

**George
Soros
And
The Rothschild
Connection**

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George Soros and the Rothschilds Connection

<http://www.freedomdomain.com/soros01.html>

By Jan Von Helsing ("Secret Societies and their Power in the 20th Century")

Special Note : The author of this book is German. He claims he has several jewish friends and is not racist or prejudice, but often cites the Talmud as a guide book for certain Jews and discusses a Jewish Conspiracy that involves elements of Zionism and other conspiracy issues as well. I do not agree wholeheartedly with the author's entire beliefs, however alot of the research on a variety of other topics is VERY GOOD. We are seeking truth here and not Hatred or prejudice, as a matter of FACT, I was raised Jewish myself. For my views on the Jewish Conspiracy, you will have to go Here to find out, this is not the forum.

The now 64 year old Hungarian with a U.S. passport is the superstar amidst the great speculators.

When the last "Forbes" list of the best paid managers and financiers was published, Soros was in the lead by a huge margin. In the last year he earned 550 million US\$, twenty times as much as the Disney Boss. When Soros opens the hunt, the international money markets get moving and the reserve banks start worrying. In Sept. 1993 he succeeded over the Bank of England. He was certain the Bank would have to take the pound that came under pressure out of the European exchange mechanism and devalue it. He gambled 10 Billion US\$ --with success. He made 1 Billion

US\$, which the British taxpayers now have to come up with. He himself likes to be openly known as the man who wants to influence the big money markets of the world. This is a very unusual stance for an investor to take, who should rather be interested in using situations unobservantly that the competitors have not yet discovered. In March 1993, Soros' activities became known when he predicted a rise in the price of gold. It is assumed --since this started a buying spree in precious metals --that this drove the price up 20% over the highest price since the Gulf War. In the beginning of June 1993, he wrote an open letter to the business editor of the London Times, Anatole Kaletsky, announcing that he intended to urge the money markets to sell large amounts of German government bonds in favor of French stocks. Which means: Down with the German mark and attack on the Bundesbank!

In several newspapers across the world Soros is praised as a kind of "Robin Hood of the Computer Age", since by speculation he takes from the rich nations in grand style to hand out to Eastern Europe and Russia via several Soros Foundations, to prepare the way for "Democracy" in those "poor" countries that had been bled dry by communism.

Who then is Soros? The official story says that he was born in 1930 to Jewish parents and as a teenager had been chased from Budapest by the Nazis. He enrolled at the "London School of

Economics" and in the mid-50's came to the U.S. There he was magically drawn to Wall Street, but his career until 1969 was unspectacular. Then with a partner he took over an investment fund. He sold stocks he didn't own as futures, hoping that their price would fall nearer the qualifying date and that he could acquire them at a price lower than his selling price.

From this fund the "Quantum Group" evolved, a family of investment funds operating from the Dutch West Indies. Quantum is one of the most impressive "investment machines" in the world. In 8 of the last 24 years it made an "official" profit of over 50%, in 2 of those years even over 100%. In the meantime Soros handed business over to a group of managers and limits himself to designing the "great campaigns". He put down his principles in the book, "The Alchemy of Finance", where he says what "financial speculators think more important than real economic facts".

But this is but the picture the media -- and we know who owns them -- paint of him. Who is he in reality?

William Engdahl knows this to say about him:

"Soros speculates on the world's financial markets via his secret off-shore company, "Quantum Fund NV", a private "investment fund" that handles a portfolio of 4 to 7 Billion US\$ for several "clients". The Quantum Fund is registered in the tax haven of the Netherland Antilles in the Caribbean. In order to evade control of his financial activities by the

U.S. administration not a single U.S. citizen sits on the board of Quantum. It's directors are a curious mixture of Swiss and Italian financiers...

Soros has been identified as a front man of the Anglo-French Rothschild banking group.

Understandably neither he nor the Rothschilds want this important fact to be public, so the tight links to his friends in the London "City", in the British foreign ministry, in the state of Israel and to his mighty friends in the American establishment would stay concealed."

Among the members of the board of the Quantum Fund is one Richard Katz. He is, at the same time, head of the "Rothschild Italia S.p.A." in Milan and is also on the board of the commercial bank "N.M. Rothschild and Sons" in London. Another member of the board is Nils O. Taube. He is a partner in the London investment group "St. James Place Capital" which counts Lord Rothschild among it's main partners. A frequent partner of Soros in several of his speculations --especially in the driving up of the gold quotation-- is Sir James Goldsmith, a relative of the Rothschilds dynasty. On the board of Quantum we also find some heads of some highly "discreet" Swiss private banks (who help the syndicates of organized crime--weapons and drugs--to launder their money). Then there is Edgar D. de Picciotto, head of the Geneva private bank "CBITDB Union Bancaire Privee", a main player on the gold and investment markets, Isidoro Albertini, head of the Milan stockbroking company "Albertini and Co.", Beat Notz of the private

bank "Banque Worms" at Geneva, Alberto Foglia, head of the Banca del Ceresio" at Lugano. In the course of the recent political corruption scandals in Italy it was found that several Italian politicians kept their money at the "Banca del Ceresio". Apparently Soros had more than just insider knowledge about the weak points in Italian politics when he attacked the lira in Sept. 1994.

William Engdahl explains : "Soros' connection to the ultra-secret international finance circles of the Rothschilds is not just an ordinary or accidental banking connection. The extraordinary success Soros has on the high-risk financial markets cannot simply be explained with "gambler's luck". Soros has access to the "insider track" of the world's most important information channels, both government and private.

Ever since the Second World War the Rothschild family tried to disseminate an aura of insignificance about themselves. But behind this one of the mightiest and most obscure financial groups of the world. The Rothschilds spend a lot of money to cultivate the picture of a wealthy aristocratic family leading a quiet life where one loves French wines and another engages in charitable trusts.

To experts on the "City" N.M. Rothschilds and Sons is most influential in the faction of the British secret service establishment closely linked with the neo-liberal Thatcher wing of the Tory party. In the 80's N.M. Rothschild & Sons made several

Billion US\$ from the privatization of British state-owned industries they conducted for Mrs. Thatcher. The Rothschild bank is also at the center of world gold trade: In this bank the gold price is fixed twice a day by the five most influential gold trading banks.

But N.M. Rothschild & Sons is also entangled in some very dirty secret service operations dealing with "drugs vs. arms". Because of its good relations to the highest places in the British secret service the Rothschilds succeeded in preventing their complicity in one of the worst illegal secret service networks, the BCCI (Bank of Credit and Commerce International) was never mentioned. In reality the Rothschilds bank belonged to the inner circle of these international money laundering banks of the CIA and M16 that financed in the 70's and 80's CIA projects like the "Contras" in Nicaragua".

William Engdahl : "Was steckt hinter den Wahrungskriegen des George Soros? (What Is Behind the Currency Wars of George Soros?), EIRNA-Studie "Derivate -Die finanzielle Wasserstoffbombe der 90er Jahre" (Derivatives --The Financial Hydrogen Bomb of the 90's).

The influential Chairman of the Banking Commission in the U.S. House of Representatives, Henry Gonzales, chided the Bush and Reagan administrations for refusing to prosecute the BCCI. In addition the Dept. of Justice repeatedly declined to cooperate in the Congressional investigations

into the BCCI scandal and the closely linked scandal of the "Banco Nazionale del Lavoro" (BNL).

This bank had made billions of dollars from loans that Bush had granted the Iraqi government shortly before the Gulf War. Gonzales had said that the Bush administration had had a Department of Justice which he thought "the most corrupt, most unbelievably corrupt Department of justice that I have ever experienced during my 32 years in Congress".

After the BCCI had been openly accused in the media for transgression of several laws, the New York prosecuting attorney Henry Morgenthau announced official charges against the BCCI.

Morgenthau accused the BCCI of the "biggest banking fraud of the financial world. The BCCI during its 19 year history operated as a corrupt criminal organization."

One of the directors of the BCCI, the Saudi-Arabian Shiekh Kamal Adham, had been the head of the Saudi secret service during the time Bush headed the CIA.

Not a single Western newspaper has so far uncovered the fact that the Rothschilds group linked with George Soros was at the hub of the vast illegal network of the BCCI. The key person in these activities was Dr. Alfred Hartmann, the managing director of the Swiss branch of the BCCI (Banque de Commerce et de Placement SA), head of the Zurich Rothschild bank AG and member of the board of N.M. Rothschild & Sons in London. He was also on the board of the Swiss branch of the

Italian BNL and was vice-chairman of the "N.Y. Inter-maritime Bank" in Geneva. A friendly secret service man who had worked on the "Soros" case disclosed that in Sept. 1993 Soros had amassed along with a group of "silent partners", a fortune in excess of 10 Billion dollars to use as a lever to unhinge the European currencies. Among the partners apparently were the little known metal and oil dealer Marc Rich and the Israeli arms dealer Shaul Eisenberg. For decades Eisenberg has been working for the Israeli secret service and has important arms deals in all of Asia and in the Near East. A third partner of Soros is Rafi Eytan who before was the Mossad connection to the British secret service in London.

Basically George Soros is another tool for economic and political warfare in the hands of the Rothschilds. He is among those circles who three years ago started a malicious "Fourth Reich" campaign against the re-united Germany: Soros is very anti-German. In his 1991 autobiography "Underwriting Democracy" Soros warned of the danger that a reunited Germany could disturb the (power) balance in Europe...It is easy to see how the situation that existed between the wars could come up again. A reunited Germany becomes the strongest economic power and develops Eastern Europe as it's habitat.... a terrible "witches brew".

His US contacts put Soros very close to the financial and secret service circles around George Bush. His most important deposit bank and main lender

during his attack on the European monetary system in Sept. 1993 was CITICORP, America's largest bank. Soros called upon the international investors to unhinge the Deutsche Mark. When in late 1989 a reunification became probable, a high ranking Citicorp manager who before had been advisor in the Dukakis campaign said: "German unity will be catastrophic for our interests. We have to take action to insure a decline of the Deutsche Mark by about 30% so that Germany will not be able to built up Eastern Germany to become the economic factor within a new Europe."

According to his associates Soros has "an incredible ego". He described how during the war in occupied Hungary he could not have survived as a Jew, so he had taken on a second identity. What he did not say, however, was that he let a man shield him from persecution who did wealthy Jews out of their possessions, and that Soros lent him a hand. This is how he "survived" the war, leaving Budapest only two years after it had ended. Although he himself and the Jewish owned media are quick in attacking all his opponents, especially in Eastern Europe, as anti-semitic, his Jewishness is based on parts of the Talmud rather than on his links with Jewish religion or the Jewish people.

Outwardly Soros supports a whole spate social activities, like "peace concerts" with Joan Baez, stipends in Oxford for young Eastern Europeans etc...

But reality presents a different picture. Soros is personally responsible for the chaos and "shock

therapy" caused in Eastern Europe after 1989. He foisted ludicrous draconian measures upon the weak governments there, which enabled him to buy up resources in wide parts of Eastern Europe at rock-bottom prices.

Take Poland as an example :

At the end of 1989 Soros organized a secret meeting between the communist regime of Rakowsky with the leaders of the then illegal opposition union organization Solidarnosc. The plan he presented to both sides is as follows :

- *The communists should let the opposition Solidarnosc take over the government to win the confidence of the people.

- *Then the state should deliberately drive it's own industries and agricultural business to ruin by applying astronomical interest rates, by withholding the necessary state loans and by lumbering the companies with debts they could never repay.

- *Then Soros would get his rich international business friends to come to Poland and buy up the now privatized state companies.

The most recent example is the huge steel company "Huta Warszawa", which today, so steel experts say, would cost about 3 to 4 Billion US\$ to build if it was built by Western companies. A few months ago the Polish government agreed to take over the "debts" of Huta Warszawa and to sell the company now free of debts for 30 Million US\$ to the Milan company Lucchini.

