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THE WORLD ACCORDING TO GEORGE SOROS

Is the speculator and philanthropist a one-man foreign-policy machine or an unregulated billionaire with a messiah complex?

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Photograph by Daniel Simon / Gamma-Rapho / Getty

On a recent visit to Budapest, George Soros stood across the street from the apartment building where he had lived until he was fourteen, when, during the Nazi occupation, he and

other members of his family assumed false identities and went into hiding. The stately building overlooked a small square, full of foliage, and the Danube, just beyond. Soros pointed to a large casement window with a view high enough to clear the trees, and, turning to his twenty-three-year-old son, Jonathan, who was standing beside him, told him that he used to sit there for hours at a time, watching the river flow by. It made a nice tableau—and a cameraman from a British television crew that was working on a documentary about Soros, the multibillionaire speculator and philanthropist, captured it. It has become something of a ritual for Soros, accompanied by camera crews, to visit this site, or the cellar where he hid, or the apartment building where his father constructed another hideout. Just then, a tour bus rolled slowly by. Soros glanced at it, and suddenly burst out laughing, exclaiming to his son, “I can just *hear* the tour director saying, ‘And there is Soros, explaining his life.’ ”

It was not always thus. Soros made his fortune as a speculator in the financial markets, and since 1969 has operated a hedge fund—a little-regulated private investment partnership, geared to wealthy individuals, which typically attempts to achieve quick, outsized returns by making huge, highly leveraged bets. For many years, he, like his colleagues in this secretive, arcane world, treasured anonymity. In philanthropy, too, which Soros began in earnest about ten years ago—when he started a foundation in Budapest which aimed to foster the democratic values of an “open society” as defined by the philosopher Sir Karl Popper, and which supported dissidents living under the Communist regime—he kept a relatively low profile. After the fall of the Berlin Wall, in 1989, however, he began to reposition himself. He turned over the day-to-day management of the fund to an exemplary trader, Stanley Druckenmiller, and he immersed himself in the world of his foundations—by then, there were four—multiplying their number in Central and Eastern Europe and the former Soviet Union and dramatically accelerating the level of his giving. At the same time, he began to advocate that the West follow his lead, providing aid, in what he often referred to as an updated Marshall Plan, to the countries of the former Communist bloc. “I wanted to get my views across,” Soros told me, in a recent interview. “But it was really hard going, because there wasn’t a lot of interest in listening. Then came the sterling crisis, and that was the turning point—because suddenly I became a celebrity.”

Soros actually made a decision to transform himself into a celebrity—a decision that was as strategic, in its way, as his having positioned himself (much earlier than most people, according to some of his colleagues) to take maximum advantage of the increasingly vulnerable pound sterling. In mid-September of 1992, there was a massive speculators’ raid on the pound. The British government sought to defend its level in the European Exchange Rate Mechanism but ultimately surrendered

and allowed the currency to be devalued. The defense of the pound had cost the government (and thus British taxpayers) some six billion dollars. Among the biggest winners were commercial banks; investment banks; pension funds; and hedge funds, which had bet large amounts of their capital against the pound. The hedge-fund investors were, however, very quiet, private winners—who saw no advantage in being identified as actors in the drama.

Several weeks after the crisis, though, Soros, an inveterate iconoclast, called an old friend, Anatole Kaletsky, a financial journalist for the London *Times*, and arranged an interview. In Kaletsky's article, Soros stated that, as the press had conjectured, his fund, Quantum, and several of its offshoots had bet roughly ten billion dollars against the pound (about nine billion of which was borrowed, in Soros's customary leveraging). He also said that Quantum's combined speculation, mainly against the pound, had garnered a profit of about two billion dollars. Soros became even more expansive, declaring that in the days before the pound's collapse "we must have been the biggest single factor in the market." Soros's colleagues in the financial community—including some of Quantum's directors and shareholders—were stunned at his public revelations; to this day, many express bewilderment at his action. One person in the hedge-fund community said to me, "Why bring light to this subject? Why bring attention to yourself?"

But where others saw only a downside Soros saw opportunity. Edgar Aitaire, who has been friendly with Soros for close to thirty years, told me, "George *never* wanted publicity, but he feels he's past that—he feels he's impregnable now." What Soros wanted, more than anything, was to be heard. He was gambling that he would be able to translate celebrity status in one field (finance) into another (public policy); that celebrityhood was, essentially, generic.

There has been some backlash. Soros funds are involved as co-investors in certain projects in developing countries with the International Finance Corporation, the private-sector arm of the World Bank Group. Gerard Steeghs, at the World Bank, told me that whenever one of these investments has taken place "someone on the board will say, 'Should this multilateral institution be doing business with Soros?' There is a feeling, among some people, that he did something *indecent* with the pound."

Soros's subsequent philanthropic actions, however, have helped to soften the early negatives. In December, 1992, just three months after Soros made his killing on the pound, he announced in London that he would donate fifty million dollars in humanitarian aid to Bosnia. In addition to that fifty-million-dollar donation, Soros made others of huge proportions: he committed two hundred and thirty million dollars to the Central European University, an English-language graduate school

headquartered in Budapest, which he established in 1990; a hundred million dollars to establish a grant-giving program for scientists in the former Soviet Union; and a two-hundred-and-fifty-million-dollar pledge to aid humanities education in Russia.

Soros declares that he is well satisfied with his gamble. “People like the dictator in Romania, Iliescu, suddenly became very interested in meeting me. Before, he considered me beyond the pale,” he says. “So in Eastern Europe my influence increased.” He adds, “In America, I’m taken more seriously. Also in Europe. So I was able to speak out on issues like Bosnia, for instance, which is what I wanted to do.”

He has continued to nurture his celebrityhood, regarding his reputation as “an asset, in a way, that has to be managed.” Sensitive to his image as someone who is able to move markets, Soros has done what he can to diminish his aura of financial invincibility. When Quantum, betting on the dollar against the yen, lost six hundred million dollars in one day, in February, 1994, Soros seized the opportunity to publicize that loss (despite the fact that much of it was recovered, because the yen weakened). According to Gary Gladstein, the chief administrator and managing director of Soros Fund Management, Soros said to him at the time, “Let’s show people that we’re human.”

Several years ago, Soros hired a full-time public-relations assistant, who works primarily on the foundation side of his bifurcated life. Soros began to publish pamphlets of all his policy speeches, and he mailed them to hundreds of people worldwide in the business communities, government, academia, and the press. He appears often on TV talk shows. In the summer, Soros invites a crowd of different guests on weekends to his estate in Southampton. Several years ago, the scene there tended to include former dissidents, some dishevelled-looking, sitting around in their bathrobes playing chess with Soros; these days, the group is more polished and increasingly influential, and is marked by a growing Washington contingent.

With the Clinton Administration, Soros, a newly turned Democrat, has made the kind of inroads that he was unable to make before. He still tends to be most valued as a financial guru (one of his Quantum directors told me, “George got in to see Clinton, to talk to him about Bosnia—and all Clinton wanted to talk about was the market”), while his views on foreign policy are often seen as relatively unsophisticated. A high-ranking official in the Administration says, “Sometimes his speeches and articles are overly idealistic. In that sense, people take him with a grain of salt.” But he has cultivated excellent relationships with high-ranking officials in the State Department and at Treasury. He has opened a Washington office, which, as one Soros associate told me, will function as “his State Department.” While intense lobbying efforts he has made on behalf of Macedonia over

the past year or so have not really succeeded, in the last several months he has thrown the weight of his influence and his resources behind achieving Western aid for Ukraine, and there he has won at least a preliminary victory. Recently, too, he said that he intends to focus increasingly on the West, concentrating on finding ways of making “our own open society more viable.” He has started programs in the United States devoted to drug policy and to dying, and, as he announced shortly after the November elections, he wants to deal with “the distortion of our electoral process by the excessive use of TV advertising.”

“People in government used to sort of dismiss George—this crazy guy interested in Hungary,” said Morton Abramowitz, the former United States Ambassador to Turkey, who is now the president of the Carnegie Endowment for International Peace, and has participated in a Soros-funded advocacy group on the Balkans. “He’s now become a player—but it’s very recent, a new phenomenon.” Abramowitz went on, “He’s untrained, idiosyncratic—he gets in there and *does* it, and he has no patience with government. As I frequently say about George, he’s the only man in the U.S. who has his own foreign policy—and can implement it.”

When I told Strobe Talbott, the Deputy Secretary of State, about Abramowitz’s remark, Talbott, referring to Soros’s foreign policy, responded, “I would say that it is not identical to the foreign policy of the U.S. government—but it’s compatible with it. It’s like working with a friendly, allied, independent entity, if not a government. We try to synchronize our approach to the former Communist countries with Germany, France, Great Britain—and with George Soros,” he added with a grin.

Talbott also articulated a notion that seems to be popular in some parts of the foreign-policy community these days: since governments have neither the will nor the resources to lead the kinds of initiatives they once did, that vacuum should be filled by the private sector. To Talbott, Soros represents a paradigm of such activity; he even went so far as to say that he considers Soros “a national resource—indeed, a national treasure.”

Others, however, describe aspects of Soros that—combined in an individual who possesses a personal war chest of billions of dollars—seem more threatening than venerable. He is portrayed as someone who has always tended to live by his own rules, and will change those when it suits him; who can be offended if a leader of a country where he is involved philanthropically is insufficiently subservient; who will consort with an autocratic regime in order to see his programs carried out; and who is intent on imposing his influence generally on an ever-expanding area of the world. As one person who has had considerable experience in government and is familiar with some of Soros’s

foreign-policy activities commented, Soros manifests a classic form of hubris. “You go into situations, you have money, you think you can manipulate things,” this person said. And even some who count themselves Soros fans take note of a kind of messianism: there is “something pretty megalomaniacal about him,” Thomas Simons, Jr., the coordinator of United States assistance to the New Independent States (of the former Soviet Union), said—a tendency, as one supporter put it, “to see himself as the sun, with other planets revolving around him.”

Whether national treasure or messianic manipulator, this much is plain: Soros, the archetypal outsider all his life, has finally found a club to which he wants to belong. “George wants very much to be part of the international-policy world,” says Aryeh Neier, the longtime executive director of Human Rights Watch, who, in late 1993, became Soros’s second-in-command, as president of the Soros foundations. And Soros—who has tested himself against the market and won so many times that it must have come to feel not like testing at all, and winning not like winning—is frank about the pleasure he takes in his new avocation. “There is a certain thrill in dealing with affairs of state,” he told me.

From this new plateau, Soros, who is sixty-four, surveys his past and, mainly, devises strategies for the future. He is a man who draws the eye in any group: dressed in exquisitely tailored clothes, he is fit and vigorous, with a somewhat avian cast to his features, and a piercing gaze. What most distinguishes him, though, is a consummate sureness, resonant in every syllable of his speech (he has a distinct Hungarian accent), every aspect of his bearing. He has reached a point in his life where he seems to feel that he can move forward quite unencumbered, having resolved many of his personal conflicts, to which he refers quite openly—his unusual preoccupation with his mortality, for example, or his feeling that he has been a “bad father” to his three grown children, or his feelings about being a Jew.

