is tough-minded about achieving his goals."
In view of the recent turmoil in world financial markets, however, Soros's capacity to bankroll his agenda – both here and overseas – could be less secure. Last year, Soros announced that he would donate $500 million over a three-year period to help rebuild the social infrastructure in Russia. At the same time, his Soros Fund Management group was investing more than $2.5 billion in Russian business, making it the single biggest western investor in that country's increasingly shaky economy.

As the ruble approaches free fall, Soros himself has a lot to lose. So do the beneficiaries of his largesse. If economies continue to deteriorate in those places where his presence has been most profoundly felt – the former Soviet bloc and developing nations of Asia – the need for philanthropic intervention will intensify, just when the resources to supply it may be diminishing.