To instigate his plan Soros used a young friend, the

Polish-Jewish economic advisor Jeffrey Sachs who however could not begin his advisory work in Poland because so far he could only show advisory work he did in Bolivia. So Soros set up another one of his many foundations, the "Stafen Batory Foundation", which then in turn was the official client for the advisory work of Sachs in Poland (1989-90).

In Soros' own words he has worked or still works with the main advisor of Lech Walesa, Bronislaw Geremek, with General Jaruzelski, Professor Trzeciakowsky, a secret advisor to the new Polish minister for finance and economy Leszecz Balcerowicz, and with the latter himself. Soros admits that he had known that his economic "shock therapy" in Poland would lead to severe unemployment, to the closing of factories and to social tensions. That is why he insisted that Solidarnosc take over the government. Through his foundation he could approach the most important opinion makers in the media, like Adam Michnik, and his collaboration with the US embassy in Warsaw enabled him to censor the media which proceeded one-sidedly to support his "shock therapy" and opposed any criticism.

Russia and the CIS states :
Soros led a delegation to Russia, where he had been collaborating with Raissa Gorbacheva since the 80's, to set up a further Soros foundation, "The Cultural Initiative Foundation". This is a further vehicle for him and his Western cronies to enter the highest

political echelons tax-free and proceed to "buy" the most important political and economic personalities of the country.

After a failed attempt with Gorbechev 1988-1991 he changed over to the circles around Yeltsin. And again it was Soros who introduced his "shock therapy" aided and abeted by his friend Jeffery Sachs.

From Jan. 2, 1992 onwards Sachs "shock therapy" brought an unprecedented chaos and a foreseeable hyper-inflation to Russia which was followed by the best scientific research institutes fleeing to the West. Under the Soros plan, Igor Gajdar and the Yeltsin government shorted subsidies to industry and agriculture drastically, despite all of economy being a state-economy. The goal announced was a deficit-free budget within 3 months. There were no more loans for industry, the companies accrued astronomical debts and the rouble inflation went out of control. Soros and his friends immediately profited from the situation. Marc Rich, the world's largest aluminum dealer, started to buy up alot of Russian aluminum at incredibly low prices with which in 1993 he proceeded to flood the market in the industrialized countries and thus caused the price of aluminum to plummet by 30%. This is just one example of the Soros exploitation.

Hungary :

When Istvan Csurka, parliamentarian of the national-socialist opposition, tried to protest the destruction of the Hungarian economy by the strategies of

Soros and his friends, he was branded an "anti-semitic" and in June was excluded from the governing Democratic Forum.

Yugoslavia :

At the beginning of 1990 Soros --in cooperation with the IMF--in what was then still Yugoslavia put down the gauntlet for what then escalated into a war. Soros is also a friend of the then secretary of state Lawrence Eagleburger, the former ambassador to Belgrade and patron of Slobodan Milosevic. Eagleburger was formerly chairman of "Kissinger Associates" on whose board Lord Carrington (Committee of 300) member also sits. The latter's mediations have directly fueled the Serbian aggression against the Croats and the Bosnians. Today Soros has foundations in Bosnia, Croatia, Slovenia, and a "Yugoslav Soros Foundation" in Belgrade/Serbia. In Croatia he uses funds from his foundation to hire influential journalists or to discredit opponents of his "shock therapy" as anti-semites or neo-nazis. (From the EIRNA study "Derivatives")

On Israel, America and AIPAC

By [George Soros](#)

<http://www.nybooks.com/articles/20030>

The Bush administration is once again in the process of committing a major policy blunder in the Middle East, one that is liable to have disastrous consequences and is not receiving the attention it should. This time it concerns the Israeli–Palestinian relationship. The Bush administration is actively supporting the Israeli government in its refusal to recognize a Palestinian unity government that includes Hamas, which the US State Department considers a terrorist organization. This precludes any progress toward a peace settlement at a time when progress on the Palestinian problem could help avert a conflagration in the greater Middle East.

The United States and Israel seek to deal only with the president of the Palestinian Authority, Mahmoud Abbas, in the hope that new elections would deny Hamas the majority it now has in the Palestinian Legislative Council. This is a hopeless strategy because Hamas has said it would boycott early elections, and even if their outcome would result in Hamas's exclusion from the government, no peace agreement would hold without Hamas's support.

In the meantime Saudi Arabia is pursuing a different path. In a February summit in Mecca between Mahmoud Abbas and Hamas leader Khaled Mashaal, the Saudi government worked out an agreement between Hamas and Fatah, which have been clashing violently, to form a national unity government. According to the Mecca accord, Hamas has agreed "to respect international resolutions and the agreements [with Israel] signed by the Palestinian Liberation Organization," including the Oslo Accords. According to press reports on March 15, the new government, like the present one, will be headed by Ismail Haniya, the Hamas prime minister, but Hamas will get nine of the government's twenty-four ministries, as well as an additional minister without portfolio; President Abbas and his Fatah party will control six ministries, and independent representatives—some said to be under the control of Hamas or Fatah—and other political factions will fill the nine remaining ministries.

The Saudi government views this accord as the prelude to the offer of a peace settlement with Israel, along the lines of the 2002 Arab Peace Initiative, a settlement to be guaranteed by Saudi Arabia and other Arab countries, based on the 1967 borders and full recognition of Israel. The offer was meant to be elaborated by Saudi King Abdullah at the Arab League meeting to be hosted by Saudi Arabia at the end of March. But no progress is possible as long as the Bush administration and the Ehud Olmert government persist in their current position of refusing to recognize a unity government that includes Hamas. The recent meeting between Condoleezza Rice, Abbas, and Olmert turned into an empty formality.

Many of the causes of the current impasse go back to Israeli Prime Minister Ariel Sharon's decision to withdraw from the Gaza Strip unilaterally, without negotiating with the then-Fatah-controlled Palestinian Authority. This strengthened the position of Hamas. In the run-up to the January 2006 Palestinian legislative elections, Sharon refused to lift a finger to help Fatah's prospects. At the behest of the Quartet—the European Union, the United States, Russia, and the United Nations—James Wolfensohn worked out a six-point plan to assist the inhabitants of the Gaza Strip; among other things, it called for facilitating traffic between the West Bank and the Gaza Strip and opening a port and an airport in the Gaza Strip. But not one of the six points was implemented. The Bush administration's official in charge, Elliot Abrams, sabotaged the six-point plan from its inception. Partly as a consequence, Hamas won the elections in an upset victory.

Then came the blunder I am talking about. Israel, with the strong backing of the United States, refused to recognize the democratically elected Hamas government and withheld payment of the millions in taxes collected by the Israelis on its behalf. This caused great economic hardship and undermined the ability of the government to function. But it did not reduce popular support for Hamas among Palestinians, and it reinforced the position of Islamic and other extremists who oppose negotiations with Israel. The situation deteriorated to the point where Palestine no longer had an authority with whom it would have been possible for Israel to negotiate.

This was a blunder because Hamas is not monolithic. Its inner structure is little known to outsiders but according to some reports it has a military wing, largely directed from Damascus, which is beholden to its Syrian and Iranian sponsors and a political wing which is more responsive to the needs of the Palestinian population that elected it to power. If Israel had accepted the results of the election, that might have strengthened the more moderate political wing. Unfortunately the ideology of the "war on terror" does not permit such subtle distinctions. Nevertheless, subsequent events provide some ground for believing that Hamas has been divided between different tendencies. It was not willing to go so far as to recognize the existence of Israel but it was prepared to enter into a government of national unity which would have abided by the existing agreements with Israel. No sooner was agreement reached than the military wing engineered the kidnapping of an Israeli soldier, Corporal Gilad Shalit, which had the effect of preventing such a government from being formed by provoking a heavy-handed military response from Israel. Hezbollah then used the opportunity to stage an incursion from Lebanon across the internationally recognized border, kidnapping several more Israeli soldiers. Despite a disproportionate response by Israel, Hezbollah was able to stand its ground, thereby gaining the admiration of the Arab masses, whether Sunni or Shia.

It was this dangerous state of affairs—including the breakdown of government in Palestine and fighting between Fatah and Hamas—that prompted the Saudi initiative, which holds out the prospect of a peace settlement. Such a settlement would be very much in the interests of Israel and the United States.

Defenders of the current policy would argue that Israel cannot afford to negotiate from a position of weakness. But Israel's position is unlikely to improve as long as it pursues its present course of military escalation. Fortunately Saudi Arabia, whose position is also precarious, has a genuine interest in promoting a settlement based on two states. It would be tragic to miss out on that prospect, which would mean both withdrawal from large parts of the West Bank by the Israelis, so that a workable Palestinian state can take power, and acceptance of Israel's existence by Hamas. The outlines of such a settlement are quite well defined. The underlying concepts are not materially different from what they were during President Clinton's time.

The most potent threat comes from Iran. Movement toward a settlement in Palestine would be helpful in confronting that threat. But both Israel and the United States seem to be frozen in their unwillingness to negotiate with a Palestinian Authority that includes Hamas. The sticking point is Hamas's unwillingness to recognize the existence of Israel; but that could be made a condition for an eventual settlement rather than a precondition for negotiations.^[1]

The current policy is not even questioned in the United States. While other problem areas of the Middle East are freely discussed, criticism of our policies toward Israel is very muted indeed. The debate in Israel about Israeli policy is much more open and vigorous than in the United States. This is all the more remarkable because Palestine is the issue that more than any other currently divides the United States from Europe. Some European governments, according to reports, would like to end the economic boycott of Hamas once a unity government is successfully established. But the US has said it would not.

One explanation is to be found in the pervasive influence of the American Israel Public Affairs Committee (AIPAC), which strongly affects both the Democratic and the Republican parties.^[2] AIPAC's mission is to ensure American support for Israel but in recent years it has overreached itself. It became closely allied with the neocons and was an enthusiastic supporter of the invasion of Iraq. It actively lobbied for the confirmation of John Bolton as US ambassador to the United Nations. It continues to oppose any dialogue with a Palestinian government that includes Hamas. More recently, it was among the pressure groups that prevailed upon the Democratic House leadership to drop the requirement that the President obtain congressional approval before taking military action against Iran. AIPAC under its current leadership has

clearly exceeded its mission, and far from guaranteeing Israel's existence, has endangered it.

The Palestine problem does not have a purely military solution. Military superiority is necessary for Israel's national security, but it is not sufficient. The solution has to be political, as President Clinton recognized. He exerted enormous energy to bring about a peace settlement and his efforts were so successful that it took the murder of Prime Minister Yitzhak Rabin in 1995 by an Israeli extremist to prevent an Israeli peace initiative with Arafat from being implemented. Even after Ariel Sharon's walk on the Temple Mount in September 2000 set off new violence, Clinton offered a peace deal several months later that was rejected by Arafat but probably suggests the shape of a future settlement.

President Bush has never tried. He has adopted the misleading metaphor of the war on terror and allowed Ariel Sharon to have his way. Sharon did not want a negotiated settlement. He came to realize that the military occupation could not be maintained forever and withdrew from Gaza, in part, it has been argued, to strengthen the Israeli position on the West Bank. But unilateral withdrawal led to the current chain of events. The Bush administration did not just passively acquiesce in the Sharon/ Olmert government's policies; it actively encouraged them. AIPAC must bear its share of responsibility for aiding and abetting policies such as Israel's heavy-handed response to Hezbollah last summer and its insistence on treating Hamas only as a terrorist organization.

The current policy of not seeking a political solution but pursuing military escalation—not just an eye for an eye but roughly speaking ten Palestinian lives for every Israeli one—has reached a particularly dangerous point. After the Israel Defense Forces' retaliation against Lebanon's road system, airport, and other infrastructure one must wonder what could be the next step for the Israeli forces. Iran poses a more potent danger to Israel than either Hamas or Hezbollah, which are Iran's clients. There is the growing danger of a regional conflagration in which Israel and the US could well be on the losing side. With the ability of Hezbollah to withstand the Israeli onslaught and the rise of Iran as a prospective nuclear power, Israel's existence is more endangered than at any time since its birth.