What has probably been Soros’s most intractable problem is the pattern of duality and detachment which has been, in effect, the leitmotiv of his life. And now that he has succeeded in creating such a highly visible persona, he says, that duality has become even more troublesome. He traces its origins to 1944—a year that he has said he recalls more vividly than any other in his life—when, aged fourteen, he posed as the son of a Hungarian government official, sometimes accompanying the official as he delivered deportation notices to Jews, or took possession of property owned by them. Self-control and detachment were the keys to survival. Soros recalled that when his mother was questioned at the police station by the local sheriffs, she convinced her interrogators that she was indeed the person her false papers stated she was by an exercise of detachment so extreme that she

felt herself to be hovering near the ceiling, observing her bravura performance from above. He added, however, that after she was released she collapsed, suffering what was “kind of a nervous breakdown”—and he was furious at her for showing such weakness.

Sometimes it seems that even today Soros dares not let that control slip; when he was questioned by an interviewer for British TV about that year’s experience, Soros rejected the suggestion that it had been traumatic, insisting, rather, that it was “an adventure.” But, as his older brother, Paul, told me, they lived with the knowledge that if they were stopped on the street by the police or the military and their false identities exposed, they would at the very least face imprisonment, and they might well be shot; and they saw that happen to others—often at the very edge of the Danube, so the bodies would fall into the river.

That experience notwithstanding, Soros has chosen to exclude Israel and Jewish causes, by and large, from his massive philanthropy—a decision that has caused comment among some of his colleagues in the financial community, particularly those who are strong supporters of Israel. In Hungary, Soros has been subject to anti-Semitic attacks. Referring to being a target, Soros, in his book “Underwriting Democracy,” wrote, “I am ready to stand up and be counted.” When I mentioned that rather suggestive line to Soros during one of several extended interviews with him, he responded quickly, “Right. It took me a long time.”

He continued, “My mother was quite anti-Semitic, and ashamed of being Jewish. Given the culture in which one lived, being Jewish was a clear-cut stigma, a disadvantage, a handicap—and, therefore, there was always the desire to transcend it, to escape it.” He confirmed what someone had told me—that his family name had long ago been changed from Schwartz. “So the assimilationist Jews of Hungary had a deep sense of inferiority, and it took me a long time to work through that,” he said, adding, however, that he succeeded in doing so many years ago.

He remarked, with a dry chuckle, “Of course, this whole interest in universal ideas is a typical means to escape from the particular.”

Was he not, then, still seeking that escape?

“I *am* escaping the particular. I think I am doing exactly that by espousing this universal concept”—of open society. “In other words, I don’t think that you can ever overcome anti-Semitism if you behave as a tribe. . . . The only way you can overcome it is if you give up the tribalness.”

Soros knows the rebuttal to this argument—indeed, he *lived* it, as one of the assimilationist Jews

whom Hitler found so undefended. But he is immovable, riveted in place, and less—his demeanor, at least, suggests—by philosophical conviction than by some psychological imperative. In response to my suggesting that he has a fundamental philosophical difference with Israel, Soros replied, testily, “I don’t deny the Jews their right to a national existence—but I don’t want to be part of it.”

That early experience in Nazi-occupied Hungary, in any event, appears to have been formative, instilling in Soros the impulse to perpetually distance himself—not only from the experience itself and from his Jewishness but from other people and, indeed, much of life. This inner detachment, moreover, came to be outwardly reflected in a strikingly dual existence. He always thought of himself as a philosopher (when he was young, he expected that he would become another John Maynard Keynes or Albert Einstein), and he labored over drafts of theoretical treatises for many years; but at the same time he was notorious in financial markets as a singularly hard-edged, aggressive, and ruthless operator. Considering how he made his fortune—in the amoral realm of the speculator, pushing free-market principles to new limits (in his attack on the pound, for example)—it may strike some people as strange, he knows, to hear him inveigh against the laissez-faire policies of Margaret Thatcher and Ronald Reagan. (Indeed, his fondness for what some in the Czech Republic view as excessive social engineering has led them to bandy it about that he is “a closet Communist.”) He is a philanthropist of historic proportions and, now, a statesman in the making, but he is also a consummate gamesman, adept at finding tax loopholes and operating in gray areas where oversight is scant and maneuverability wide. Indeed, the sums that he managed *not* to pay the I.R.S. for many years put his present giving in a slightly different light. And the fact that he is perceived by many who have dealt with him as an autocratic master manipulator does, of course, make his spending many hundreds of millions of dollars to promote the cultivation of open society a heady paradox.

That such contrapuntal impulses and actions have been able to coexist within this larger-than-life individual is probably due, at least in part, to a well-developed talent for compartmentalization. Now, however, comes the rub. “See, as long as I was just a more or less anonymous player, certainly in the markets and also to a large extent in these countries, I could really do both things at the same time and they didn’t connect,” Soros told me. “They were in separate compartments. But now that I’ve gained such a high profile it becomes impossible to keep them separate.”

Thus, his persona needs to embody the powerfully diverse elements of his life. Nearly lifelong duality, then, is to give way to integration?

“That’s right. Because there can’t be two George Soroses, right?” he exclaimed, with some

merriment. “There can only be one, right?”

Most of the instincts that Soros brings to his current incarnation—one in which he sometimes refers to himself as “a stateless statesman”—were developed in the course of his nearly forty-year career in the financial markets. If one looks back at that span, it seems evident that Soros is one of those people fortunate enough to have found a customized niche in life—a place so tailored to their proportions that their strengths are exploited to the fullest, their weaknesses matter little, and their idiosyncrasies seem to conspire for their success. In Soros’s case, however, the niche was never wholly satisfying. He always considered his vocation somewhat beneath him, and he behaved in a way that suggested that he was cut from finer cloth than his fellows in the financial markets; indeed, when he opened his own offices, he chose Columbus Circle, as far from Wall Street as he could get. Byron Wien, an investment strategist who has known Soros since the sixties, told me, “George was an aggressive money manager, but he had a certain European elegance. He was *very* hungry and *very* aggressive—but he didn’t *seem* it. He seemed classier than that.”

Perhaps it was his ambivalence that prevented him from becoming an immediate success. After graduating from the London School of Economics, in 1952, he got off to an indifferent start. He arrived in this country in 1956, and, working as a stockbroker, moved from one Wall Street firm to another over the next decade. During this period, he was also writing—and endlessly rewriting—a philosophical essay, entitled “The Burden of Consciousness,” that dealt with open and closed societies. “I was living in this other place, so those were kind of lost years, in a way, because very little happened that registered,” Soros told me. But by the time he started Quantum, in 1969—having raised four million dollars from wealthy private investors—he was fully engaged, and he set about creating what would become the most aggressive, high-profile, and successful hedge fund in the world.

Although hedge funds became a fad in the nineties, in the seventies Quantum was a rare breed. At a time when most of Wall Street was focussed on the domestic market, Soros was investing globally. Leverage was always his enhancer. And eventually he began using the exotic combinations of maneuvers—trading futures and options, or derivatives—which many years later would become popularized as the “macro” approach to investing. Quantum was from the start an offshore fund (based in the Netherlands Antilles), and therefore open only to non-United States citizens and residents (Soros managed to make himself an exception), and investors’ profits were not taxed until the money was repatriated. These tax-free profits were allowed to compound, year after year, and, as the fund manager, Soros claimed an annual fee of fifteen per cent of profits. In the early years, he

took much of his fee in shares in the fund, and he and his family came to own about a third of it. (Today, the fund and its diversified offshoots have assets of roughly eleven billion dollars.)

Thus his stake was always the biggest, and his attitude, by and large, was that of an owner, not a manager. He did as he pleased; his control was unquestioned. Quantum did have a board of directors, which Soros could not join, because he was an American citizen, but it did not matter. “The directors have no authority; they’re there as a formality,” says Edgar Astaire, who, after many years as a director, recently resigned to join the Quantum operation. “All the authority is George’s.” A current member of the board offered a similar assessment, commenting, “Under Netherlands law, the directors have less authority than the doorman.”

Regulatory oversight was also scant. As an offshore fund, Quantum was free of virtually all the regulations that apply to a United States public investment company, although it was still subject to certain United States laws with respect to trading activities. It operated in an extremely unregulated environment, and within that environment, many former employees say, Soros gravitated to areas—like currency trading—where oversight was even more minimal. As one expressed it, “George has his own rules—they’re different, larger. He is unencumbered.”

In 1986, Soros was fined seventy-five thousand dollars by the Commodity Futures Trading Commission, for having held positions in excess of speculative limits. (He had distributed them among various private accounts.) And in 1979 Soros had signed a consent decree (in which one neither admits nor denies guilt) in United States District Court, in a Securities and Exchange Commission case involving stock manipulation. The complaint charged that Soros had accumulated more than fifty-four thousand shares of stock in a company called Computer Sciences Corporation in the month before a planned public offering; and, in the days just prior to the offering, sold the stock aggressively. The complaint stated that Soros’s actions, which induced others to sell as well and drove the price down, caused the offering price of the shares to be lowered; and he had then proceeded to buy shares, at the artificially low price.

Markets did not always move at Soros’s behest. In 1981, he suffered a major loss in the British gilt, or long-term government-bond, market. (That is the only year so far in which Quantum has had a negative return.) One friend, recalling Soros’s description of the episode, told me, “He had cornered the market for British gilts. He was betting on the bonds’ rising, and he was coining money. He was buying bigger at each step up. It kept going up. But then it started to turn. So, George told me, ‘I took a big breath and went into the market and bought *really* big.’ But it didn’t work. He had a huge loss.” This person added that, in his view, Soros’s remarkable career in the financial markets has not

sated his “long quest for legitimacy . . . because George knows that in the financial world many will say that his success is due more to his aggressive positioning and muscling of markets than to any thoughtful insights.”

Soros’s voraciousness in the market is triggered by what others see as an almost preternatural conviction. And it seems odd, at first, that this certainty should be the hallmark of someone whose investing is, he insists, guided by a theory based on the inherent imperfection of human perception. Soros calls his theory “reflexivity” (“It sounds like relativity,” he once said), and he wrote an abstruse book about its relationship to his investing, “The Alchemy of Finance,” published in 1987. He confesses, however, to being “hung up” about the fact that reflexivity has not received a serious reception, and he now maintains that he failed to articulate it properly. “I wrote a book about it, and it was basically just one idea—I mean, one sentence: ‘Our inherently imperfect understanding helps shape the reality in which we live.’”

Soros believes that the error inherent in human perception affects events, which in turn affect perception (establishing, therefore, a circle of causation, or reflexivity), and so he subjects his own reasoning to a relentless critical process. And he believes that his greatest strength—what truly sets him apart from others—“is that I recognize my mistakes more quickly.” Others may cling to their convictions, even as the market flouts them; but Soros, many attest, will turn on a dime. Jack Moorman, a trader who worked for Soros for a couple of years, told me, “No one can size up a situation as quickly as George. It’s breathtaking. He has such certainty—not that he’s right but that he knows what to look for to see if he’s wrong.”

“George believes that his gift on this earth is that he can take very complex situations and reduce them to their simplest form,” said another person who worked for Soros for a couple of years. As for Soros’s strength of conviction, his theory notwithstanding, this person said, “He does have this idea that we are all part of this imperfect circle. But he thinks he can take himself *outside*—that he can come closer to that perfect condition.”

The investment process, of course, involves information as well as analysis; and Soros’s access to information has long been the talk—and the envy—of many of his fellow-traders. A former associate recalled an episode in the early seventies which involved Quantum’s portfolio of Japanese stocks. “I used to trade it at home, until about 2 A.M.,” the associate said. “One night, at midnight, George called me and said, ‘Sell the Japanese portfolio.’ I said, ‘There are only two hours of trading left—sell the whole portfolio?’ ‘The whole portfolio.’”

Soros was in Washington, D.C., when he called, this person continued, and in the next two days the United States government put restrictions on trading with Japan. “George is a terrific intelligence officer,” this person added.

Over the past thirty years, Soros has developed a worldwide network of contacts, one that he is in a unique position to harvest today. “His network *is* amazing,” Astaire asserts, adding that it includes a host of foreign ministers and central bankers. “And he works at it all the time.” Soros further expanded his access to information by farming out money, to be handled by promising fund managers all over the world, who then became his sources. And he made the discovery of “emerging markets” a staple of his investing before the term had even been coined. Upon learning from his sources that liberalizing measures to open a country to foreign investment were being planned, Soros would set up a joint venture with a native there which could trade in the local market; when the market opened, his investments would increase dramatically in value.

What Soros excelled at, essentially, was identifying those lacunae where perception lagged behind reality, leaving room for exploitation. “A lot of people who invest get terribly excited,” he once told me. “I was always detached—and that enabled me . . . to study the game as a game. I was particularly focussing on changes in the rules of the game, not in playing by one particular set of rules but understanding when new rules came into being—and learning that before others did.”

For nearly thirty years, Soros’s investing—both in form and in content—was ahead of the game. It depended on information but also, to a great degree, on a certain mind-set (powered by both intuition and a superlative analytical capacity) and on a process of trial and error—a continuous playing out of his preoccupation with the relationship between participant and observer. It was a way of life that was, by all accounts, consuming, largely devoid of emotion, and almost completely self-enclosed. But Soros thrived. And the areas in which he had long been lacking—personal and professional relationships, judgments about character and motivation, all that derived from instinctual life experience—did not interfere with his success. Peter Rona, who is the head of the First Hungary investment fund, in which a Quantum fund owns a stake, and who has known Soros for about fifteen years, told me, “George has a very abstract mind—to the point that he is almost dehumanized. The higher the level of abstraction you’re dealing with, the better George gets; the more you’re dealing with something about which no scientific hypothesis can be formed, no general laws applied, the worse he gets.”

Rona continued, “The excellence of his judgments about markets exceeds by a comfortable margin his judgments about people.” And he added that this was part of the reason that Soros “has never

made money by discovering the company that became a great success but, rather, by discovering markets—which are not personal.”

Byron Wien told me that Soros “tends to think of himself in the third person,” and went on to say, “He wants to achieve certain objectives—he gets his satisfaction from that, not from human relationships.” He added, “George has transactional relationships. People get something from him, he from them.”

Nowhere was this rather mechanistic approach more vivid than in Soros’s relationships with his employees. Legions of traders passed through the revolving door of Quantum; some are said to have lasted only a day, others a week. Some who weren’t fired quit, because, although they were well compensated, they decided that the experience was too punishing. Soros was expert at targeting people’s weaknesses—scathing in his sarcasm and eager to stir internecine rivalries as a means of augmenting his control. (Once, when he had just hired a group of six money managers, he is said to have summoned them all into his office and announced, “Gentlemen, in one year there will be five of you. Now leave.”) A former employee told me that he has concluded that Soros has “a horror of intimacy.” He said, “George spends most of his energy with other people pushing them away, including insultingly. . . . You’d put your heart into something and George, in front of everybody, would say, ‘I’m shorting it.’ It was rude, brutal—he was in your face all the time.”

In conversations with me, Soros alluded to his relationships at Quantum as another illustration of the detachment that has so dominated his life. “There was always a considerable distance between me and my being a fund manager,” he told me. “And, for instance, I just didn’t mix my personal life with my business life. Even people that I would have liked as people, I did *not* enjoy in private life, because I had a business relationship, and because interests would then come in. I would have to watch what I say, I would have to censor myself, so it interfered with my freedom.”

He went on to say that he realized this was “very different from how most people do business,” because “they build it on relationships. I had relationships which were correct—but not invested with emotion.”

Even for those who feel they have positive relationships with Soros, the limitations on those relationships—what Wien referred to as their “transactional” nature—are always evident. Peter Rona emphasized that Soros has always treated him as a friend, and yet “it is hard to consider myself a ‘friend,’” he said, echoing what various other Soros associates had told me. “If you’re with him, you’re under considerable pressure to perform. You have to come up with great ideas, have to say

interesting things, have to be functioning at such a high level, in a way not congenial to ninety-nine per cent of humanity. He is racing along, he knows what your next sentence is, and he doesn't want to hear it." (Rona, moreover, is hardly possessed of a pedestrian intellect himself; a Hungarian refugee who knew no English when he arrived in this country, at fifteen, he went on to take high academic honors at Oxford.)

In conducting these fast-paced information-gathering exercises, Soros misses more than just the ordinary human pleasure derived from a genuine exchange. "He is not a person of balanced skepticism, who wants to hear all points of view and wants to ponder what is being said," Rona said. "He wants to get to a point: relevant or not relevant. You're O.K. or you're not."

In the early eighties, Soros paused. Events had occurred that were profoundly unsettling to him: his junior partner at Quantum, Jim Rogers, left amid fierce acrimony; Soros's marriage, to Annaliese Witschak, broke up; he was having problems with his three children; and his fund was down 22.9 per cent for 1981. His experience with the gilt market, moreover, had been traumatic. (Soros told me that he felt "very exposed," and added, "There was a particular moment when I was under tremendous pressure, and I thought I would have a heart attack—and I thought, This isn't worth it!") Two of his friends told me that this was the only period when they had ever seen Soros decidedly not in control, and quite vulnerable. Many of his longtime investors, worried about his emotional state, were considering withdrawing their funds from Quantum. Soros went to several of them and told them that he might in fact *not* be in a condition to be managing their money, and perhaps they should withdraw; some did, and this caused the situation at the fund to deteriorate further. One investor who attended the 1982 Quantum shareholders' meeting recalled, "He was tarnished goods. People were saying he'd lost it."

But Soros is nothing if not resilient. He hired some new traders for Quantum. He was seeing Susan Weber, an art historian twenty-five years his junior, whom he subsequently married. Furthermore, he decided at that time to do something that would add a new dimension to his life and, several associates say, perhaps attain the immortality he had long desired.

He had harbored messianic illusions—what he describes as a sense of himself as superhuman—since childhood. Soros is not reticent about this aspect of his personality. "It was a bit of a guilty secret until I became successful, because it was incongruous—this little schnook in New York!" he exclaimed. The role that he set about crafting for himself in Central and Eastern Europe provided ample outlet for such urges. Soros said to me, "God in the Old Testament has a number of

attributes, you know. Like invisible—I was pretty invisible. Benevolent—I was pretty benevolent. All-seeing—I tried to be all-seeing!” Then, laughing, he said, “So I was playing it out.”

It is not surprising that for his first foundation, established in 1984, Soros chose his native Hungary—the setting for halcyon childhood memories, violently truncated. Whatever the emotional content of his decision, however, it also reflected an attitude carried over from his business life, regarding leverage and identifying vacuums—places where he could get in early, before everyone else. His brother, Paul, who arrived in this country several years before George, and built a successful engineering firm, recalls their conversations about this new endeavor: “Up until that point, George wanted to be financially successful. But then it was ‘O.K., you have made a hundred million dollars in one year, now what do you do?’ And instead of donating five million dollars to a hospital, five million dollars to a university—the conventional way—he felt you could get much more bang for the buck by trying to do things to foster an open society in these countries. To try to do things here takes much more money, and the possibility of having an impact is much more limited. But there it was a vacuum. He could have so much more impact. Five or ten million dollars in Hungary under the Communists meant a lifeline for many people.”

The appeal of starting these “open society” foundations (Hungary was followed by China, in 1986; the Soviet Union, in 1987; and Poland, in 1988) seems plain. But even here, creating a role that finally corresponded more closely with his self-image, Soros was not unconflicted. Over the years, starting with his experience in wartime Hungary, he had developed all the instincts of an outsider; he was distrustful of government, disdainful of the establishment, allergic to institutions generally. Traditional foundations did not escape his contempt. He saw them as too bureaucratic to respond in a timely way to real need; laden with overhead, which benefitted the givers instead of the recipients; and inherently corrupting, almost *demanding* to be exploited. (“They go against human nature,” Soros says, “which is to take and not to give.”) This last point was particularly nettlesome for him, inasmuch as he is a singularly untrusting person, intent on not allowing others to take advantage of him. (Indeed, Soros is said to have presented his wife, Susan, with a prenuptial agreement. And, according to one longtime friend, the investment adviser Victor Niederhoffer, when, at Soros’s wedding, the minister recited the traditional vow for Soros to repeat—“For better or worse, I do endow thee with all my worldly goods”—Soros turned to his personal attorney, William Zabel, and asked, wryly, whether he could state this without being bound, and, upon being told that he could, nonetheless muttered in Hungarian, “Subject to any prior agreements with my heirs.”)

In an attempt to cure the flaws that he considered intrinsic to foundations, Soros made a number of

decisions. His foundations would be short-lived, and thus deprived of the chance to spawn layers of bureaucracy. They would be operated with minimal overhead. Whereas the Ford Foundation might typically devote three to five years to spadework, along with grant-making, before opening a local office in a country, Soros foundations would open virtually overnight. And while Ford, again, would send its own people to run the office along with local people, a Soros foundation would be run only by local people—who would be given a considerable amount of autonomy, and who would, Soros reasoned, come to feel that it was *their* foundation, and so be disinclined to exploit it. He felt that it was critical for him to maintain a low profile, and keep his ego out of it—and, he says, he resolved to do so.

Between 1984 and the fall of the Berlin Wall, the Soros foundations hit their stride. The money spent was modest by the standards that Soros has set for himself more recently; in those years, he spent less than thirty million dollars. But his foundations did help to drive wedges into closed societies. In Hungary, for example, the foundation provided photocopy machines to public libraries and institutions, established scholarships and travel grants for writers and social scientists, and funded myriad projects that were not state-controlled—theatres, filmmaking, sociological research, newspapers, and magazines. Referring to this broad range of activities, György Jaksity, an analyst at Concorde Securities, in Budapest, told me, “It’s a phenomenon; it has an impact on everyday living. . . . The first book on business that I read that was written not from a Marxist but from a free-market standpoint said, ‘Sponsored by the Soros Foundation.’ . . . People like me know that the book they are reading, the teacher who teaches them, were sponsored by Soros. It’s a very cultured way of influencing people. You can say, ‘I’m Napoleon Bonaparte—I will kill thousands of people unless you give me Moscow.’ Or there’s the other way: the Soros way.”