Supporters of Israel have good reason to question AIPAC's advocacy and they have begun to do so. But instead of engaging in critical self-examination, AIPAC remains intransigent. Recently, the pro-Israel lobby has gone on the offensive, accusing the so-called progressive critics of Israel's policies of fomenting anti-Semitism and endangering the very existence of the Jewish state.

The case against those who disagree with Israel's current policy is spelled out in detail by Alvin H. Rosenfeld in a pamphlet published by the American Jewish Committee.³ After reviewing the rise of new anti-Semitic currents,

particularly in the Muslim world and Europe, Rosenfeld equates anti-Semitism with anti-Zionism and asserts that Jewish critics of Israeli policies reinforce both. He acknowledges that criticism by itself is not anti-Semitic; indeed, he writes, "the biblical prophets stood on the side of justice and were never hesitant to denounce their people's behavior when they saw it deviating from the standards of justice." But, he contends, "to condemn Israeli actions and, at the same time, to forego any realistic historical and political frameworks that might account for such actions" is not acceptable. The use of "exaggerated and defamatory terms," he writes, renders Israel indistinguishable from the "despised country regularly denounced by the most impassioned anti-Semites."

To call Israel a Nazi state...or to accuse it of South African-style apartheid rule or engaging in ethnic cleansing or wholesale genocide goes well beyond legitimate criticism.

To talk about victims turning into aggressors falls in his view in the same category. To buttress his case, Rosenfeld examines the writings of a number of critics. In particular, he focuses on a collection of essays whose authors, in his own judgment, make Noam Chomsky appear as an "almost conservative thinker," but the list also includes Tony Judt, a distinguished historian, whose crime consists of suggesting a possible binational solution for Israel, and Richard Cohen, a *Washington Post* columnist, who wrote, among other things, that the "sanest choice for Israel is to pull back to defensible—but hardly injurious—borders" and to get out "of most of the West Bank"—a policy often advocated in Israel itself. Rosenfeld resorts, without any personal knowledge of the people he attacks, to primitive accusations of self-hatred, lumping all these critics together as people who are "proud to be ashamed to be Jews." He concludes that "the cumulative effect of these hostile ideas, which have been moving steadily from the margins to the mainstream of 'progressive' opinion, has been to reenergize ugly ideas and aggressive passions long considered dormant, if not dead," i.e., anti-Semitism.

Rosenfeld's argument suffers from at least three elementary errors in reasoning. The first is guilt by association. The fact that constructive critics of Israel say things that, when taken out of context or paraphrased in provocative ways, can be made to sound similar to the comments of anti-Semites does not make them anti-Semitic or supporters of anti-Semitism in any way. Second, there is a lack of factual evidence. Are the expressions used by the critics really "exaggerated and defamatory"? That depends on the facts. What is the more appropriate term, "Israel's still incomplete security fence" or "an Apartheid Wall?" That can be determined only by considering the actual impact the wall is having on the lives of the Palestinians, a subject ignored by Rosenfeld and AIPAC.

Third, the professed respect for criticism is a sham when it is not permitted "to condemn Israeli actions and, at the same time, to forego any realistic historical and political frameworks that might account for such actions." As presented by Rosenfeld, this formula implies that Israel's actions have to be justified, right or wrong. The appeal to a "realistic framework" aims to rationalize the Israeli position. Criticism ought to be considered on its merits and not by any other yardstick. Suppressing criticism when it is deemed to be unpatriotic has been immensely harmful both in the case of Israel and the United States. It has allowed the Bush administration and the Sharon/ Olmert government to pursue disastrous policies.

The pro-Israel lobby has been remarkably successful in suppressing criticism.^[4] Politicians challenge it at their peril because of the lobby's ability to influence political contributions. When Howard Dean called for an evenhanded policy toward Israel in 2004, his chances of getting the nomination were badly damaged (although it was his attempt, after his defeat in Iowa, to shout above the crowd that sealed his fate). Academics had their advancement blocked and think-tank experts their funding withdrawn when they stepped too far out of line. Following his criticism of repressive Israeli policy on the West Bank, former president Jimmy Carter has suffered the loss of some of the financial backers of his center.

Anybody who dares to dissent may be subjected to a campaign of personal vilification. I speak from personal experience. Ever since I participated in a meeting discussing the need for voicing alternative views, a torrent of slanders has been released including the false accusation in *The New Republic* that I was a "young cog in the Hitlerite wheel" at the age of thirteen when my father arranged a false identity to save my life and I accompanied an official of the Ministry of Agriculture, posing as his godson, when he was taking the inventory of a Jewish estate.^[5]

AIPAC is protected not only by the fear of personal retaliation but also by a genuine concern for the security and survival of Israel. Both considerations have a solid foundation in reality. The same two factors were at play in the United States after September 11 when President Bush declared war on terror. For eighteen months thereafter it was considered unpatriotic to criticize his policies. That is what allowed him to commit one of the greatest blunders in American history, the invasion of Iraq. But at that time the threat to our national security was greatly exaggerated by the Bush administration. Condoleezza Rice and Vice President Dick Cheney went so far as to warn that the threat would manifest itself in the form of a mushroom cloud. In the case of Israel today the threat to national security, even national survival, is much more real. Israel needs the support of the United States more than ever. Is this the right time to expose AIPAC's heavy influence in American politics? I believe this consideration holds back many people who are critical of the way AIPAC conducts its business.

While the other architects of the Bush administration's failed policies have been relentlessly exposed, AIPAC continues to be surrounded by a wall of silence.

I am not insensitive to this argument. It has held me back from criticizing Israeli policies in the past. I am not a Zionist, nor am I a practicing Jew, but I have a great deal of sympathy for my fellow Jews and a deep concern for the survival of Israel. I did not want to provide fodder to the enemies of Israel. I rationalized my position by saying that if I wanted to voice critical views, I ought to move to Israel. But since there were many Israelis who held such views my voice was not needed, and I had many other battles to fight.

But now I have to ask the question: How did Israel become so endangered? I cannot exempt AIPAC from its share of the responsibility. I am a fervent advocate of critical thinking. I have supported dissidents in many countries. I took a stand against President Bush when he said that those who don't support his policies are supporting the terrorists. I cannot remain silent now when the pro-Israel lobby is one of the last unexposed redoubts of this dogmatic way of thinking. I speak out with some trepidation because I am exposing myself to further attacks that are likely to render me less effective in pursuing many other causes in which I am engaged; but dissidents I have supported have taken far greater risks.

I am not sufficiently engaged in Jewish affairs to be involved in the reform of AIPAC; but I must speak out in favor of the critical process that is at the heart of our open society. I believe that a much-needed self-examination of American policy in the Middle East has started in this country; but it can't make much headway as long as AIPAC retains powerful influence in both the Democratic and Republican parties. Some leaders of the Democratic Party have promised to bring about a change of direction but they cannot deliver on that promise until they are able to resist the dictates of AIPAC. Palestine is a place of critical importance where positive change is still possible. Iraq is largely beyond our control; but if we succeeded in settling the Palestinian problem we would be in a much better position to engage in negotiations with Iran and extricate ourselves from Iraq. The need for a peace settlement in Palestine is greater than ever. Both for the sake of Israel and the United States, it is highly desirable that the Saudi peace initiative should succeed; but AIPAC stands in the way. It continues to oppose dealing with a Palestinian government that includes Hamas.

Whether the Democratic Party can liberate itself from AIPAC's influence is highly doubtful. Any politician who dares to expose AIPAC's influence would incur its wrath; so very few can be expected to do so. It is up to the American Jewish community itself to rein in the organization that claims to represent it. But this is not possible without first disposing of the most insidious argument put forward by the defenders of the current policies: that the critics of Israel's policies of occupation, control, and repression on the West Bank and in East Jerusalem and Gaza engender anti-Semitism.

The opposite is the case. One of the myths propagated by the enemies of Israel is that there is an all-powerful Zionist conspiracy. That is a false accusation. Nevertheless, that AIPAC has been so successful in suppressing criticism has lent some credence to such false beliefs. Demolishing the wall of silence that has protected AIPAC would help lay them to rest. A debate within the Jewish community, instead of fomenting anti-Semitism, would only help diminish it.

Anticipating attacks, I should like to emphasize that I do not subscribe to the myths propagated by enemies of Israel and I am not blaming Jews for anti-Semitism. Anti-Semitism predates the birth of Israel. Neither Israel's policies nor the critics of those policies should be held responsible for anti-Semitism. At the same time, I do believe that attitudes toward Israel are influenced by Israel's policies, and attitudes toward the Jewish community are influenced by the pro-Israel lobby's success in suppressing divergent views.

—*March 15, 2007*

Notes

^[1] As the highly respected Israeli writer David Grossman, whose son was killed fighting in Lebanon, commented on March 11, "In the present situation any sort of dialogue between Israel and Palestinians is positive and has the potential to change the state of mind of both societies."

^[2] It is not the only one. In a letter to the Jewish citizens in America, Jimmy Carter wrote that "the overwhelming bias for Israel comes from Christians like me who have been taught to honor and protect God's chosen people from among whom came our own savior, Jesus Christ."

^[3] Alvin H. Rosenfeld, "'Progressive' Jewish Thought and the New Anti-Semitism" (American Jewish Committee, 2006).

^[4] See Michael Massing, "The Storm Over the Israel Lobby," *The New York Review*, June 8, 2006.

^[5] See the article by Martin Peretz, "Tyran-a-Soros," *The New Republic*, February 12, 2007.

Soros's Deep Pockets vs. Bush

Financier Contributes \$5 Million More in Effort to Oust President

By Laura Blumenfeld

Washington Post Staff Writer

Tuesday, November 11, 2003; Page A03

NEW YORK -- George Soros, one of the world's richest men, has given away nearly \$5 billion to promote democracy in the former Soviet bloc, Africa and Asia. Now he has a new project: defeating President Bush.

"It is the central focus of my life," Soros said, his blue eyes settled on an unseen target. The 2004 presidential race, he said in an interview, is "a matter of life and death."

Soros, who has financed efforts to promote open societies in more than 50 countries around the world, is bringing the fight home, he said. On Monday, he and a partner committed up to \$5 million to MoveOn.org, a liberal activist group, bringing to \$15.5 million the total of his personal contributions to oust Bush.

Overnight, Soros, 74, has become the major financial player of the left. He has elicited cries of foul play from the right. And with a tight nod, he pledged: "If necessary, I would give more money."

"America, under Bush, is a danger to the world," Soros said. Then he smiled: "And I'm willing to put my money where my mouth is."

Soros believes that a "supremacist ideology" guides this White House. He hears echoes in its rhetoric of his childhood in occupied Hungary. "When I hear Bush say, 'You're either with us or against us,' it reminds me of the Germans." It conjures up memories, he said, of Nazi slogans on the walls, *Der Feind Hort mit* ("The enemy is listening"). "My experiences under Nazi and Soviet rule have sensitized me," he said in a soft Hungarian accent.

Soros's contributions are filling a gap in Democratic Party finances that opened after the restrictions in the 2002 McCain-Feingold law took effect. In the past, political parties paid a large share of television and get-out-the-vote costs with unregulated "soft money" contributions from corporations, unions and rich individuals. The parties are now barred from accepting such money. But non-party groups in both camps are stepping in, accepting soft money and taking over voter mobilization.

"It's incredibly ironic that George Soros is trying to create a more open society by using an unregulated, under-the-radar-screen, shadowy, soft-money group to do it," Republican

National Committee spokeswoman Christine Iverson said. "George Soros has purchased the Democratic Party."

In past election cycles, Soros contributed relatively modest sums. In 2000, his aide said, he gave \$122,000, mostly to Democratic causes and candidates. But recently, Soros has grown alarmed at the influence of neoconservatives, whom he calls "a bunch of extremists guided by a crude form of social Darwinism."