In this early period, especially, Soros was heavily involved in the work of the foundations. Colleagues recall the evident pleasure he took in reviewing hundreds of grant applications and, when he visited a region, in sitting around kitchen tables with local dissidents, discussing politics far into the night. While it was true that the foundations’ directors had a great deal of latitude and that each foundation had its own board of directors, ultimate control resided with Soros. (For many years, the board of the Open Society Fund—an umbrella organization—consisted only of Soros, his wife, and Bill Zabel.) He was a benevolent autocrat, however, and he stuck to his resolution to maintain a low profile.

It was not really feasible to do otherwise. As Soros pointed out to me, the foundations were subversive, and their real motivation had to be “under wraps”—particularly since the different

countries in which they existed were in different stages of political evolution. Recalling that an article that appeared about him in the late eighties referred to him as an “anti-Communist,” Soros said, “It was highly embarrassing and damaging to me, because I had a foundation in China, where I said I was a supporter of the Open Door policy. ‘I’m not an anti-Communist,’ I said to them. So you would have to say different things in different countries.” As a result, he went on, “all communications had to be private—I would talk to the government officials, and say one thing in one country, and another thing in another country!” He laughed heartily.

With the collapse of Communism, everything changed. In his life as a speculator, times of crisis—which Soros refers to in his theory of reflexivity as “far from equilibrium conditions” (borrowing the term from chaos theory)—have generally afforded him his greatest opportunities and rewards. Soros believes that, in part because of his early “far from equilibrium” experience under the Nazis, he has an edge at such times. Now, applying his theoretical perspective to events in Central and Eastern Europe and the former Soviet Union, he saw another such crisis unfolding, and he was convinced that he had a superior grasp of what needed to be done. He would assume the role of *deus ex machina*, as he said, and begin providing the kind of assistance necessary to these countries to counter a rising nationalism; he thought that he would be a market leader, in effect, as he had been so many times in the financial markets; the West would follow him. This was when he began his quest for public attention. He also began establishing new foundations at a furious pace in the formerly Communist countries—sixteen between 1990 and 1992. The regimes in some of these countries were still blatantly repressive, and the foundations’ role was not very different from that of the earlier, pre-1989 foundations. But in other places the difference was night and day. Whereas in the past Soros’s strategy in these closed societies had been to nurture the weak and subvert the powerful, now everything was up for grabs. Soros could, in some instances, perhaps help decide who would *be* the powerful—and he could shape these emerging societies not from the bottom but from the top.

Nowhere has Soros put more energy and money into bolstering a government than in Macedonia. “George is the savior of Macedonia,” his friend Morton Abramowitz declared. And the Macedonian representative in Washington, Ljubica Acevska, says of two separate Soros loans of twenty-five million dollars, “People have found it difficult to believe. The opposition said, ‘A *country* does not help you—why would an individual help you?’ Remember, twenty-five million dollars in Macedonia is like billions here. . . . The fact that Soros did it helped the government a great deal.”

By betting aggressively on Macedonia, Soros plunged into one of those simmering Balkan disputes whose apparent simplicities mask lethal complexities. The Macedonia that excited Soros was a province of Yugoslavia once known as Vardar Banovina; it was renamed the Republic of Macedonia in 1945 by Marshal Tito. Its populace was varied, the largest portion being Slavs, whose ancestors had arrived in the region nearly a thousand years after the most famous Macedonians of all, Philip II and his son, Alexander the Great. However, Tito—coveting the large Greek region of Macedonia—encouraged the irredentist idea of all Macedonians’ sharing a distinct ethnic identity. He then supported the Communist-led Democratic Army in the Greek Civil War, a brutal conflict that tore the country from 1946 to 1949.

Greece’s fears were reawakened in 1991, when the fragment of Yugoslavia declared its independence as the nation of Macedonia; its newly elected President, Kiro Gligorov, was one of Tito’s Communist bosses, and had helped propagate the idea of a separate ethnic identity for Macedonians. Gligorov says that his Macedonia has no territorial ambitions, but the Greeks have not been comforted. In 1992 and 1993, Gligorov’s government issued new school textbooks that showed “geographical ethnic boundaries” encompassing the whole of Greek Macedonia; the country’s flag carries the symbol of the empire of Alexander the Great; and a preamble to its 1991 Constitution pledges it to protect Macedonians everywhere. The Greeks do not pretend that the Lilliputian Macedonia, with its two million people, poses any threat to them at the moment, but history has taught them to take a long view. In a scenario that some Greeks project, for example, Macedonians might someday attempt a hostile incursion, in concert with their fellow-Slavs in Bulgaria, which occupied part of Greece during the Second World War.

This was the situation when Soros arrived in Skopje, the Macedonian capital, in September, 1992, during a whirlwind tour through his proliferating foundation network. He had come directly from Bulgaria, where a member of the board of his foundation in Sofia had given him the prevailing Bulgarian view: that there is no such thing as an ethnic Macedonian, and that Macedonia’s fervent attempts to establish this identity cloaked irredentist aspirations bequeathed by Tito. “Soros knew nothing about Macedonia,” Acevska said. “When he arrived, his head was filled with propaganda from Bulgaria—he was probably sorry that he was here. Then he had a meeting with the Prime Minister, whom Soros really likes, and the President had a lunch for him—and he changed his mind.”

That afternoon, Soros held a press conference at which he announced that he was committing an additional million dollars to the budget of his foundation in Macedonia, and, furthermore—and this

carried as much weight—he was changing its name from the Open Society Foundation of Skopje to the Open Society Foundation of Macedonia.

When I described Soros's overnight conversion to the Macedonian cause to someone who used to work for Soros in the financial markets, this person asserted that it was "pure Soros." He said, "As a fund manager, you're looking at life and then simplifying it in order to find predictive qualities. So he gets the 'broker's recommendation'—that is, the consensus view—from Bulgaria. Then he gets to Macedonia, and, instead of getting corroboration, he decides that the reality is totally different. And he thinks, If I *hit* the reality hard, the illusion will give way. It's his *perfect* market position!" This person noted that Soros is always happiest going against the herd: "That's when the wind's in your hair."

He pointed out, however, that in the market "you see if you're right or wrong; the market tells you. Now George is in an area where there is no real right or wrong, where it's more nuanced. He says, 'If I spend enough, I will make it right.'"

In the good-guy, bad-guy formulation to which Soros is so partial, the Greeks became the bad guys. He did not go to Greece to get the Greek view. In his few hours with Gligorov, he became persuaded, as he has often insisted since, that Macedonia is the only multi-ethnic state left in the Balkans with a government devoted to pluralism and democratic principles—a view contested by many ethnic Albanians, Macedonia's largest minority, who charge that Gligorov's actions belie his words, and that they are discriminated against in schooling, employment, and political representation.

The executive director of the Soros foundation in Skopje, Vladimir Milčin, maintains that he, too, is committed to the principles of an open society. But it is difficult to reconcile a dedication to pluralism with the demagogic passion that Milčin exhibits on the question of Macedonian ethnic identity. He gave me propagandist literature on Macedonia and Greece (including a pamphlet of excerpted texts entitled "Modern Greeks Are Not Descended from the Ancient Hellenes"). Efforts to resolve the ongoing dispute with Greece have included discussions about changing the name of Macedonia to something like Vardar Macedonia or Nova Macedonia. But in an interview I had with the Prime Minister, Branko Crvenovski, which Milčin attended, the two men insisted that the name is not negotiable. Milčin declared, "If they change the name, I will go to the mountains and fight with the guerrillas!"

Such strong partisanship is not the normal language of foundations. As tax-exempt organizations

that receive tax-deductible contributions (from Soros), the Soros foundations, according to I.R.S. rules, are not supposed to engage in most forms of political activity. They may not lend support to a particular party or a campaign, for example, and they may not lobby (though “lobbying” is rather loosely defined). Soros, as he has done often in his financial life, is moving aggressively in a gray area—in both his personal lobbying and the work of his foundations. Soros has made no secret of his willingness to lend support to Gligorov, even in the context of an election campaign. In November, Gligorov and his coalition won an ample majority (in an election that the two main opposition parties have charged was rigged). About a month before the election, Soros told me that he would have gone to Macedonia to help Gligorov if the election had seemed in doubt. Ljupčo Georgievski, the right-wing head of the opposition V.M.R.O. (International Macedonian Revolutionary Organization) Party, charges that the Soros foundation is “a support machine to the government.” Virtually all foundation grants, he says, go to those associated in some way with the ruling party. Referring to a television station, A1, that receives Soros support, Georgievski said, “It is truly an alternative in its cultural programming; however, in politics . . . you see ministers of the present Macedonian government more often than on state TV.” Marshall Harris, who was formerly in the State Department and is now the executive director of the Action Council for Peace in the Balkans (an organization started in 1993 with Soros’s funding), told me, “The complaints I’ve heard a lot—that the [Gligorov] government freezes out all other parties, even those in its own coalition, that information about negotiations [in the dispute with Greece] is kept under *very* tight control—are not suggestive of a new system.”

Since the fall of 1992, Soros has been lobbying aggressively for United States recognition of Macedonia, while Greece has been making the case that recognition should not come before Macedonian concessions on its name, its flag, and its Constitution. Last February, President Clinton did agree to recognize Macedonia under the name of the Former Yugoslav Republic of Macedonia—an attempt not to show prejudice to either side. Greece retaliated with an embargo, and Clinton, after meeting with representatives of a Greek-American lobby, essentially froze the recognition.

At this point, one well-placed person in the Clinton Administration told me, Soros moved into high gear. “He wrote a sharp letter to the President, raising parallels with 1938 and appeasement,” this person said. Soros also wrote a somewhat more moderate piece for the Op-Ed page of the *Times*. In public appearances, he denounced Greece and the Greek-American lobby. He has lobbied Strobe Talbott and others in the State Department and the National Security Council. And at the Bretton Woods Conference in Washington last July, Soros worked the corridors assiduously, attempting to

persuade members of the European Union to help Macedonia. (Greece, which then held the chairmanship of the E.U., has vetoed any aid.)

Nor were all Soros's efforts so overt. The Soros-funded Action Council for Peace in the Balkans launched a major effort on Macedonia. In February, 1994, it issued a "Macedonian White Paper," highly supportive of Macedonia's position vis-à-vis Greece, and this was circulated to the White House, Cabinet offices, Congress, and hundreds of media people. Several months later, in May, it issued another report, which also supported Macedonia. The report had been produced, according to its cover letter, by "a bipartisan, independent delegation."

The Action Council letterhead lists fifty people—including members of its steering committee and its executive director and its program director—but not Soros. (According to Aryeh Neier, Soros wants to "foster the debate" rather than "be identified with detailed positions.") Nor, for that matter, does it list John Fox, who is the head of Soros's Washington office, and who, according to Marshall Harris, "was director of the policy group . . . the behind-the-scenes group at the working level of the council," and was involved in the preparation of both reports.

Few would disagree with the high premium Soros has placed on achieving a stable Macedonia. For if tensions were to ignite between its Slav majority and its large Albanian minority, that conflict might well precipitate a wider Balkan war—one that could involve Albania, Serbia, Bulgaria, Turkey, and Greece. And his denunciations of the Greek embargo are not so off the mark, either; even many who understand Greece's sensitivity on the Macedonian issue acknowledge that Greece, in imposing the embargo, has handled the situation in an unjustifiable as well as a self-damaging way.