Neoconservatives, Soros said, are exploiting the terrorist attacks of Sept. 11, 2001, to promote a preexisting agenda of preemptive war and world dominion. "Bush feels that on September 11th he was anointed by God," Soros said. "He's leading the U.S. and the world toward a vicious circle of escalating violence."

Soros said he had been waking at 3 a.m., his thoughts shaking him "like an alarm clock." Sitting in his robe, he wrote his ideas down, longhand, on a stack of pads. In January, PublicAffairs will publish them as a book, "The Bubble of American Supremacy" (an excerpt appears in December's Atlantic Monthly). In it, he argues for a collective approach to security, increased foreign aid and "preventive action."

"It would be too immodest for a private person to set himself up against the president," he said. "But it is, in fact" -- he chuckled -- "the Soros Doctrine."

His campaign began last summer with the help of Morton H. Halperin, a liberal think tank veteran. Soros invited Democratic strategists to his house in Southampton, Long Island, including Clinton chief of staff John D. Podesta, Jeremy Rosner, Robert Boorstin and Carl Pope.

They discussed the coming election. Standing on the back deck, the evening sun angling into their eyes, Soros took aside Steve Rosenthal, CEO of the liberal activist group America Coming Together (ACT), and Ellen Malcolm, its president. They were proposing to mobilize voters in 17 battleground states. Soros told them he would give ACT \$10 million.

Asked about his moment in the sun, Rosenthal deadpanned: "We were disappointed. We thought a guy like George Soros could do more." Then he laughed. "No, kidding! It was thrilling."

Malcolm: "It was like getting his Good Housekeeping Seal of Approval."

"They were ready to kiss me," Soros quipped.

Before coffee the next morning, his friend Peter Lewis, chairman of the Progressive Corp., had pledged \$10 million to ACT. Rob Glaser, founder and CEO of RealNetworks, promised \$2 million. Rob McKay, president of the McKay Family Foundation, gave \$1 million and benefactors Lewis and Dorothy Cullman committed \$500,000.

Soros also promised up to \$3 million to Podesta's new think tank, the Center for American Progress.

Soros will continue to recruit wealthy donors for his campaign. Having put a lot of money into the war of ideas around the world, he has learned that "money buys talent; you can advocate more effectively."

At his home in Westchester, N.Y., he raised \$115,000 for Democratic presidential candidate Howard Dean. He also supports Democratic presidential contenders Sen. John F. Kerry (Mass.), retired Gen. Wesley K. Clark and Rep. Richard A. Gephardt (Mo.).

In an effort to limit Soros's influence, the RNC sent a letter to Dean Monday, asking him to request that ACT and similar organizations follow the McCain-Feingold restrictions limiting individual contributions to \$2,000.

The RNC is not the only group irked by Soros. Fred Wertheimer, president of Democracy 21, which promotes changes in campaign finance, has benefited from Soros's grants over the years. Soros has backed altering campaign finance, an aide said, donating close to \$18 million over the past seven years.

"There's some irony, given the supporting role he played in helping to end the soft money system," Wertheimer said. "I'm sorry that Mr. Soros has decided to put so much money into a political effort to defeat a candidate. We will be watchdogging him closely."

An aide said Soros welcomes the scrutiny. Soros has become as rich as he has, the aide said, because he has a preternatural instinct for a good deal.

Asked whether he would trade his \$7 billion fortune to unseat Bush, Soros opened his mouth. Then he closed it. The proposal hung in the air: Would he become poor to beat Bush?

He said, "If someone guaranteed it."

'Factor Investigation': George Soros

<http://www.foxnews.com/story/0,2933,268045,00.html>

This is a *partial* transcript from "*The O'Reilly Factor*," April 23, 2007, that has been edited for clarity.

BILL O'REILLY, HOST: Now for the top story tonight, reaction to our investigation. Joining us now from Atlanta, Phil Kent, author of the book "[Foundations of Betrayal: How the Liberal Super Rich Undermine America](#)". And here in the studio, conservative radio talk show host Monica Crowley.

Monica, we'll begin with you. Did I leave anything out?

MONICA CROWLEY, RADIO TALK SHOW HOST: No, I think you were right on. And you know what? This is an incredibly well oiled, brilliantly orchestrated machine. And as you pointed out, it's also a brilliant way to get around the campaign finance laws in this country.

You have one guy in [George Soros](#). You had mentioned big business had been criticized for this stuff before. Here you've got all of this power in the hands of one guy because he's got a billion dollar fortune, where he can put his money wherever he wants.

The problem is twofold. Number one, transparency. This guy has been able to fly under the radar for a long time before you just exposed him because the mainstream media protects him, because they're on the same ideological page.

O'REILLY: OK and also because it's a complicated — you see where the money flow goes. Can you put that chart up again? Because it goes through three or four places.

CROWLEY: Right.

O'REILLY: Before it gets to the intended source.

CROWLEY: Exactly. But, you know, this is a web, but it's not a particularly tangled web. Because as you pointed out.

O'REILLY: Clean.

CROWLEY: You can trace it back two or three organizations away from George Soros. He's not even making an attempt to keep his fingerprints off of this.

And the other point, too, Bill, is accountability. So you have transparency, OK, which he's trying to obfuscate with this kind of web, but also accountability. So he can finance Web sites like you mentioned, [Media Matters](#), other organizations, that will go out there and smear right-wing politicians, smear right-wing pundits and commentators and so on. And there's no accountability because it's floating out there on the web.

O'REILLY: We live as a freedom of speech. Now Mr. Kent, you know, you've got to admire Soros for coming up with this organization. I mean, you know, he's made billions by doing this in business, by being in Curacao and Bermuda and France, where he was convicted of a felony. And he knows how to do this. He knows how to move the money around and use it to gain influence. And now he's set his sights on changing the basic fabric of this country.

PHIL KENT, MEDIA CONSULTANT: Well, that's right. George Soros is really the Dr. Evil of the whole world of left-wing foundations. In fact, one of his most chilling quotes a few years ago was that the main obstacle to a stable and just world is the United States.

He really hates this country. And he funds these things, as your chart points out, and open borders and even radical Islamic groups that defend suicide bombers. So this guy is all over the map.

O'REILLY: I didn't have that on there. Now what's the radical Islamic group that defends suicide bombers?

KENT: The [American Arab Anti-Discrimination Committee Research Institute](#) is a Soros recipient. And they've actually defended suicide bombers. And I've got this in my book. And how he funds La Raza, the race, the open borders advocacy group.

O'REILLY: Yes, he funds La Raza. Now what is the intrusion of the mainstream media? Because you've got some pretty big names. Bill Moyers. Wednesday night, he's going to take a big shot at the press on PBS. We know he's in bed with Soros. [Rosie O'Donnell](#), not taken seriously, but certainly a platform every day on ABC. "[New York Times](#)", two of their main columnists. "Newsweek" magazine Jonathan Alter. And NBC News, where it's pitiful, but they have commentators that basically take exactly what Soros gives them and spit it out over the airwaves. That's a lot of power, is it not?

KENT: It's a lot of power. Soros really does believe wealth controls culture. And he wants to really control the political scene in the United States and the media. And as your chart points out, it's very chilling the groups that he is funding through the [Open Society Institute](#).

You know, the assets alone of this private tax-exempt foundation, over \$175 million.

O'REILLY: Wow.

CROWLEY: And as you point out, he loves the Tides Foundation, a big left-wing tax-exempt foundation.

O'REILLY: Yes. Oh, I didn't know it was that high right now. \$175 million tax free.

KENT: Absolutely.

O'REILLY: Now Monica, if you're like Lieberman and you're a moderate Democrat, Soros can put a big hurt on you fast.

CROWLEY: That's right. I mean, I mentioned right-wing commentators, right-wing politicians. But if you are a moderate, responsible Democrat who happens to take a different point of view than George Soros, you are just as much of a target.

O'REILLY: Now we believe that [John Edwards](#) has forged some kind of an arrangement with Soros. I can't prove it beyond a reasonable doubt, but his actions are pretty much dictated by Move On. He's absolutely right in with those people. Have you seen that?

CROWLEY: I have heard that reported, Bill. And you know, that's the real danger here is that these — there are campaign finance laws on the books to prevent exactly this. To prevent a politician from being held in the pocket by a fabulously rich guy like George Soros.

O'REILLY: Yes, I mean, this is off the chart.

CROWLEY: Again, if you don't — that's right. And then if you don't toe the line, you run the risk of being cut off by somebody like that.

O'REILLY: And attacked.

CROWLEY: And attacked.

O'REILLY: And attacked.

CROWLEY: You do not want to have that danger, not if you're running for president.

O'REILLY: Right. And they don't stop at you. They'll go for your family. They'll go for — Mr. Kent, I'm going to give you the last word. But are there any Republican or conservative groups that rival Soros'?

KENT: You know, I tell you, the research that I compiled in my book, if you take the top three conservative tax-exempt foundations, they're totally dwarfed by Soros and the radical Ford Foundation. It's probably 15 times more the assets. Remember, Moveon.org and Soros spent \$5 million alone in the anti-Bush ads in 2004. They have got clout.

O'REILLY: Yes, it will be four times, five times that much in the 2008 election.

KENT: Absolutely.

O'REILLY: Monica, Kent, thanks very much. We appreciate it.

Watch "The O'Reilly Factor" weeknights at 8 p.m. and 11 p.m. ET and listen to the "Radio Factor!"

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http://en.wikipedia.org/wiki/George_Soros

George Soros ([pronounced](#) [ˈɔroʊ]) [Shorosh] (born [August 12, 1930](#), in [Budapest, Hungary](#), as **György Schwartz**) is an [American financial speculator](#), [stock investor](#), [philanthropist](#), and [political activist](#).^[1]

Currently, he is the chairman of [Soros Fund Management](#) and the [Open Society Institute](#) and is also a former member of the Board of Directors of the [Council on Foreign Relations](#). His support for the [Solidarity](#) labor movement in [Poland](#), as well as the [Czechoslovakian human rights](#) organization [Charter 77](#), contributed to ending [Soviet Union](#) political dominance in those countries.^[2] His funding and organization of [Georgia's Rose Revolution](#) was considered by Russian and [Western](#) observers to have been crucial to its success, although Soros said his role has been "greatly exaggerated." In the United States, he is known for having donated large sums of money in a failed effort to defeat President [George W. Bush](#)'s bid for reelection in 2004.

Soros is famously known for "breaking the [Bank of England](#)" on [Black Wednesday](#) in 1992. With an estimated [current](#) net worth of around \$8.5 billion, he is ranked by [Forbes](#) as the [80th-richest person in the world](#).^[2]

Former [Federal Reserve](#) Chairman [Paul Volcker](#) wrote in 2003 in the foreword of Soros' book *The Alchemy of Finance*:

"George Soros has made his mark as an enormously successful speculator, wise enough to largely withdraw when still way ahead of the game. The bulk of his enormous winnings is now devoted to encouraging transitional and [emerging nations](#) to become 'open societies,' open not only in the sense of freedom of commerce but - more important - tolerant of new ideas and different modes of thinking and behavior."

George Soros is the son of the [Esperanto](#) writer [Teodoro Schwartz](#). Teodoro (also known as Tivadar) was a [Hungarian Jew](#) who was a [prisoner of war](#) during and after [World War I](#) and eventually escaped from Russia to rejoin his family in [Budapest](#).^[3]

The family changed its name in 1936 from *Schwartz* to *Soros*, in response to the [Fascist](#) threat to Jews. Tivadar liked the new name because it is a [palindrome](#) and because it has a meaning. Though the specific meaning is left unstated in Kaufmann's biography, in [Hungarian](#) "soros" means "next in line, or designated successor", and in [Esperanto](#) it means "will soar".^[4] Tivadar wrote of his ordeal to survive in Fascist Hungary, and help many people escape it, in his book *Maskerado*. George Soros later said that he "grew up in a Jewish, [anti-semitic](#) home," and that his parents were "uncomfortable with their religious roots."^[5]

George Soros has been married and divorced twice, to Annaliese Witschak and to [Susan Weber Soros](#). He has five children: Robert, Andrea, Jonathan (with his first wife, Annaliese), Alexander and Gregory (with his second wife, Susan). His older brother [Paul Soros](#) is an engineer, and is also a well-known philanthropist, investor, and New York socialite.