But the problem with Soros is the extremity of his views—his tendency to beatify one side and demonize the other—and the way in which that is reflected in his activism. If Soros had pursued a more moderate, conventionally diplomatic course at the start, listening to both sides, it is just conceivable that he—with his influence and resources—might have been able to mediate a settlement before the issue became so enmeshed in the politics of both countries. In the event, however, Soros's intervention—as self-styled *deus ex machina*—has done nothing to move the conflict toward resolution; if anything, one might argue that his zealotry (and funds) has contributed to Macedonia's intractability. According to one person familiar with the situation, the Greeks have become somewhat more flexible, while Gligorov—after his recent electoral victory—has stiffened. It bears noting, too, that Soros's strength has always been abstraction, while his weakness has been judgments about character, motivation, the more nuanced stuff of life—and, for

that matter, of politics. As one person with considerable diplomatic experience told me, “Gligorov is very smart, but he did spend thirty-five years in the Tito government—and to have survived in that system you have to be a tough bastard. We should not have illusions about him. Soros does romanticize Gligorov.

“Soros sees this situation in black-and-white,” this person continued. “But in my view, no. In this region, there is no black-and-white, and it is a mistake to view it that way.”

To Soros fans like Strobe Talbott; Leslie Gelb, the president of the Council on Foreign Relations; and Mark Malloch Brown, the head of public affairs at the World Bank, Soros is the trailblazer they hope other businesspeople will follow, moving to fill the vacuum left by an overextended and inadequate government. But Soros’s Macedonian expedition seems to be almost a parable about the pitfalls of that idea. Soros, unsurprisingly, is to a considerable degree a creature of his experience in the markets: idiosyncratic, intuitive, prone to quick judgments often based on scanty information, aggressive, manipulative, so self-reliant that he trusts no one’s judgment but his own—a profile, in sum, hardly suggestive of a diplomat. And, unlike the governmental bodies he has long disdained, Soros is a free agent, accountable to no one, subject to no checks and balances of countervailing opinion—whose power is rooted, in the end, not in a consensus on the wisdom and sophistication of his world view but in his money.

Of all the countries where Soros has placed his philanthropic bets since the fall of the Berlin Wall, Ukraine seems on the verge of producing the greatest payoff. There, more than anywhere else, Soros has been able to exert influence at the highest levels of the government to see his ideas implemented. Indeed, if President Leonid Kuchma succeeds in bringing about the economic reforms he has recently promised, that over-all scenario will have been scripted, to a notable degree, by Soros.

It began back in the fall of 1991, when Ukraine declared its independence, and Soros had what he calls a “seminal meeting” with Dr. Bohdan Hawrylyshyn, an internationally known Ukrainian economist, who, after living abroad for many years, had decided to return to Ukraine in 1988, to help steer its course, and in 1990 had become chairman of the new Soros foundation there. The foundation started out with the usual Soros mandate, to foster civil society mainly through the support of cultural and educational activities. But, with Ukraine’s declaration of independence, Soros recalls, he and Hawrylyshyn decided on a far more ambitious role for the foundation: it would build the institutions that would enable Ukraine to function as an independent and democratic state.

Because of its years as part of the U.S.S.R., Ukraine had none of those institutions in place. “It was a vacuum,” Soros told me, and so “there was a great willingness to accept this kind of support, which would in normal times be rather intrusive.” He added, laughing, “I mean, I can’t try to do that in America. They would tell me where to get off!”

Bohdan Krawchenko, a Ukrainian-Canadian historian who returned to Ukraine in 1991 and was recruited by Hawrylyshyn and Soros to work for the foundation, stressed that, however primitive Ukraine may appear to a newcomer today, it was far more barren in 1991. Krawchenko said, “When we first started coming here, three and a half years ago, I remember George saying to me, ‘This is a banana republic without the bananas!’ ”

Contrasting the Soros foundation in Ukraine with its counterparts in other countries, Krawchenko told me, “There is no other place where the Soros foundation is so plugged in at the top. We were here when there was *nothing*. . . . The deputy minister of finance sat with George and me in a basement almost four years ago and we tried to figure out what to do about monetary reform.” That deputy minister of finance, Olech Havrylyshyn (a nephew of Bohdan), was on the payroll of the Soros foundation—as was the deputy governor of the National Bank (George Yurchyshyn, a Ukrainian-American who had previously been a vice-president at the Bank of Boston).

Despite the fact that Soros had placed his own agents in key positions, he was still not able to move Ukraine according to his design. The President at the time, Leonid Kravchuk, was unwilling to pursue the kinds of free-market reforms that Soros and his allies were advocating. Soros became so frustrated, Bohdan Hawrylyshyn recalls, that back in early 1993 he even talked about giving up. It happened that around that time Soros named a new executive director of his foundation, Bohdan Budzan, who had spent years as a bureaucrat in the Communist regime. And if any individual symbolizes Soros’s present determination to make things happen in a country by dealing at the top—and doing so in whatever ways are most effective—it is Budzan, who is so much the stereotype of a Party commissar that he seems a caricature. One person who has dealt extensively with Budzan and the foundation told me, “George saw him as a guy who could get things done, a guy from the old regime—who but an old Party hack, in this society, at this time? Budzan is a press-down, chain-of-command kind of guy.”

Last May, Leonid Kuchma came to the United States and paid Soros a visit. He was at that time a candidate for President. Soros was so excited by his conversation with Kuchma that he called Hawrylyshyn, in Bucharest, and put Kuchma on the phone to relay the outcome of their meeting. Kuchma was rated an outsider in a large field of candidates, but in early July he won an upset

victory. Soros says that he had nothing to do with it. However, Evelyn Herfkens, of the World Bank, says, “The Bank cannot support election campaigns of reformers; in the Ukraine, Soros did.” There was, at the least, a massive effort to level the playing field: the April, 1994, bulletin of the Soros foundation lists twelve grants, in the areas of civil society, education, economics, and mass media, eleven of them for amounts ranging from five thousand dollars to thirty-one thousand eight hundred dollars, with most in the lower range. But the twelfth—to support independent television stations’ coverage of the Ukrainian elections—was for \$363,100, an extraordinary infusion of capital in Ukraine, and one that would be spent in a three-month period.

What Soros undoubtedly did do was enable the successful Kuchma to win for Ukraine a commitment for a crucial, I.M.F.-administered loan program of nearly four billion dollars. The loan had been strongly recommended by the United States at a Group of Seven economics meeting just before Kuchma’s victory, but it was contingent on Ukraine’s instituting economic reforms. An economic observer sent by the United States, Professor Rudiger Dornbusch, of M.I.T., returned with a report that said, in Soros’s words, “This was not the moment, and this was not the group.”

Soros was galvanized. He got in touch with Anders Åslund, of the Carnegie Institute, who has worked on economic reform in Russia, and asked him to come with him and John Fox to Ukraine. They arrived about ten days after Dornbusch had returned to the United States. After meeting with President Kuchma, Soros directed Åslund to organize a team to work with the Ukrainians on their negotiations with the I.M.F. And he fired off a memo, distributed to the White House, the Treasury, the State Department, the I.M.F., and the World Bank, in which he argued that this *was* the moment, and this *was* the group. He and Dornbusch agreed on the bleak economic realities of Ukraine, but they differed, essentially, on their reading of Kuchma. Soros asserted that Kuchma did indeed intend to pursue those reforms necessary to get the aid.

On September 24th, about six weeks after Soros mobilized his forces, it was reported in the Ukrainian press that Ukraine and the I.M.F. had reached agreement to begin implementing the first stages of the four-billion-dollar program. (And by the end of the year roughly seven hundred million dollars had been received.) It was a considerable triumph; in the view of Thomas Simons, the New Independent States coördinator, that agreement would not have been reached if Soros had not intervened and provided Kuchma with the Åslund team—a team unaffiliated with any government or institution. “They were not World Bank, not I.M.F., not these financial institutions,” Simons said. “They were from George Soros, and they were working for *him*”—that is, for Kuchma. “They were absolutely indispensable.” Since then, a great deal has happened to ratify and extend that

agreement, with the United States taking the lead, and in these activities Soros has played no substantive part. But, as Simons said, “he was the trigger.”

The day the agreement was announced, Soros was attending a conference in Kiev sponsored by the American-Ukrainian Advisory Committee, a group organized by Zbigniew Brzezinski; Henry Kissinger was there as well. Soros, in brief remarks to the group, evinced no lack of certainty. Noting that Dornbusch, a “highly respected economist,” had returned to the United States with an extremely negative report, Soros declared, “I contradicted him firmly. I was right, and he was wrong.”

That may prove to be true if Ukraine continues to pursue its reformist course. By late November, however, President Kuchma had begun to encounter stiffening opposition. Moreover, in fairness to Dornbusch, it seems virtually impossible that, in a short visit to Ukraine, he could possibly have appreciated the extent of the infrastructure that Soros had built, and the degree to which all these organizational investments now seemed to be maturing.

Roman Shpek, the Minister of the Economy, who is leading the reforms, is a graduate of Soros’s Management Training Institute. The Institute for Public Administration, which Krawchenko heads, has also produced significant players; as Krawchenko told me, “of the four hundred or so in the Cabinet apparatus, about thirty have been through our program—and they are quite an activist group.” Soros’s Center for Privatization and Private Investments has taken many members of Parliament on trips abroad, to see economic reforms at work in formerly Communist countries; most recently, a group of very conservative members went to Prague—shortly before the confirmation vote on the proposed head of the State Property Fund (in charge of privatization), Yuri Yehanurov, a reformer favored by Soros and his allies. At least half the people in the delegation changed their minds, according to Krawchenko, and Yehanurov was confirmed. And during Soros’s late-September visit a task force—including people from the World Bank, the Ukrainian government, and the Soros foundation—was created to wage a media campaign for the reforms. One person who attended this task-force meeting said that Soros’s message was “Work together! Move! Economic education is the thing to do until you hear from me again!”

Against the profound bleakness of the Ukrainian backdrop—markets offering fresh fruit, vegetables, and meat where, by and large, only foreigners can afford to shop; professional people holding menial jobs and living in painfully reduced circumstances; the decrepit nature of state-owned office buildings, with dimly lit warrens of corridors and stinking lavatories; the prevalence of the Mafia in everyday life (the best hotel in Kiev, the National, where Soros always stays, is under heavy guard)

—Soros seems to radiate plenitude and power. And, as he swept through Ukraine during his September visit, which lasted five days, his persona appeared to take on new dimensions by the moment. He was the general marshalling his troops; the benefactor dispensing largesse; the proud paterfamilias surveying his foundation (“This is a prototype of an open society!”); the celebrity surrounded by the awestruck seeking a smile, a handshake, a few words of recognition; the political boss before whom all became, to a greater or lesser degree, abject.

That he, a foreigner, has been able to stride so purposefully across the political landscape of this country is probably due to a number of factors, among them his having arrived so early in its independence, and stayed; his partnership with Hawrylyshyn, who is widely admired, and trusted for his patriotism; and the good will generated by the many programs that the foundation supports in the areas of education, culture, and health (as well as its more politically charged agendas). Still, it was not until *his* man became President that Soros was able to begin effectively mobilizing for the kind of change that he and others in the West had long envisioned. Dr. Viktor Pynzenyk, the Deputy Prime Minister, told me, regarding the team of foreign advisers led by Anders Åslund, “We know very well what needs to be done. But Kuchma respects Soros, and Kuchma needs to be convinced by memos prepared by Soros.”