Soros was thirteen years old when Nazi Germany took military control over its wavering ally [Hungary \(March 21, 1944\)](#), and started exterminating Hungarian Jews^[6] in the [Holocaust](#). Soros worked briefly for the Jewish Council, which had been established by the Nazis, to deliver messages to Jewish lawyers being called for deportation. Soros was not aware of the consequence of the messages.^[7] To avoid his son being apprehended by the Nazis, his father had Soros spend the summer of 1944 living with a non-Jewish Ministry of Agriculture employee, posing as his godson.

In the following year, Soros survived the [battle of Budapest](#), as [Soviet](#) and Nazi forces fought house-to-house through the city. Soros first traded [currencies](#) during the Hungarian [hyperinflation](#) of 1945-1946.

In [1946](#), Soros escaped the Soviet occupation by participating in an Esperanto youth congress in the West. Soros was taught to speak the language from birth and thus is one of the rare [native Esperanto speakers](#).

Soros emigrated to [England](#) in 1947 and graduated from the [London School of Economics](#) in [1952](#). While a student of the philosopher [Karl Popper](#), Soros funded himself by taking jobs as a railway porter and a waiter at Quaglino's restaurant where he was told that with hard work he might one day become head waiter. He also worked in a [mannequin](#) factory, but was fired for being too slow at putting on the heads. He eventually secured an entry-level position with London merchant bank [Singer & Friedlander](#).

In 1956 he moved to the United States, where he worked as an [arbitrage trader](#) with F. M. Mayer from 1956 to 1959 and as an analyst with Wertheim and Company from 1959 to 1963. Throughout this time, but mostly in the [1950s](#), Soros developed a philosophy of "reflexivity" based on the ideas of Popper. Reflexivity, as used by Soros, is the belief that self-awareness is part of the environment: actions tend to cause disruptions in economic equilibriums, which may run counter to the progression of free-market systems.

Soros realized, however, that he would not make any money from the concept of reflexivity until he went into investing on his own. He began to investigate how to deal in investments. From 1963 to 1973 he worked at Arnhold and S. Bleichroeder, where he attained the position of vice-president. Soros finally concluded that he was a better investor than he was a philosopher or an executive. In 1967 he persuaded the company to set up an offshore [investment fund](#), First Eagle, for him to run; in 1969 the company founded a second fund for Soros, the Double Eagle [hedge fund](#).

When investment regulations restricted his ability to run the funds as he wished, he quit his position in 1973 and established a private investment company that eventually evolved into the [Quantum Fund](#). He has stated that his intent was to earn enough money on [Wall Street](#) to support himself as an author and philosopher - he calculated that \$500,000 after five years would be possible and adequate. After all those years, his [net worth](#) reached an estimated \$11 billion. He is also a former member of the [Carlyle investment group](#).

Soros is the founder of Soros Fund Management. In 1970 he co-founded the Quantum Fund with [Jim Rogers](#). It returned 3,365% during the next ten years (42.5% per year for 10 years), and created the bulk of the Soros fortune. Rogers "retired" from the fund in 1980.

On [Black Wednesday](#) (September 16, 1992), Soros became immediately famous when he [sold short](#) more than \$10 billion worth of pounds, profiting from the [Bank of England](#)'s reluctance to either raise its interest rates to levels comparable to those of other [European Exchange Rate Mechanism](#) countries or to [float](#) its currency.

Finally, the Bank of England was forced to withdraw the currency out of the European Exchange Rate Mechanism and to devalue the [pound sterling](#), and Soros earned an estimated US\$ 1.1 billion in the process. He was dubbed "the man who broke the Bank of England."

The Times October 26, 1992, Monday quoted Soros as saying: "Our total position by Black Wednesday had to be worth almost \$10 billion. We planned to sell more than that. In fact, when [Norman Lamont](#) said just before the [devaluation](#) that he would borrow nearly \$15 billion to defend sterling, we were amused because that was about how much we wanted to sell."

According to [Steven Drobny](#),^[8] [Stanley Druckenmiller](#), who traded under Soros, originally saw the weakness in the pound. "Soros' contribution was pushing him to take a gigantic position," in accord with Druckenmiller's own research and instincts.

In 1997, during the [Asian financial crisis](#), then Malaysian Prime Minister [Mahathir bin Mohamad](#) accused Soros of using the wealth under his control to punish [ASEAN](#) for welcoming [Myanmar](#) as a member. Later, he called Soros a moron.^[9] Thai nationals have called Soros "an economic [war criminal](#)" who "sucks the blood from the people".^[10]

Partners

George Soros's most successful partners at Quantum fund have been [Jim Rogers](#), [Victor Niederhoffer](#), and [Stanley Druckenmiller](#), all of whom are famous traders in their own rights.

Insider trading charges

In 1988, he was asked to join a [takeover](#) attempt of the French bank [Société Générale](#). He declined to participate in the bid, but did later buy a number of shares in the company. French authorities began an investigation in 1989, and in 2002 a French court ruled that it was [insider trading](#) as defined under French securities laws and fined him \$2 million which was the amount that he made using the insider information.

Punitive damages were not sought because of the delay in bringing the case to trial. Soros denied any wrongdoing and said news of the takeover was public knowledge.^[11]

His insider trading conviction was upheld by the highest court in France on [June 14, 2006](#).^[12] In December, 2006 he appealed to the [European Court of Human Rights](#), claiming that the 14 year delay in bringing the case to trial precluded a fair hearing.^[13]

Soros has been active as a philanthropist since the 1970s, when he began providing funds to help [black students](#) attend the [University of Cape Town](#) in [apartheid South Africa](#), and began funding dissident movements behind the [iron curtain](#).

Soros' philanthropic funding in [Central](#) and [Eastern Europe](#) mostly occurs through the [Open Society Institute](#) (OSI) and national [Soros Foundations](#), which sometimes go under other names, e.g., the [Stefan Batory Foundation](#) in Poland. As of 2003, [PBS](#)^[14] estimated that he had given away a total of \$4 billion.

The OSI says it has spent about \$400 million annually in recent years.

[TIME Magazine](#) in 2007 cited two specific projects - \$100 million toward internet infrastructure for regional Russian universities; and \$50 million for the [Millennium Promise](#) to eradicate extreme poverty in Africa - while noting that Soros has given \$742 million to projects in the U.S., and given away a total of more than \$6 billion.^[15]

Other notable projects have included aid to scientists and universities throughout Central and Eastern Europe, help to civilians during the [siege of Sarajevo](#), worldwide efforts to repeal drug [prohibition](#) laws, and [Transparency International](#). Soros also pledged an endowment of €420 million to the [Central European University](#) (CEU). The [Nobel Peace Prize](#) winner, [Muhammad Yunus](#) and his [microfinance](#) bank [Grameen Bank](#) received support from the OSI.

According to the [National Review](#)^[16] the Open Society Institute gave \$20,000 in September 2002 to the Defense Committee of [Lynne Stewart](#). She is a controversial lawyer who has defended terrorists in court and was sentenced to 2½ years in prison for "providing material support for a terrorist conspiracy" via a press conference for a client. An OSI spokeswoman said "it appeared to us at that time that there was a right-to-counsel issue worthy of our support."

In September 2006, Soros departed from his characteristic sponsorship of democracy building programs, pledging \$50 million to the [Jeffrey Sachs](#)-led [Millennium Promise](#) to

help eradicate extreme poverty in Africa. Noting the connection between bad governance and poverty, he remarked on the humanitarian value of the project.^[17]

He received honorary doctoral degrees from the [New School for Social Research](#) (New York), the [University of Oxford](#) in 1980, the [Budapest University of Economics](#), and [Yale University](#) in 1991. Soros also received the Yale International Center for Finance Award from the [Yale School of Management](#) in 2000 as well as the Laurea Honoris Causa, the highest honor of the [University of Bologna](#) in 1995.

Soros has a keen interest in [philosophy](#), and his philosophical outlook is largely influenced by [Karl Popper](#), under whom he studied at the [London School of Economics](#). His Open Society Institute is named after Popper's two volume work, [The Open Society and Its Enemies](#), and Soros's ongoing philosophical commitment to the principle of 'fallibilism' (that anything he believes may in fact be wrong, and is therefore to be questioned and improved) stems from Popper's philosophy. Some critics argue that Soros' static political beliefs appear to conflict with the critical rationalism espoused by Popper, though Soros argues that these beliefs were arrived at through such rationalism.

Education and beliefs

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[\[edit\]](#) Reflexivity, financial markets, and economic theory

Soros' writings focus heavily on the concept of [reflexivity](#), where the biases of individuals are seen as entering into market transactions, potentially changing the fundamentals of the economy. Soros argued that such transitions in the fundamentals of the economy are typically marked by disequilibrium rather than equilibrium in the economy, and that the conventional economic theory of the market (the 'efficient market hypothesis') does not apply in these situations.

Whether Soros is theoretically right or wrong on this issue, he certainly has the market credentials and proven track record to effectively maintain that his theory of reflexivity is practically relevant in the marketplace — at least for him. Soros has popularized the concepts of [dynamic disequilibrium](#), [static disequilibrium](#), and [near-equilibrium conditions](#).

Reflexivity is based in three main ideas:

- (1) Reflexivity is best observed under special conditions where investor bias grows and spreads throughout the investment arena. Examples of factors that may give rise to this bias include (a) equity leveraging or (b) the trend-following habits of speculators.
- (2) Reflexivity appears intermittently since it is most likely to be revealed under certain conditions; i.e., the equilibrium process's character is best considered in terms of probabilities.
- (3) Investors' observation of and participation in the capital markets may at times influence valuations AND fundamental conditions or outcomes.

[\[edit\]](#) View of potential problems in the capitalist free market system

Despite working as an investor and currency speculator (his fortune in 2004 was estimated at US\$7 billion), he argues that the current system of financial speculation undermines healthy economic development in many underdeveloped countries. Soros blames many of the world's problems on the failures inherent in what he characterizes as [market fundamentalism](#). His opposition to many aspects of globalization has made him a controversial figure.

[Victor Niederhoffer](#) said of Soros: "Most of all, George believed even then in a [mixed economy](#), one with a strong central international government to correct for the excesses of self-interest."

Soros draws a distinction between being a participant in the market and working to change the rules that market participants must follow.

[\[edit\]](#) Political activism

[\[edit\]](#) Opposition to the Soviet Union

According to [Neil Clark](#) (writing in the *New Statesman*):

(t)he conventional view, shared by many on the left, is that [socialism](#) collapsed in eastern Europe because of its systemic weaknesses and the political elite's failure to build popular support.

That may be partly true, but Soros's role was crucial. From 1979, he distributed \$3m a year to dissidents including Poland's [Solidarity](#) movement, [Charter 77](#) in Czechoslovakia and [Andrei Sakharov](#) in the [Soviet Union](#). In 1984, he founded his first [Open Society Institute](#) in Hungary and pumped millions of dollars into opposition movements and independent media.

Since the fall of the Soviet Union, Soros' funding has continued to play an important role in the former Soviet sphere. His funding and organization of [Georgia's Rose Revolution](#) was considered crucial to its success by Russian and Western observers, although Soros has said that his role has been "greatly exaggerated."

Despite his hand in the fall of the [Soviet Union](#), this has not dissuaded [conservative](#) critics in the United States from repeatedly calling him a "communist".^[18] Some [Republicans](#) have echoed similar stances.

[\[edit\]](#) Criticism of Bush Administration

In an interview with [The Washington Post](#) on November 11, 2003,^[19] Soros said that removing President [George W. Bush](#) from office was the "central focus of my life" and "a matter of life and death." He said he would sacrifice his entire fortune to defeat President Bush, "if someone guaranteed it", and many continue to state this as Soros's position even after Soros clarified the humorous nature of the statement in a Q&A session at the end of his March 3, [2004](#) address to California's [Commonwealth Club](#).

Soros gave \$3 million to the [Center for American Progress](#), committed \$5 million to [MoveOn](#), while he and his friend [Peter Lewis](#) each gave [America Coming Together](#) \$10 million. (All were groups that worked to support Democrats in the [2004 election](#).) On [September 28](#), 2004 he dedicated more money to the campaign and kicked off his own multi-state tour with a speech: *Why We Must Not Re-elect President Bush*^[20] delivered at the [National Press Club](#) in Washington, DC.

The online transcript to this speech received many hits after [Dick Cheney](#) accidentally referred to [FactCheck.org](#) as "factcheck.com" in the Vice Presidential debate, causing the owner of that domain to redirect all traffic to Soros's site.^[21]

Soros was not a large donor to US political causes until the [U.S. presidential election, 2004](#), but according to the Center for Responsive Politics, during the 2003-2004 election cycle, Soros donated \$23,581,000 to various [527 Groups](#) dedicated to defeating President Bush. Despite Soros' efforts, Bush was reelected to a second term as president in [U.S. presidential election, 2004](#).

After Bush's reelection in 2004, Soros and other wealthy liberal political donors backed a new political fundraising group called [Democracy Alliance](#) which aims to support the goals of the U.S. Democratic Party.^[3]

Soros has been criticized for his large donations, as he also pushed for the [Bipartisan Campaign Reform Act](#) of 2002 which was intended to ban "soft money" contributions to federal election campaigns. Soros has responded that his donations to unaffiliated organizations do not raise the same corruption issues as donations directly to the candidates or political parties.

Incidentally, [Harken Energy](#), a firm partly owned by Soros, did business with George W. Bush in 1986 by buying his oil company, [Spectrum 7](#).

His most recent book, *The Age of Fallibility: Consequences of The War on Terror*, was published in June 2006.^[22]

[\[edit\]](#) Gun control

Directly and through his organization Open Society Institute (OSI), he has funded various gun control organizations, such as the [Tides Foundation](#), the [HELP Network](#) and [SAFE Colorado](#). He and seven friends founded their own political committee — [Campaign for a Progressive Future](#) — and spent \$2 million on political activities in 2000, including providing the prime financial backing for the [Million Mom March](#). OSI has supported UN efforts to create international gun control regulations and has singled out the United States for failing to go along with the international consensus on protective gun control measures.

[\[edit\]](#) Critics

[\[edit\]](#) Criticism of financial activities

In an August 2004 appearance on [Chris Wallace's FOX News Sunday](#), Former Speaker of the U.S. House of Representatives [Dennis Hastert](#) (Republican), stated, "We don't know where George Soros' money comes from. We don't know where it comes from, from the left, and you don't know where it comes in the right. You know, Soros' money, some of that is coming from overseas. It could be drug money. We don't know where it comes from." Soros responded to Hastert by saying, "by smearing me with false charges and mischaracterizations, you are attempting to stifle critical debate and intimidate those who believe this administration is leading the country in a ruinous direction. Now that I have called you on your false accusation, you are using additional smear tactics." ^[4] Soros filed an official complaint with the House Committee on Standards of Official Conduct. Soros claimed that Hastert's comments "strongly suggests a deliberate effort to use smear tactics, intimidation and falsehoods to silence criticism."

In 2006, Hastert criticized Soros again, this time in regards to the controversy over whether or not Hastert should have acted on information regarding [Rep. Mark Foley](#): "The people who want to see this thing blow up are [ABC News](#) and a lot of Democratic operatives, people funded by George Soros."^[23]

[\[edit\]](#) Views on anti-Semitism

At a Jewish forum in [New York City](#), Soros partially attributed a recent resurgence of [anti-Semitism](#) to the policies of Israel and the United States, and to successful Jews such as himself:

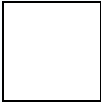
There is a resurgence of anti-Semitism in Europe. The policies of the Bush administration and the [Sharon](#) administration contribute to that. It's not specifically anti-Semitism, but it does manifest itself in anti-Semitism as well. I'm critical of those policies... If we change that direction, then anti-Semitism also will diminish. I can't see how one could confront it directly... I'm also very concerned about my own role because the new anti-Semitism holds that the Jews rule the world... As an unintended consequence of my actions... I also contribute to that image.^[24]

In a subsequent article for the [New York Review of Books](#), Soros emphasized that

I do not subscribe to the myths propagated by enemies of Israel and I am not blaming Jews for anti-Semitism. Anti-Semitism predates the birth of Israel. Neither Israel's policies nor the critics of those policies should be held responsible for anti-Semitism. At the same time, I do believe that attitudes toward Israel are influenced by Israel's policies, and attitudes

toward the Jewish community are influenced by the pro-Israel lobby's success in suppressing divergent views.^[25]

[\[edit\]](#) Quotations



[Wikiquote](#) has a collection of quotations related to:
[George Soros](#)

- On terror: "How can we escape from the trap that the terrorists have set us?" he asked. "Only by recognizing that the war on terrorism cannot be won by waging war. We must, of course, protect our security; but we must also correct the grievances on which terrorism feeds.... Crime requires police work, not military action."
- On the Bush Administration: "An open society is a society which allows its members the greatest possible degree of freedom in pursuing their interests compatible with the interests of others," Soros said. "The Bush administration merely has a narrower definition of self-interest. It does not include the interests of others."
- On the Bush Administration: "The supremacist ideology of the Bush Administration stands in opposition to the principles of an open society, which recognize that people have different views and that nobody is in possession of the ultimate truth. The supremacist ideology postulates that just because we are stronger than others, we know better and have right on our side. The very first sentence of the September 2002 National Security Strategy^[26] (the President's annual laying out to Congress of the country's security objectives) reads, 'The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom and a single sustainable model for national success: freedom, democracy, and free enterprise.'"
- On philanthropy: "I'm not doing my philanthropic work, out of any kind of guilt, or any need to create good public relations. I'm doing it because I can afford to do it, and I believe in it."
- On stock market bubbles: "Stock market bubbles don't grow out of thin air. They have a solid basis in reality, but reality as distorted by a misconception."
- On currency speculation: "... obviously the totally free flow of capital is not advisable, so you need to create some mechanism for introducing stability."^[27]

- On America: "I grew up in Hungary, lived through fascism and the Holocaust, and then had a foretaste of [communism](#). I learned at an early age how important it is what kind of government prevails. I chose America as my home because I value freedom and democracy, civil liberties and an open society. When I had made more money than I needed for myself and my family, I set up a foundation to promote the values and principles of a free and open society."
- On America's role: "We must recognize that as the dominant power in the world we have a special responsibility. In addition to protecting our national interests, we must take the leadership in protecting the common interests of humanity. I go into some detail as to what that entails. Mankind's power over nature has increased cumulatively while its ability to govern itself has not kept pace. There is no other country that can take the place of the United States in the foreseeable future. If the United States fails to provide the right kind of leadership our civilization may destroy itself. That is the unpleasant reality that confronts us. "

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- *The Bubble of American Supremacy: Correcting the Misuse of American Power* (PublicAffairs, 2003) [ISBN 1-58643-217-3](#) (paperback; PublicAffairs, 2004; [ISBN 1-58648-292-0](#))
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- *The Crisis of Global Capitalism: Open Society Endangered* (PublicAffairs, 1998) [ISBN 1-891220-27-4](#)
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- [George Soros official site and blog](#)
- [Open Society Institute and Soros Foundations Network](#)
- [George Soros' Project Syndicate op/eds](#)
- Fortune City [List of articles and speeches by and about George Soros](#)
- [George Soros' Political Campaign Contributions](#)
- [Forbes.com: Forbes 400 Richest in America](#)
- [George Soros's current stock holdings](#)

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"The Capitalist Threat" by George Soros

Atlantic Monthly, Volume 279, No. 2, February 1997

What kind of society do we want? "Let the free market decide!" is the often-heard response. That response, a prominent capitalist argues, undermines the very values on which open and democratic societies depend.

IN *The Philosophy of History*, Hegel discerned a disturbing historical pattern -- the crack and fall of civilizations owing to a morbid intensification of their own first principles. Although I have made a fortune in the financial markets, I now fear that the untrammelled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat.

The term "open society" was coined by Henri Bergson, in his book *The Two Sources of Morality and Religion* (1932), and given greater currency by the Austrian philosopher Karl Popper, in his book *The Open Society and Its Enemies* (1945). Popper showed that totalitarian ideologies like communism and Nazism have a common element: they claim to be in possession of the ultimate truth. Since the ultimate truth is beyond the reach of humankind, these ideologies have to resort to oppression in order to impose their vision on society. Popper juxtaposed with these totalitarian ideologies another view of society, which recognizes that nobody has a monopoly on the truth; different people have different views and different interests, and there is a need for institutions that allow them to live together in peace. These institutions protect the rights of citizens and ensure freedom of choice and freedom of speech. Popper called this form of social organization the "open society." Totalitarian ideologies were its enemies.

Written during the Second World War, *The Open Society and Its Enemies* explained what the Western democracies stood for and fought for. The explanation was highly abstract and philosophical, and the term "open society" never gained wide recognition. Nevertheless, Popper's analysis was penetrating, and when I read it as a student in the late 1940s, having experienced at first hand both Nazi and Communist rule in Hungary, it struck me with the force of revelation.

I was driven to delve deeper into Karl Popper's philosophy, and to ask, Why does nobody have access to the ultimate truth? The answer became clear: We live in the same universe that we are trying to understand, and our perceptions can influence the events in which we participate. If our thoughts belonged to one universe and their subject matter to another, the truth might be within our grasp: we could formulate statements corresponding to the facts, and the facts would serve as reliable criteria for deciding whether the statements were true.

There is a realm where these conditions prevail: natural science. But in other areas of human endeavor the relationship between statements and facts is less clear-cut. In social and political affairs the participants' perceptions help to determine reality. In these situations facts do not necessarily constitute reliable criteria for judging the truth of statements. There is a two-way connection -- a feedback mechanism -- between thinking and events, which I have called "reflexivity." I have used it to develop a theory of history.

Whether the theory is valid or not, it has turned out to be very helpful to me in the financial markets. When I had made more money than I needed, I decided to set up a foundation. I reflected on what it was I really cared about. Having lived through both Nazi persecution and Communist oppression, I came to the conclusion that what was paramount for me was an open society. So I called the foundation the Open Society Fund, and I defined its objectives as opening up closed societies, making open societies more viable, and promoting a critical mode of thinking. That was in 1979.

My first major undertaking was in South Africa, but it was not successful. The apartheid system was so pervasive that whatever I tried to do made me part of the system rather than helping to change it. Then I turned my attention to Central Europe. Here I was much more successful. I started supporting the Charter 77 movement in Czechoslovakia in 1980 and Solidarity in Poland in 1981. I established separate foundations in my native country, Hungary, in 1984, in China in 1986, in the Soviet Union in 1987, and in Poland in 1988. My engagement accelerated with the collapse of the Soviet system. By now I have established a network of foundations that extends across more than twenty-five countries (not including China, where we shut down in 1989).

Operating under Communist regimes, I never felt the need to explain what "open society" meant; those who supported the objectives of the foundations understood it better than I did, even if they were not familiar with the expression. The goal of my foundation in Hungary, for example, was to support alternative activities. I knew that the prevailing Communist dogma was false exactly because it was a dogma, and that it would become unsustainable if it was exposed to alternatives. The approach proved effective. The foundation became the main source of support for civil society in Hungary, and as civil society flourished, so the Communist regime waned.