Soros makes no bones about the interventionist nature of his role in Ukraine. At one point, he remarked, jocularly, “If this isn’t meddling in the affairs of a foreign nation, I don’t know what is!” And he told me that he saw an exact parallel between the “self-fulfilling prophecies” of his financial life and those of this political realm. Describing an episode in the seventies, when he wrote a report on real-estate-investment trusts (REITs), in which he predicted their rise and subsequent fall in the market, and went on to fuel both that rise and that fall with his aggressive buying and selling, Soros commented, “I look at Ukraine with the same frame of mind as I look at REITs. . . . By my intervention, I make it happen!”

Soros’s determination when he created his foundations to keep his ego out of them has now changed. As he has transformed himself into a celebrity, his foundations have become his personal platform and vehicle—and at least one of the foundations, in Moscow, has been plagued by corruption. In the most recent imbroglio at the Moscow foundation, last spring, it emerged that employees had lent foundation monies to a car dealership in exchange for more than sixty cars, several of which the employees took for their own; computers and other goods that were supposed to be distributed had been stockpiled in a warehouse; and roughly fourteen million dollars, which was supposed to have been spent on programs, instead had been deposited in banks of such poor

reputation that those deposits raised the question, at least, of kickbacks.

While the abuse in Moscow is probably the most egregious, some Soros-foundation employees worry about what they see as a more general loss of innocence—one that reflects Soros's own metamorphosis, and his liaisons with those in power. A longtime Soros associate told me, "When we had to deal with dictatorships, we were very pure and straightforward. But when dealing with nice guys you make a deal. George believes that if you want to change a country that's what you do."

The critical question, this person said, is "what it means to be an independent foundation when our work depends so much on whether George sleeps or doesn't sleep with the President of a country." Because Soros "sleeps with Gligorov, my colleagues in Skopje have a completely different working style than Sonja Licht's, in Belgrade." Licht is the president of the board of the Belgrade foundation, which is repeatedly threatened with being closed down by the government of Slobodan Milošević. By contrast, this person said, the Macedonian foundation is widely reputed within the foundation network to receive special treatment, "because it is really a government office."

In this person's view, the case of Albania nicely poses the dilemma about the foundations' proper role. Soros has cultivated a relationship with Albania's President, Sali Berisha. When the director of Soros's foundation in Tirana began to challenge some of Berisha's policies, Soros fired him. But Soros has been disappointed with Berisha, who has displayed the very totalitarian tendencies that Soros, as a champion of an open society, should most condemn; during Berisha's Presidency, a severely restrictive press law has been passed, journalists who have written stories critical of the government have been jailed, and members of the country's Greek minority have been discriminated against. Most recently, five leaders of Albania's ethnic-Greek community were convicted on espionage charges in a political show trial—a trial that was condemned by observers from several foreign human-rights groups for its flagrant violations of due process.

Regarding his experience in Albania, Soros comments, "We helped him"—Berisha—"in the elections, we were quite active in that . . . and then partly, of course, Berisha was not what he was cracked up to be, and partly my man didn't build the foundation right." Given Soros's instinct for personal detraction, his statements about Berisha have been oddly muted. But one may attribute that to his interest in continuing the collaboration; for, while the Soros foundation in Albania has accomplished little, it is at present embarking on an ambitious project to rebuild schools and reform the educational system.

The longtime Soros associate said, "You can make a very clean Albanian institution, with Albanian

people . . . avoid corruption, and have it support civil society. And you will have a nice, clean institution, but nothing moves. Or, you make believe you are the same, and you corrupt everybody. You get things moving, schools will be rebuilt, you will have curriculum reform.” Corruption, this person said, would likely include everything from the most blatant (kickbacks from those who are given a deal) to the somewhat more subtle (demands for perks, such as trips to the West, from government officials whose approval is required for the reforms). “For me, it is very difficult to run foundations with links to the government. But maybe I am too conservative and slow, still following old recipes. He”—Soros—“feels it’s a way of buying the government.”

This changed role of the foundations is most troubling, of course, to those old-timers who remember what it was like before. But other issues, too—all related to Soros’s ever-expanding ambit—have contributed to increasing anxiety among the people who work for the foundations. The broadcast stations of Radio Free Europe / Radio Liberty continue to be funded by the United States government, but in early 1994 Soros entered a joint venture to acquire the organization’s research institute and, under a fifty-year lease, its archives. Both operations are now subsumed under a new entity, the Open Media Research Institute (OMRI). Based in Prague, it has a seven-member board: Soros and two others from his staff; two people from the Board for International Broadcasting (the government agency that oversees Radio Free Europe); and two “independents” (one chosen by Soros and one by the B.I.B.). It should be noted that if the independents were to side with their selectors, the lineup would, predictably, be 4–3, Soros.

At first, Soros was attracted primarily by the archives—a vast repository of information on the history of Central and Eastern Europe and the former Soviet Union during the Communist epoch—as a valuable asset for his Central European University (C.E.U.). According to Alfred Stepan, the president of the C.E.U., however, it was when Soros realized that he could also acquire an information network—the institute, whose daily and weekly news analyses of the region are extremely influential and are currently distributed mainly to government officials and academics—that he became really excited. The institute is being reorganized, Stepan says, with a large-scale change in staff, and the plan is to increase the publications’ circulation—for the weekly newsletter, a hundredfold. One way of achieving that will be to disseminate the publications through the foundation network, in twenty-four countries.

When Soros’s deal with Radio Free Europe was announced to dozens of foundation employees, at a meeting in Budapest in the spring of 1994, many were dismayed. “What we essentially said was ‘You do what you want, but don’t involve us!’ ” one employee recalled. Even in countries where the

governments are friendly, the foundations have to contend with opposition parties decrying Soros as a greedy capitalist bent on expanding his empire—and, employees point out, his control of a vast information network would lend credence to that image. Several told me they find it particularly ironic that they should have spent most of their lives under Communist regimes and have finally emerged as open-society partisans—only to be confronted with such a directive. “If this media program has to distribute someone else’s truth, it will be a disaster,” one employee commented.

At the Budapest meeting, Soros also said that he was renouncing his much trumpeted policy of not investing in countries where he had foundations. In the past, he had said that he was abstaining from such investments because of the inherent conflict of interest; as a large-scale philanthropist and, in some places, an adviser to the government, he would be in a position to exploit a host of opportunities. Now, in Budapest, he explained that these countries needed foreign investment, and that other investors would follow his lead. Many in the audience felt that this sudden reversal would, like the Radio Free Europe deal, make their tasks on the ground more difficult; when critics charged that Soros’s philanthropy was merely a smoke screen for empire-building, there had been an effective rebuttal. Disapproval was not unanimous, however; Budzan, of the Ukrainian foundation, for one, applauded Soros’s decision, saying he hoped that Soros would invest in Ukraine. (Soros recently decided to make Ukraine an exception and not to invest there, because of the intensity of his high-level involvement.)

What people who work for Soros plainly find most unsettling is the fact that he has decided to distance himself from his foundations—to turn them over, in large part, to a group of managers so bureaucratic in their approach that one foundation employee likened the process to “a corporate takeover.” Miklós Vásárhelyi, the director of the Hungarian foundation since its inception, said to me, “I am anguished by this creation of bureaucracy.” Sonja Licht, too, said many fear that their foundations will lose the spontaneity and responsiveness that distinguish them from more traditional foundations—that “we will no longer be what we are.”

It is difficult to generalize about what they are, now that there are so many of them, operating under diverse conditions. But it is true that when Soros conceived of them they were to be anti-foundations: lean, unbureaucratic, ad-hoc, entrepreneurial—even, as Soros said to me approvingly, “chaotic.” And, whatever the shortcomings of this system, it suited Soros perfectly. Here, as in his financial life, he ruled in a state of utter hegemony for years—with no independent board, and virtually no experienced professionals. One person who has worked for Soros’s foundations told me, “George always wants personal control. We’d start a board meeting, George would walk in, give his

latest agenda, sometimes contradicting, and leave—and then we'd have to try to pick up.”

The unstructured nature of authority spawned constant maneuvering to bring decisions to Soros. “The name of the game in the foundation is access to George,” this person continued. “I was often reminded of the Russian czars before the Revolution—all the rules in the empire didn't mean anything if you could get the czar to sign a decree.” The competition for Soros's attention led to a great deal of rivalry, which (as had been true at Quantum for many years) must have pleased Soros at some level, because it enhanced his control; this person recalled Soros's having commented, regarding his encouragement of rivalry between two fairly close associates, “I never stand on one leg.”

But with the proliferation of foundations in the last few years and the huge sums of money being funnelled through them (roughly three hundred million dollars a year), Soros came to feel that he had created a monster, one that was in fact not within his control. “I made all the decisions, and nobody knew what the decisions were,” he told me. “People turned up and claimed that I'd authorized this or that, and for all I knew, I did!” It also seems plain, however, that the haphazard, crazy-quilt system suited him when he wanted to spend all his time enmeshed in it, working its many threads. But he has done that—and for Soros that which has been done soon loses its charge. With statesmanship beckoning, the foundations' demands have become burdensome. Finally, Soros had intended his foundations to be short-lived connectives between closed and open societies, but these transitions, he acknowledges, have turned out to be much slower and more uncertain than he anticipated.

Thus Soros—the iconoclast who so abhors institutions that he often seems bent on subverting his own—has decreed that his foundation network be thoroughly institutionalized. Under the aegis of Aryeh Neier, the staff at the foundation headquarters, in New York, has grown from thirty-five to a hundred and ten, with an influx of new administrative executives, financial people, and a general counsel. At a meeting in Budapest in October, Soros told a distraught group of foundation officers from the former Yugoslavia, “I still don't have consolidated accounts of what I am spending, where—so I am still groping in the dark. But I feel I am going to get this figure soon. I know that there is a lot of worry in the foundations about loss of autonomy, and centralization.” Then he added, “The foundations have to change their way of operations. Each one will be different. We are not running McDonald's. Open Society is a different story.”

Soros continued, “I will not be as involved as I've been. I think I peaked, I went over the top—and there are only twenty-four hours in the day. I want to push myself up, so I deal only at the highest

level of abstraction.”

Vladimir Milčín, from Macedonia, spoke up. “How much of your personal presence can we hope for?”

“I just answered that,” Soros responded, sharply. “I have to husband my energies.”

Soros, it is plain, is moving on. His life has been an arduous process of extension and reextension, of goals attained and surpassed, his efforts fuelled by a titanic will to win but also by an insatiable appetite for new territory to conquer—and at the moment there is no end in sight. While the foundations have been concentrated in Central and Eastern Europe and the former Soviet Union, there is now a foundation in South Africa, yet another in Haiti, a project in Burma, and several programs in the United States, where he now intends to focus more of his energies and funds. He recently sought to acquire a major stake in the largest retail bank in Hungary, on behalf of his foundation and university there, but negotiations were halted, partly because of public protest over his proposition: an initial investment of fifty million dollars (scaling up to two hundred million), which would have made indomitable a bank that already controls two-thirds of the retail market. (“It *is* the market,” the analyst György Jaksity commented.) Soros has been a big believer in the Internet; and, as the C.E.U.’s Stepan explained to me, the OMRI news reports will eventually be distributed on the Internet, thus establishing an information system that will probably be impregnable. “In the hypothesis that things got very bad in Russia and TASS controlled everything,” Stepan said, “we could get information to a thousand people in a way that would be difficult to block.”

What makes Soros’s relentless expansionism appear so unthreatening, especially in the West, is that it appears so benevolent. It seems almost silly, if not wrongheaded, to worry about abuse of power by the self-proclaimed avatar of open society. That he is creating an information network that will reach not only the hundreds of foreign-policy experts who currently depend upon it but thousands of people in Central and Eastern Europe and the former Soviet Union hardly seems a concern—despite Soros’s proved tendency to support various governments in ways that are not always overt—because it is being done in the name of keeping access to information open to all. That he has used his money to set up an organization that does not bear his name on its letterhead, and that produces a purportedly “independent” report on the dispute between Macedonia and Greece, might not be viewed negatively in Washington these days—where Macedonia is generally seen as the underdog, and Soros as its well-meaning champion. That he has installed his own paid

representatives in the government of Ukraine—and, in the words of a longtime associate, believes that you “buy” governments to get things done—might also, conceivably, be viewed as the minor indiscretion of an idiosyncratic but beneficent individual. Ambassador Simons said to me, in regard to Soros’s unique brand of entrepreneurial diplomacy, “Of course he meddles—but he’s a free citizen! It’s not a problem—unless he did something diametrically opposed to our view, like supporting a Zhirinovsky. But he never would.”

That Soros’s intentions are good and his views simpatico, however, should not obscure the issue; just as we uphold the rights of those whose values we condemn, so, of course, should we scrutinize the exercise of power by one whose values we share. Scrutiny of Soros, however, is wanting. In his political activities, he does not really come under the direct purview of anyone; as usual, he is moving unconstrainedly in a gray area where rules are uncertain and shaded boundaries easily bypassed. His philanthropy, moreover, serves as a kind of amulet to ward off criticism; many who know him, particularly those in government, seem so mesmerized by the scope of his giving that they tend to put in abeyance the kinds of judgments that they might otherwise make.

As Soros seeks to enter the foreign-policy community, his largesse continues to pave the way. If history is any guide, however, these contributions will be strategic, with many strings attached; Stepan told me that when he was dean of the School of International and Public Affairs at Columbia University, he could not accept a million dollars that Soros had offered, because he could not meet the conditions that Soros was imposing. Soros has for many years been a major contributor to Helsinki Watch; and that, too, has been strategic, for by directing his monies toward designated projects he has been able to influence which situations receive attention (and, perhaps, which ones do not). According to one person, he recently made a long-term commitment to the Council on Foreign Relations—under the condition, however, that he be an anonymous donor. With the council, he co-sponsored a conference on NATO, held at the C.E.U. in Budapest in November of 1993, and delivered a paper he had written. Commenting on Soros’s talk, one person told me, “A lot of people were sitting there shaking their heads—but he was paying the bills.”

That these people may be more interested in his money than in his world view does not escape Soros, who has long accustomed himself to such “transactional relationships.” Still, during one of our interviews, when we were flying from Kiev to Budapest in a small plane that he had chartered, he sounded almost wistful as he told me that he had congratulated Henry Kissinger on his recently published book, “Diplomacy,” at a meeting of the American-Ukrainian Advisory Committee, and that he would have liked to engage Kissinger in a debate about Ukraine, because he considers him

“really a worthy opponent.” Soros then added, “But he doesn’t want to fight with me.”

Why was that?

“There is no payoff,” Soros said, chuckling, “and there may be a payoff the other way! I would like a little debate, but he doesn’t—so we are friends.”

Of the scores of people I talked to, the only one who seemed to have any perspective on the issue of his philanthropy was Soros himself. “I know I’m not what I’m cracked up to be,” he told me. “I’m not really as much of a philanthropist as the amount of money would suggest.” He added, “It’s only because I don’t care about money that I give it away!” (Indeed, he often complains that he will not be able to give it all away before he dies, although he would like to—trusting no one else, naturally, to spend it as well as he would.)

Soros seems to enjoy making such frank self-evaluations, and he insists that he subjects himself to the same relentless, unforgiving process that he does the rest of the world. Certainly it was true that in his years as a fund manager illusion was his prey, and he was an extraordinarily disciplined, indefatigable hunter. But Soros himself says that he spends as much as ninety per cent of his time away from the fund these days, and in doing so has surrendered the discipline that it demanded; thus it seems possible, at least, that he might fall prey to illusion himself. It is some misjudgment born of hubris—rather than any external force—that might halt his trajectory.

Some people in the financial world who have known Soros for many years observe his continuing political climb with misgivings. And they note, too, that Quantum is not flourishing. It had the second-worst year in its history in 1994, with a return of 2.9 per cent. (Of course, in the current financial environment that was something of an achievement.) The year 1994 was so punishing that several hedge funds were driven out of business, and there is increasing speculation that—as inevitably happens with financial fads and the glut of players they attract—such funds have run their course. This may well be why in the last couple of years Soros has been charting new directions for Quantum. For example, several offshoot funds are investing in real estate, and also in power plants and other infrastructure projects in developing countries. Some of Soros’s longtime investors are skeptical about these new ventures, however, and Soros seems to share at least some of their doubts; last November, it turned out that he had terminated Quantum’s participation in a United Kingdom realty fund.

Gilbert de Botton, the chairman of Global Asset Management (GAM), in London, who was one of

Soros's earliest investors, decided not to invest in the new breed of funds. "It's not the name of his game, clearly," de Botton said. "It's as though you're running a candy store for years and then suddenly you're investing in government bonds."

But de Botton said that he remains confident in the main Quantum fund, in which GAM has a stake. When I asked him what he thought of Soros's public metamorphosis, de Botton replied, "If he were a chum, I'd have twenty-six opinions. But he's too precious a financial asset—so I deliberately avert my gaze." Pressed, he said, "There is a subtext here—the unspoken word in the room. Is this an incipient megalomania? And is it affecting his ability to make business decisions? And my answer to the second part of that question is no."

As for the political role that Soros has created for himself in countries like Ukraine, de Botton continued, "There is such a vacuum, isn't there? And in a time of crisis someone can emerge. As when a family is in crisis, and suddenly the chauffeur takes charge! But then the crisis passes, things go back to normal. I would expect that in some of these countries they will eventually say, 'We don't care how many billions this guy has, we don't want him telling us what to do.'"

Ultimately, what is so striking about Soros is the degree to which—no matter how one tries to focus one's lens—the twin images persist, resisting alignment, irreducible: the two George Soroses. It is not uncommon to find individuals who have constructed a persona at odds with who they really are, as evidenced by their actions; and it is even less uncommon to find individuals with markedly conflicting impulses, in whom, nonetheless, one side predominates. It is rare, however, to find someone in whom contradictory impulses are so extreme and so strong that the principle of cognitive dissonance seems not to apply—and who seems as a consequence to be pushed and pulled in restless, frenetic motion between these polar zones.

A person who has known Soros for many years says, "Messianic zeal often works as concealment for what one really craves—and it strikes me that the more George covets control the more hysterical he becomes about open society. But I don't think he recognizes this in himself. He is not a knowing charlatan. He is sincere."

If Soros were not sincere, surely he would seek to mask himself, cultivating a type of guardedness common among those far less powerful than he. But probably his most appealing—and disarming—trait is his unguardedness, manifested sometimes in a tendency to think aloud, as if he were trying ideas on for size, and sometimes in surprising (and even, on occasion, self-damaging) revelations. Soros is well aware of this trait, which he refers to as "this urge to reveal myself"; he told me that his

brother first called it to his attention back in 1982, when Soros began telling his investors that he was in a state of some turmoil and that they ought to think twice about leaving their money with him. “My brother said, ‘You are really stupid! Why are you doing this?’ ”

Why, indeed?

“Well, partly, of course, I think it’s my self-involvement, because I do find myself rather fascinating. So there is a certain wanton element, and it is an indulgence.” He went on, “And the other thing is that in my previous lives I always had to keep things secret, starting with having to live with a false identity. So to me it’s the reward for success—that I don’t need to hide.”

Before I could ask for a further illustration, Soros said, “My lawyer, for instance, who set up the tax structure which effectively protected me from taxation for many years—until the loophole was finally plugged, and I became a fully taxpaying citizen—just couldn’t understand why I should ever allow myself to be seen!”

The loophole to which Soros referred was closed with the passage of the Tax Reform Act of 1986. The act created something called a “passive foreign-investment company” (PFIC), and a new taxation regime, which took effect in 1987. When I asked Gary Gladstein, of Soros Fund Management, about what Soros had told me, he confirmed that taxes on his Quantum profits had been deferred until Soros sold his shares in the fund, which he rarely did. “So he had no taxes—he had a free ride,” Gladstein said.

What was critical to the fact that Soros did not pay taxes on his income before PFIC was that he did not have a controlling interest in the fund—that is, he did not own more than fifty per cent. That is why the period in 1982, when shareholders were redeeming their shares in the fund and his ownership was therefore increasing (approaching the fifty-per-cent mark, according to one friend), was a truly perilous time for him, and why it was all the more remarkable that he should have gone to some shareholders and urged them to carefully consider whether or not to leave their funds with him. The law in those pre-PFIC years also attempted to penetrate arrangements designed to circumvent that voting-control test, and find those situations where an American shareholder might—despite not owning fifty per cent—be in control. Presumably, the fact that Soros was not even a director of Quantum would have helped his claim to the I.R.S. that Quantum was not “controlled” by him.

As it was, Soros’s profits were compounded year after year, tax-free, from 1969 through 1986, and in

those years the fund, of which Soros came to own roughly a third, grew from four million dollars to more than a billion and a half. Without what Soros refers to as “a clever tax thing,” he would probably have had to pay at least a couple of hundred million dollars to the I.R.S.

And, as Gladstein also noted, the first years that Soros had to pay taxes, 1987 and 1988, were not very good years at Quantum. (The returns were 14.1 per cent and 10.1 per cent, respectively.) “It was in ’89”—when the fund achieved a return of 31.6 per cent—“that his taxable income went up so much,” Gladstein said. And it was also then that Soros’s massive giving began. Soros now says that his aim is to give away fifty per cent of his income each year—the maximum amount that he is allowed to deduct.

Whether or not Soros has been able to bring a similar ingenuity to his nonprofit empire is an interesting question. Certainly in a country like Ukraine, his foundation is engaging in plainly political activities, although a reading of the foundation’s annual report—which lists, as its major areas of support, education and research; civil-society programs; and culture, environment, and health—gives no such suggestion. In addition to political activity, another I.R.S. issue is control. An operating (as distinct from a grant-giving) foundation that conducts its own programs cannot be directly controlled by the donor; some of Soros’s offshore foundations, therefore—such as the one in Ukraine—are constituted as legally noncontrolled entities, each with its own board of directors. But the idea that it is these local boards which have control—and not Soros—is as much a chimera as any notion that the Quantum board has control. Doubtless, the foundation boards have made decisions; but, as many people within the organization told me, there was no decision that Soros could not overturn, and in many instances the decisions emanated solely from him. Soros himself had told me, “I made all the decisions.”