After the collapse of communism, the mission of the foundation network changed. Recognizing that an open society is a more advanced, more sophisticated form of social organization than a closed society (because in a closed society there is only one blueprint, which is imposed on society, whereas in an open society each citizen is not only allowed but required to think for himself), the foundations shifted from a subversive task to a constructive one -- not an easy thing to do when the believers in an open society are accustomed to subversive activity. Most of my foundations did a good job, but unfortunately, they did not have much company. The open societies of the West did not feel a strong urge to promote open societies in the former Soviet empire. On the contrary, the prevailing view was that people ought to be left to look after their own affairs. The end of the Cold War brought a response very different from that at the end of the Second World War. The idea of a new Marshall Plan could not even be mooted. When I proposed

such an idea at a conference in Potsdam (in what was then still East Germany), in the spring of 1989, I was literally laughed at.

The collapse of communism laid the groundwork for a universal open society, but the Western democracies failed to rise to the occasion. The new regimes that are emerging in the former Soviet Union and the former Yugoslavia bear little resemblance to open societies. The Western alliance seems to have lost its sense of purpose, because it cannot define itself in terms of a Communist menace. It has shown little inclination to come to the aid of those who have defended the idea of an open society in Bosnia or anywhere else. As for the people living in formerly Communist countries, they might have aspired to an open society when they suffered from repression, but now that the Communist system has collapsed, they are preoccupied with the problems of survival. After the failure of communism there came a general disillusionment with universal concepts, and the open society is a universal concept.

These considerations have forced me to re-examine my belief in the open society. For five or six years following the fall of the Berlin Wall, I devoted practically all of my energies to the transformation of the formerly Communist world. More recently I have redirected my attention to our own society. The network of foundations I created continues to do good work; nevertheless, I felt an urgent need to reconsider the conceptual framework that had guided me in establishing them. This reassessment has led me to the conclusion that the concept of the open society has not lost its relevance. On the contrary, it may be even more useful in understanding the present moment in history and in providing a practical guide to political action than it was at the time Karl Popper wrote his book -- but it needs to be thoroughly rethought and reformulated. If the open society is to serve as an ideal worth striving for, it can no longer be defined in terms of the Communist menace. It must be given a more positive content.

THE NEW ENEMY

POPPER showed that fascism and communism had much in common, even though one constituted the extreme right and the other the extreme left, because both relied on the power of the state to repress the freedom of the individual. I want to extend his argument. I contend that an open society may also be threatened from the opposite direction -- from excessive individualism. Too much competition and too little cooperation can cause intolerable inequities and instability.

Insofar as there is a dominant belief in our society today, it is a belief in the magic of the marketplace. The doctrine of laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest. Unless it is tempered by the recognition of a common interest that ought to take precedence over particular interests, our present system -- which, however imperfect, qualifies as an open society -- is liable to break down.

I want to emphasize, however, that I am not putting laissez-faire capitalism in the same category as Nazism or communism. Totalitarian ideologies deliberately seek to destroy

the open society; laissez-faire policies may endanger it, but only inadvertently. Friedrich Hayek, one of the apostles of laissez-faire, was also a passionate proponent of the open society. Nevertheless, because communism and even socialism have been thoroughly discredited, I consider the threat from the laissez-faire side more potent today than the threat from totalitarian ideologies. We are enjoying a truly global market economy in which goods, services, capital, and even people move around quite freely, but we fail to recognize the need to sustain the values and institutions of an open society.

The present situation is comparable to that at the turn of the past century. It was a golden age of capitalism, characterized by the principle of laissez-faire; so is the present. The earlier period was in some ways more stable. There was an imperial power, England, that was prepared to dispatch gunboats to faraway places because as the main beneficiary of the system it had a vested interest in maintaining that system. Today the United States does not want to be the policeman of the world. The earlier period had the gold standard; today the main currencies float and crush against each other like continental plates. Yet the free-market regime that prevailed a hundred years ago was destroyed by the First World War. Totalitarian ideologies came to the fore, and by the end of the Second World War there was practically no movement of capital between countries. How much more likely the present regime is to break down unless we learn from experience!

Although laissez-faire doctrines do not contradict the principles of the open society the way Marxism-Leninism or Nazi ideas of racial purity did, all these doctrines have an important feature in common: they all try to justify their claim to ultimate truth with an appeal to science. In the case of totalitarian doctrines, that appeal could easily be dismissed. One of Popper's accomplishments was to show that a theory like Marxism does not qualify as science. In the case of laissez-faire the claim is more difficult to dispute, because it is based on economic theory, and economics is the most reputable of the social sciences. One cannot simply equate market economics with Marxist economics. Yet laissez-faire ideology, I contend, is just as much a perversion of supposedly scientific verities as Marxism-Leninism is.

The main scientific underpinning of the laissez-faire ideology is the theory that free and competitive markets bring supply and demand into equilibrium and thereby ensure the best allocation of resources. This is widely accepted as an eternal verity, and in a sense it is one. Economic theory is an axiomatic system: as long as the basic assumptions hold, the conclusions follow. But when we examine the assumptions closely, we find that they do not apply to the real world. As originally formulated, the theory of perfect competition -- of the natural equilibrium of supply and demand -- assumed perfect knowledge, homogeneous and easily divisible products, and a large enough number of market participants that no single participant could influence the market price. The assumption of perfect knowledge proved unsustainable, so it was replaced by an ingenious device. Supply and demand were taken as independently given. This condition was presented as a methodological requirement rather than an assumption. It was argued that economic theory studies the relationship between supply and demand; therefore it must take both of them as given.

As I have shown elsewhere, the condition that supply and demand are independently given cannot be reconciled with reality, at least as far as the financial markets are concerned -- and financial markets play a crucial role in the allocation of resources. Buyers and sellers in financial markets seek to discount a future that depends on their own decisions. The shape of the supply and demand curves cannot be taken as given because both of them incorporate expectations about events that are shaped by those expectations. There is a two-way feedback mechanism between the market participants' thinking and the situation they think about -- "reflexivity." It accounts for both the imperfect understanding of the participants (recognition of which is the basis of the concept of the open society) and the indeterminacy of the process in which they participate.

If the supply and demand curves are not independently given, how are market prices determined? If we look at the behavior of financial markets, we find that instead of tending toward equilibrium, prices continue to fluctuate relative to the expectations of buyers and sellers. There are prolonged periods when prices are moving away from any theoretical equilibrium. Even if they eventually show a tendency to return, the equilibrium is not the same as it would have been without the intervening period. Yet the concept of equilibrium endures. It is easy to see why: without it, economics could not say how prices are determined.

In the absence of equilibrium, the contention that free markets lead to the optimum allocation of resources loses its justification. The supposedly scientific theory that has been used to validate it turns out to be an axiomatic structure whose conclusions are contained in its assumptions and are not necessarily supported by the empirical evidence. The resemblance to Marxism, which also claimed scientific status for its tenets, is too close for comfort.

I do not mean to imply that economic theory has deliberately distorted reality for political purposes. But in trying to imitate the accomplishments (and win for itself the prestige) of natural science, economic theory attempted the impossible. The theories of social science relate to their subject matter in a reflexive manner. That is to say, they can influence events in a way that the theories of natural science cannot. Heisenberg's famous uncertainty principle implies that the act of observation may interfere with the behavior of quantum particles; but it is the observation that creates the effect, not the uncertainty principle itself. In the social sphere, theories have the capacity to alter the subject matter to which they relate. Economic theory has deliberately excluded reflexivity from consideration. In doing so, it has distorted its subject matter and laid itself open to exploitation by laissez-faire ideology.

What allows economic theory to be converted into an ideology hostile to the open society is the assumption of perfect knowledge -- at first openly stated and then disguised in the form of a methodological device. There is a powerful case for the market mechanism, but it is not that markets are perfect; it is that in a world dominated by imperfect understanding, markets provide an efficient feedback mechanism for evaluating the results of one's decisions and correcting mistakes.

Whatever its form, the assertion of perfect knowledge stands in contradiction to the concept of the open society (which recognizes that our understanding of our situation is inherently imperfect). Since this point is abstract, I need to describe specific ways in which laissez-faire ideas can pose a threat to the open society. I shall focus on three issues: economic stability, social justice, and international relations.

ECONOMIC STABILITY

ECONOMIC theory has managed to create an artificial world in which the participants' preferences and the opportunities confronting participants are independent of each other, and prices tend toward an equilibrium that brings the two forces into balance. But in financial markets prices are not merely the passive reflection of independently given demand and supply; they also play an active role in shaping those preferences and opportunities. This reflexive interaction renders financial markets inherently unstable. Laissez-faire ideology denies the instability and opposes any form of government intervention aimed at preserving stability. History has shown that financial markets do break down, causing economic depression and social unrest. The breakdowns have led to the evolution of central banking and other forms of regulation. Laissez-faire ideologues like to argue that the breakdowns were caused by faulty regulations, not by unstable markets. There is some validity in their argument, because if our understanding is inherently imperfect, regulations are bound to be defective. But their argument rings hollow, because it fails to explain why the regulations were imposed in the first place. It sidesteps the issue by using a different argument, which goes like this: since regulations are faulty, unregulated markets are perfect.

The argument rests on the assumption of perfect knowledge: if a solution is wrong, its opposite must be right. In the absence of perfect knowledge, however, both free markets and regulations are flawed. Stability can be preserved only if a deliberate effort is made to preserve it. Even then breakdowns will occur, because public policy is often faulty. If they are severe enough, breakdowns may give rise to totalitarian regimes.

Instability extends well beyond financial markets: it affects the values that guide people in their actions. Economic theory takes values as given. At the time economic theory was born, in the age of Adam Smith, David Ricardo, and Alfred Marshall, this was a reasonable assumption, because people did, in fact, have firmly established values. Adam Smith himself combined a moral philosophy with his economic theory. Beneath the individual preferences that found expression in market behavior, people were guided by a set of moral principles that found expression in behavior outside the scope of the market mechanism. Deeply rooted in tradition, religion, and culture, these principles were not necessarily rational in the sense of representing conscious choices among available alternatives. Indeed, they often could not hold their own when alternatives became available. Market values served to undermine traditional values.

There has been an ongoing conflict between market values and other, more traditional value systems, which has aroused strong passions and antagonisms. As the market mechanism has extended its sway, the fiction that people act on the basis of a given set of

nonmarket values has become progressively more difficult to maintain. Advertising, marketing, even packaging, aim at shaping people's preferences rather than, as laissez-faire theory holds, merely responding to them. Unsure of what they stand for, people increasingly rely on money as the criterion of value. What is more expensive is considered better. The value of a work of art can be judged by the price it fetches. People deserve respect and admiration because they are rich. What used to be a medium of exchange has usurped the place of fundamental values, reversing the relationship postulated by economic theory. What used to be professions have turned into businesses. The cult of success has replaced a belief in principles. Society has lost its anchor.

SOCIAL DARWINISM

BY taking the conditions of supply and demand as given and declaring government intervention the ultimate evil, laissez-faire ideology has effectively banished income or wealth redistribution. I can agree that all attempts at redistribution interfere with the efficiency of the market, but it does not follow that no attempt should be made. The laissez-faire argument relies on the same tacit appeal to perfection as does communism. It claims that if redistribution causes inefficiencies and distortions, the problems can be solved by eliminating redistribution -- just as the Communists claimed that the duplication involved in competition is wasteful, and therefore we should have a centrally planned economy. But perfection is unattainable. Wealth does accumulate in the hands of its owners, and if there is no mechanism for redistribution, the inequities can become intolerable. "Money is like muck, not good except it be spread." Francis Bacon was a profound economist.

The laissez-faire argument against income redistribution invokes the doctrine of the survival of the fittest. The argument is undercut by the fact that wealth is passed on by inheritance, and the second generation is rarely as fit as the first.

In any case, there is something wrong with making the survival of the fittest a guiding principle of civilized society. This social Darwinism is based on an outmoded theory of evolution, just as the equilibrium theory in economics is taking its cue from Newtonian physics. The principle that guides the evolution of species is mutation, and mutation works in a much more sophisticated way. Species and their environment are interactive, and one species serves as part of the environment for the others. There is a feedback mechanism similar to reflexivity in history, with the difference being that in history the mechanism is driven not by mutation but by misconceptions. I mention this because social Darwinism is one of the misconceptions driving human affairs today. The main point I want to make is that cooperation is as much a part of the system as competition, and the slogan "survival of the fittest" distorts this fact.

INTERNATIONAL RELATIONS

LAISSEZ-FAIRE ideology shares some of the deficiencies of another spurious science, geopolitics. States have no principles, only interests, geopoliticians argue, and those interests are determined by geographic location and other fundamentals. This

deterministic approach is rooted in an outdated nineteenth-century view of scientific method, and it suffers from at least two glaring defects that do not apply with the same force to the economic doctrines of laissez-faire. One is that it treats the state as the indivisible unit of analysis, just as economics treats the individual. There is something contradictory in banishing the state from the economy while at the same time enshrining it as the ultimate source of authority in international relations. But let that pass. There is a more pressing practical aspect of the problem. What happens when a state disintegrates? Geopolitical realists find themselves totally unprepared. That is what happened when the Soviet Union and Yugoslavia disintegrated. The other defect of geopolitics is that it does not recognize a common interest beyond the national interest.

With the demise of communism, the present state of affairs, however imperfect, can be described as a global open society. It is not threatened from the outside, from some totalitarian ideology seeking world supremacy. The threat comes from the inside, from local tyrants seeking to establish internal dominance through external conflicts. It may also come from democratic but sovereign states pursuing their self-interest to the detriment of the common interest. The international open society may be its own worst enemy.

The Cold War was an extremely stable arrangement. Two power blocs, representing opposing concepts of social organization, were struggling for supremacy, but they had to respect each other's vital interests, because each side was capable of destroying the other in an all-out war. This put a firm limit on the extent of the conflict; all local conflicts were, in turn, contained by the larger conflict. This extremely stable world order has come to an end as the result of the internal disintegration of one superpower. No new world order has taken its place. We have entered a period of disorder.

Laissez-faire ideology does not prepare us to cope with this challenge. It does not recognize the need for a world order. An order is supposed to emerge from states' pursuit of their self-interest. But, guided by the principle of the survival of the fittest, states are increasingly preoccupied with their competitiveness and unwilling to make any sacrifices for the common good.

There is no need to make any dire predictions about the eventual breakdown of our global trading system in order to show that a laissez-faire ideology is incompatible with the concept of the open society. It is enough to consider the free world's failure to extend a helping hand after the collapse of communism. The system of robber capitalism that has taken hold in Russia is so iniquitous that people may well turn to a charismatic leader promising national revival at the cost of civil liberties.

If there is any lesson to be learned, it is that the collapse of a repressive regime does not automatically lead to the establishment of an open society. An open society is not merely the absence of government intervention and oppression. It is a complicated, sophisticated structure, and deliberate effort is required to bring it into existence. Since it is more sophisticated than the system it replaces, a speedy transition requires outside assistance. But the combination of laissez-faire ideas, social Darwinism, and geopolitical realism

that prevailed in the United States and the United Kingdom stood in the way of any hope for an open society in Russia. If the leaders of these countries had had a different view of the world, they could have established firm foundations for a global open society.

At the time of the Soviet collapse there was an opportunity to make the UN function as it was originally designed to. Mikhail Gorbachev visited the United Nations in 1988 and outlined his vision of the two superpowers cooperating to bring peace and security to the world. Since then the opportunity has faded. The UN has been thoroughly discredited as a peacekeeping institution. Bosnia is doing to the UN what Abyssinia did to the League of Nations in 1936.

Our global open society lacks the institutions and mechanisms necessary for its preservation, but there is no political will to bring them into existence. I blame the prevailing attitude, which holds that the unhampered pursuit of self-interest will bring about an eventual international equilibrium. I believe this confidence is misplaced. I believe that the concept of the open society, which needs institutions to protect it, may provide a better guide to action. As things stand, it does not take very much imagination to realize that the global open society that prevails at present is likely to prove a temporary phenomenon.

THE PROMISE OF FALLIBILITY

IT is easier to identify the enemies of the open society than to give the concept a positive meaning. Yet without such a positive meaning the open society is bound to fall prey to its enemies. There has to be a common interest to hold a community together, but the open society is not a community in the traditional sense of the word. It is an abstract idea, a universal concept. Admittedly, there is such a thing as a global community; there are common interests on a global level, such as the preservation of the environment and the prevention of war. But these interests are relatively weak in comparison with special interests. They do not have much of a constituency in a world composed of sovereign states. Moreover, the open society as a universal concept transcends all boundaries. Societies derive their cohesion from shared values. These values are rooted in culture, religion, history, and tradition. When a society does not have boundaries, where are the shared values to be found? I believe there is only one possible source: the concept of the open society itself.

To fulfill this role, the concept of the open society needs to be redefined. Instead of there being a dichotomy between open and closed, I see the open society as occupying a middle ground, where the rights of the individual are safeguarded but where there are some shared values that hold society together. This middle ground is threatened from all sides. At one extreme, communist and nationalist doctrines would lead to state domination. At the other extreme, laissez-faire capitalism would lead to great instability and eventual breakdown. There are other variants. Lee Kuan Yew, of Singapore, proposes a so-called Asian model that combines a market economy with a repressive state. In many parts of the world control of the state is so closely associated with the

creation of private wealth that one might speak of robber capitalism, or the "gangster state," as a new threat to the open society.

I envisage the open society as a society open to improvement. We start with the recognition of our own fallibility, which extends not only to our mental constructs but also to our institutions. What is imperfect can be improved, by a process of trial and error. The open society not only allows this process but actually encourages it, by insisting on freedom of expression and protecting dissent. The open society offers a vista of limitless progress. In this respect it has an affinity with the scientific method. But science has at its disposal objective criteria -- namely the facts by which the process may be judged. Unfortunately, in human affairs the facts do not provide reliable criteria of truth, yet we need some generally agreed-upon standards by which the process of trial and error can be judged. All cultures and religions offer such standards; the open society cannot do without them. The innovation in an open society is that whereas most cultures and religions regard their own values as absolute, an open society, which is aware of many cultures and religions, must regard its own shared values as a matter of debate and choice. To make the debate possible, there must be general agreement on at least one point: that the open society is a desirable form of social organization. People must be free to think and act, subject only to limits imposed by the common interests. Where the limits are must also be determined by trial and error.

The Declaration of Independence may be taken as a pretty good approximation of the principles of an open society, but instead of claiming that those principles are self-evident, we ought to say that they are consistent with our fallibility. Could the recognition of our imperfect understanding serve to establish the open society as a desirable form of social organization? I believe it could, although there are formidable difficulties in the way. We must promote a belief in our own fallibility to the status that we normally confer on a belief in ultimate truth. But if ultimate truth is not attainable, how can we accept our fallibility as ultimate truth?

This is an apparent paradox, but it can be resolved. The first proposition, that our understanding is imperfect, is consistent with a second proposition: that we must accept the first proposition as an article of faith. The need for articles of faith arises exactly because our understanding is imperfect. If we enjoyed perfect knowledge, there would be no need for beliefs. But to accept this line of reasoning requires a profound change in the role that we accord our beliefs.

Historically, beliefs have served to justify specific rules of conduct. Fallibility ought to foster a different attitude. Beliefs ought to serve to shape our lives, not to make us abide by a given set of rules. If we recognize that our beliefs are expressions of our choices, not of ultimate truth, we are more likely to tolerate other beliefs and to revise our own in the light of our experiences. But that is not how most people treat their beliefs. They tend to identify their beliefs with ultimate truth. Indeed, that identification often serves to define their own identity. If their experience of living in an open society obliges them to give up their claim to the ultimate truth, they feel a sense of loss.

The idea that we somehow embody the ultimate truth is deeply ingrained in our thinking. We may be endowed with critical faculties, but we are inseparably tied to ourselves. We may have discovered truth and morality, but, above all, we must represent our interests and our selves. Therefore, if there are such things as truth and justice -- and we have come to believe that there are -- then we want to be in possession of them. We demand truth from religion and, recently, from science. A belief in our fallibility is a poor substitute. It is a highly sophisticated concept, much more difficult to work with than more primitive beliefs, such as my country (or my company or my family), right or wrong.

If the idea of our fallibility is so hard to take, what makes it appealing? The most powerful argument in its favor is to be found in the results it produces. Open societies tend to be more prosperous, more innovative, more stimulating, than closed ones. But there is a danger in proposing success as the sole basis for holding a belief, because if my theory of reflexivity is valid, being successful is not identical with being right. In natural science, theories have to be right (in the sense that the predictions and explanations they produce correspond to the facts) for them to work (in the sense of producing useful predictions and explanations). But in the social sphere what is effective is not necessarily identical with what is right, because of the reflexive connection between thinking and reality. As I hinted earlier, the cult of success can become a source of instability in an open society, because it can undermine our sense of right and wrong. That is what is happening in our society today. Our sense of right and wrong is endangered by our preoccupation with success, as measured by money. Anything goes, as long as you can get away with it.

If success were the only criterion, the open society would lose out against totalitarian ideologies -- as indeed it did on many occasions. It is much easier to argue for my own interest than to go through the whole rigmarole of abstract reasoning from fallibility to the concept of the open society.

The concept of the open society needs to be more firmly grounded. There has to be a commitment to the open society because it is the right form of social organization. Such a commitment is hard to come by.

I believe in the open society because it allows us to develop our potential better than a social system that claims to be in possession of ultimate truth. Accepting the unattainable character of truth offers a better prospect for freedom and prosperity than denying it. But I recognize a problem here: I am sufficiently committed to the pursuit of truth to find the case for the open society convincing, but I am not sure that other people will share my point of view. Given the reflexive connection between thinking and reality, truth is not indispensable for success. It may be possible to attain specific objectives by twisting or denying the truth, and people may be more interested in attaining their specific objectives than in attaining the truth. Only at the highest level of abstraction, when we consider the meaning of life, does truth take on paramount importance. Even then, deception may be preferable to the truth, because life entails death and death is difficult to accept. Indeed, one could argue that the open society is the best form of social organization for making

the most of life, whereas the closed society is the form best suited to the acceptance of death. In the ultimate analysis a belief in the open society is a matter of choice, not of logical necessity.

That is not all. Even if the concept of the open society were universally accepted, that would not be sufficient to ensure that freedom and prosperity would prevail. The open society merely provides a framework within which different views about social and political issues can be reconciled; it does not offer a firm view on social goals. If it did, it would not be an open society. This means that people must hold other beliefs in addition to their belief in the open society. Only in a closed society does the concept of the open society provide a sufficient basis for political action; in an open society it is not enough to be a democrat; one must be a liberal democrat or a social democrat or a Christian democrat or some other kind of democrat. A shared belief in the open society is a necessary but not a sufficient condition for freedom and prosperity and all the good things that the open society is supposed to bring.

It can be seen that the concept of the open society is a seemingly inexhaustible source of difficulties. That is to be expected. After all, the open society is based on the recognition of our fallibility. Indeed, it stands to reason that our ideal of the open society is unattainable. To have a blueprint for it would be self-contradictory. That does not mean that we should not strive toward it. In science also, ultimate truth is unattainable. Yet look at the progress we have made in pursuing it. Similarly, the open society can be approximated to a greater or lesser extent.

To derive a political and social agenda from a philosophical, epistemological argument seems like a hopeless undertaking. Yet it can be done. There is historical precedent. The Enlightenment was a celebration of the power of reason, and it provided the inspiration for the Declaration of Independence and the Bill of Rights. The belief in reason was carried to excess in the French Revolution, with unpleasant side effects; nevertheless, it was the beginning of modernity. We have now had 200 years of experience with the Age of Reason, and as reasonable people we ought to recognize that reason has its limitations. The time is ripe for developing a conceptual framework based on our fallibility. Where reason has failed, fallibility may yet succeed.

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