While Soros’s more stunning revelations tend to be self-generated, there are few subjects from which, upon being questioned, he will shy away. The corruption in the Moscow-foundation office, for example, had been distressing to him, but he was not reticent when I asked about it. Discussing the deposit of fourteen million dollars in unreliable banks, he quickly assumed some responsibility, deriding “our stupidity in sending them five million dollars a month for a program without looking at how they were spending it.” The foundation in Moscow had had a checkered history, Soros continued, “and finally we hit on this transformation program, which is a great success.” The program, which was aimed at transforming the education system, was so successful, Soros said, that “I wanted to make it bigger. I threw a lot of money at it—and, in doing that, I destroyed it, effectively. Because it was too much money.” This was a criticism I had often heard of the mega-

grants that were made in the wake of the pound-sterling bonanza, but it was surprising to hear it as self-criticism. Those administering the funds apparently found themselves struggling to push vast sums of money through a hastily constructed, haphazard system, which could not possibly maximize the benefit. And in the one instance that came to light, of course—the fourteen million dollars in Moscow—the money was not being spent on the program at all.

The Moscow foundation is being reconstituted, with a new board and new executives. The search for board members has been launched in typical Soros fashion: twenty or so prospective candidates were taken on a quick tour, by chartered plane, of Soros foundations in Poland, Hungary, Lithuania, and Ukraine; they were in Kiev and Budapest during Soros's visits there, in September. Although nearly all the candidates appeared to be in their fifties and sixties, one Soros associate told me that it was like shepherding a group of schoolchildren; they seemed more interested in the next snack period than in the endless round of meetings arranged for them. A Russian candidate told me at the end of the trip, "There was too much information to absorb. But travelling around in our own plane—now, that was interesting!"

I told Soros that this did not seem like money well spent. He responded, rather sharply, "Look, how do you mobilize people? You ask for recommendations, and you look at them. . . . So I asked for recommendations, and I invited people, took them on the trip, and it turned out that they were all too old and too Jewish!" He chuckled. "And not acceptable. I mean, you can't be that Jewish in Russia. So I told them, 'You can't have more than one-third Jews on the board.' "

Soros does and says whatever he pleases; that license, in a life filled with the more prosaic trappings of wealth, has been perhaps his most prized luxury. He is notorious for making commitments and suddenly retreating, or forming relationships and then breaking them off—in a pattern that seems, in a way, to mimic his to-and-fro in the markets. In 1986, he joined the board of trustees for Columbia's School for International and Public Affairs and, almost immediately, resigned. (Stepan recalls that Soros told him after the first board meeting, "That was the most boring meeting I ever attended. I don't sit still for six hours for anything!") He founded the main campus of the C.E.U. in Prague, and then—in part after a new Czech government did not fulfill its predecessor's commitment about a building—he decided to house most of the university in Budapest. ("Who has ever heard of it, someone setting up an institution and then pulling out?" Soros demanded, seeming to relish his own temerity.) He cultivated a positive relationship with Václav Havel, the President of the Czech Republic and a former dissident whom he admired; but then, according to a person close to Havel, Soros became offended by what he felt to be a lack of attention, and their relations at

present are “not cordial.” (“From what I do know of Soros, it seems very difficult for him to recognize people as his equal—or even superior,” this person commented. “He is so competitive. And when he is dealing with the President of a country there is the question of who matters more.”)

He forswore investing as a matter of principle in countries where he was involved philanthropically, but now—abjuring prior declarations about principle which were, in fact, sound—he will invest. Soros has recently staked a claim of principle in another investment area, however. He says that he has withdrawn Quantum’s funds from Peregrine Investments, a controversial Hong Kong merchant bank with large investments in Burma, a country ruled by one of the world’s most repressive regimes (for which, in fact, Peregrine manages pension-fund monies)—and one where a Soros foundation is active. Quantum has had an equity holding in Peregrine for years; its chairman, Philip Tose, is a director of one Quantum fund and the manager of another. According to Gary Gladstein, it was only in September, 1994, when a highly critical article about Peregrine appeared in *The Economist*—which mentioned Soros’s stake in Peregrine, and sent shock waves through the foundation—that Soros moved to distance himself from it.

In the world that Soros has created for himself, there is no one to call him to account. The unpredictability of his public statements is the bane of some of his associates; he is an almost reflexive provocateur, always needing to make an impact—with his words as well as with his money—and he gets involved in some very volatile situations. On occasion, his refusal to censor himself on matters involving Serbia, for example—he has made strong denunciations of Serbian leaders—has threatened the existence of his foundation in Belgrade, and even jeopardized its employees. Some members of the Soros foundations have been hoping that Aryeh Neier might exert a countervailing force. But it seems evident that if Neier—a sober and clearly dedicated man whose cubicle of an office at the Soros-foundations headquarters is dominated by a large portrait of Hannah Arendt—were to try to become the conscience of the foundations, his tenure would be short-lived. (Of the situation in Moscow, in which Neier enforced sterner disciplinary measures than Soros believed were necessary, Soros said to me, “I think it involved relatively minor infractions due to the lack of controls, as distinct from malfeasance, or criminal activities. But Aryeh is a very pure person,” he continued, with a hint of acid, “so he can’t stand a little bit of infraction, you see.”)

For Soros, self-exposure is tantamount to sovereign privilege. “Publicity has become food and drink to him,” one old friend remarked. That is perhaps not surprising, inasmuch as the publicity has been overwhelmingly positive, at least in the West. Soros has had only one damaging brush with the press—a trivial one, but one that he abhorred for that very reason. In 1990, Soros moved to London

with his wife and two babies, in order to commute more easily to his foundations in Eastern Europe. About a year later, Susan Soros fired the butler for drinking the Soroses' champagne, and the incident was widely reported in the tabloids. (The butler subsequently sued for damages, and won.) According to Edgar Astaire, Susan Soros was so upset by the coverage, which she deemed unfair, that she wanted to move back to New York (they soon did); Soros is said to remain prickly on the subject to this day. Neier told me, in a more general context, "There are rich people who would like their luxurious life styles to be written about—but I can't imagine anything that George would loathe more."

Soros's appetite for more serious-minded exposure is probably not without its risks. In any event, he told me that he considers it quite dangerous, particularly now, as he stands on the threshold of the political world. Still, he yields to temptation. Pondering this, he offered yet another explanation. "I think the reason I am so interested in revealing myself is that I am trying to find out who I am," he said. "It's a process of self-*creation*, not just self-revelation." Soros repeated that, seeming to savor it, as he often does when an idea is especially pleasing to him. "I don't *know* who I am, and I am finding it out."

That desire for public display of the intensely personal was evident again in a speech that Soros made at Columbia University's College of Physicians & Surgeons, in late November. The occasion marked the inauguration of his newest project, *Death in America*, whose aim is to promote a better understanding of the experiences of dying and grief, and to transform the culture surrounding death. Soros said in the speech, "In America, the land of the perpetually young, growing older is an embarrassment, and dying is a failure." He has made an initial commitment of five million dollars a year for three years.

Addressing an audience of a couple of hundred people, mainly physicians, Soros began by saying there were two reasons that he had decided to sponsor this project, one abstract and the other very personal. The abstract, he said, derived from "a basic insight which has been at the root of both my money-making and my philanthropic activities, and which I have elaborated into a not yet properly understood philosophical theory"—reflexivity. In the case of dealing with death, he continued, our imperfect understanding (full of distortions and misconceptions) transforms the experience itself into something more negative than it need be, both for the dying and for those around them.

The personal motivation sprang from the deaths of his parents; indeed, he determined to fund such a project after his mother died, in 1989. Not long before she lost consciousness, Soros said, she had described to him how she was approaching the gates of Heaven—something reminiscent of the

experiences of the dying that he had read about in books by Elisabeth Kübler-Ross. “And she was concerned, because I was holding her hand, and she was afraid she was taking me with her,” Soros said, smiling. “But I assured her no, that I was very firmly grounded.” That, he said, had been a very positive experience, one in which his children, too, had participated—and one that, after years of preoccupation, made him fear his own death less.

But he also described the death of his father, in 1963. Soros had talked to me about his father, and about their similarities and—even more—their differences. He had emphasized the contrast between his father and him, as fathers; when Soros was a youth, he had judged his father harshly for being so devoted and attentive to him that, in his view, his father was living vicariously through him. “And at that time I decided that the buck stops with me, I will not be like that, I will not be a doting father who will build his own, let us say, fantasies through his children,” he said. “Now, the unfortunate result of that was that I was actually quite a bad father with my first group of children.” Moreover, while Soros’s philanthropy has led some people to view him as an altruist or a Robin Hood (characterizations that he says are off the mark), he seems to feel that his father was more the genuine article: someone who was truly nonmaterialistic, charging those who could pay for his services—he was a lawyer—and working free for those who could not; who was outgoing and focussed on others; who derived his greatest pleasure from helping people directly (and, in fact, saved many lives during the Nazi occupation).

Now, however, Soros told this audience that his father, terminally ill, had agreed to an operation, “but he didn’t want to live after the operation if his personal integrity was invaded. And, unfortunately, that was what happened. But then he wanted to live.”

Speaking haltingly, Soros said, “I was kind of disappointed in him. I wrote him off.” A few weeks later, he added, his father died. “I was there when he died, yet I let him die alone. I saw him, but I didn’t touch him. The next day, I went to the office, but I didn’t tell people he had died. I was, in a way, denying his dying.” Later, when he read Kübler-Ross, Soros said, he realized that it might have made a difference if he had held his father’s hand—but, he said, “I have since forgiven myself, because I did not know any better.”

In a sense, Soros at such moments is once again venturing into a gray area—this time, where the lines between public and private blur, and the rules for human exchange are uncertain, and Soros does whatever he is impelled to do. One person who has known him for many years told me that he marvels at what seems, at times, “exhibitionism”; and he conjectures that Soros, an extremely undemonstrative person, who appears cold, detached, and insular, is, through these personal

displays, attempting to forge some human connection—not with any one person but, rather, with many people. As, of course, his philanthropy also does.

Soros seems to suggest as much when he speaks of resolving the duality of his life and giving up the detachment it expressed. In one of our conversations, he did acknowledge that the reason he has decided to invest in countries that he had previously avoided is that opportunities have only now become attractive. Soros told me, “People who moved in six months ago have actually made ten times on their money.” When I asked what had kept him from doing that himself, he responded, “I wasn’t looking.” And when I pressed him about what, exactly, had made him change his mind, he quickly replied, “The fact that people who invested six months ago made ten times on their money!”

But in another conversation he proposed a further, personal motivation—though, given Soros’s instincts, this surely must have *followed*, not preceded, the business judgment. “By having these foundations, I was sort of able to play God, right?” Soros began, in his didactic way. “I was something above it, outside it, benevolent, farsighted, godlike—O.K.? If I become an investor, I come down to earth, you know? I’m just a player.

“So in some ways it may be the final coming to terms with being a human being, after all,” he continued, with a trace of a smile. “In that way, I feel it’s a little bit painful, quite tricky—but, in a way, it’s the ultimate challenge: to accept the human condition.” ♦

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