1ST STORY of Level 1 printed in FULL format.

The New York Times

October 8, 1995, Sunday, Late Edition - Final

SECTION: Section 7; Page 34; Column 3; Book Review Desk

LENGTH: 1728 words

HEADLINE: Breaking the Bank

BYLINE: By Adam Smith; Adam Smith is the author of "The Money Game" and the creator and host of the weekly PBS series "Adam Smith."

BODY:

SOROS ON SOROS
Staying Ahead of the Curve.
By George Soros with
Byron Wien and
Krisztina Koenen.
326 pp. New York:
John Wiley & Sons.
Cloth, $39.95. Paper, $19.95.

SOROS
The Life, Times,
& Trading Secrets
of the World's
Greatest Investor.
By Robert Slater.
Illustrated. 269 pp.
Burr Ridge, Ill.:
Irwin Professional Publishing. $25.

IT was after Sept. 15, 1992, that George Soros became a world celebrity. He was already well enough known in the investment community; he had been on the cover of Institutional Investor back in 1981. But that one Tuesday in September Mr. Soros made a billion dollars. The Bank of England, under pressure, detached sterling from the other currencies of Europe, and everybody who had borrowed sterling Monday night could buy it cheaper on Wednesday morning, pay back the borrowing and keep the difference. This action didn't create much attention here; it didn't affect the United States directly, and, anyway, it didn't sound like much: the pound went from 2.77 German marks to 2.65 by the end of the week. But in the world of currency futures, three cents is all you need to buy a dollar. Mr. Soros had put all $10 billion worth of the Soros funds on the line, and the 12-pfennig drop, magnified, was a billion dollars. It was the coup of a generation.

I had him as a guest on my PBS show shortly thereafter. He was ironic, detached, charming, self-deprecating, and he sounded like Claude Rains in "Casablanca." He wished he could live in a world of stability, but, alas, the financial systems of the world were unstable, and he was an expert in instability, an insecurity analyst, able to take advantage of -- a favorite phrase -- "disequilibrium." The same bet, after all, had been open to anyone, especially anyone who could read the speeches of Herr Doktor Helmut Schlesinger, the head of Germany's powerful Bundesbank, who had virtually invited the pound to tumble.

The general press discovered, perhaps six months later, that the Man Who Broke the Bank of England had also been giving money away in the hundreds of millions of dollars -- mostly to Eastern Europe. Mr. Soros established the Central European University, donated money for the reconstruction of Sarajevo's water and gas lines and granted $500 each to 30,000 Russian scientists when that was real money in rubles. He moved, while governments dithered, on the scale of a Rockefeller or a Carnegie.

Now Mr. Soros has published "Soros on Soros." It is one of the most intensely fascinating presentations ever offered by a financial figure -- part autobiography, part essay on markets and, mostly, a fervent attempt to get across a philosophical viewpoint. The fascination comes from having a self-revealing but very complex billionaire talk about his parents, his former partners and his strategies. The philosophical viewpoint is an outgrowth of the one Mr. Soros published in 1987 in "The Alchemy of Finance," some of which was so abstract it left readers feeling as though they had wandered into a freshman philosophy course on a bad Monday, when the lecture was on Wittgenstein and they hadn't done the reading.

"Soros on Soros" is spoken, not written, and Mr. Soros has been lucky, or shrewd, in his choice of interlocutors. The book had its origins as an interview, in German, with Krisztina Koenen, a journalist writing in the Frankfurter Allgemeine Zeitung. A new version, printed here, concerns politics and philosophy -- why he gives money away, what he hopes to accomplish and his views on politics and policies in Europe. The Koenen interview is sandwiched between ones with Byron Wien, an old Soros friend and a market strategist at Morgan Stanley. Mr. Wien walks Mr. Soros through the stages of his life, and through major investment decisions, and into opinions about hot points -- Mexico, Japan, Argentina -- and derivatives.

Mr. Soros then "reworked" the interviews. "My life is not about money," he says. "Money is a means to an end." Elsewhere, he observes, "philosophy is the most important part of my life." The presence of the interviewers and the Q.-and-A. format are important on two counts. They provide an intimacy, and stop Mr. Soros from sliding into abstraction. "But it's exactly your philosophy that has everyone confused," says one of the interviewers. Mr. Soros loves abstractions. "There is a lot of emotion and personal experience packed into them," he says. But when he begins to talk about the difference between thinking and reality, we're glad an interviewer is not far away and can say, "You have really lost me here. What do you mean?"

There is no abstraction when Mr. Soros talks about his past. Here he is in Nazi-occupied Budapest in 1944, an upper-middle-class Hungarian Jew whose father had secured false papers. "The important and paradoxical point is that 1944 was the happiest year of my life," he says. "This is a strange, almost offensive thing to say . . . but it is true. . . . I had a father whom I adored, who was in command of the situation. . . . For a 14-year-old, it was the most exciting adventure that one could possibly ask for. It had a formative effect on my life because I learned the art of survival from a grand master." Mr. Soros's experiences under the German occupation and under the Communists, who eventually took over the country, led him to the fervent love of what he calls "the open society."

If you had given Mr. Soros $1,000 in 1969, when he started his first fund, you would have more than $2 million today. But in 1969, you were unlikely to have given him the $1,000. He didn't have much of a record. He had gone from Budapest to the London School of Economics, then to work as a traveling salesman, then to a position as a trainee in a financial house in London and then to New York as an analyst in 1956. The Soros family of funds was unregistered in the United States -- they were offshore -- and the brilliant Soros record stems in part from compounding gains without having to pay taxes. Mr. Soros called his funds "Quantum" to suggest Heisenberg's uncertainty principle. He pioneered what is now termed "macro" investing. Rather than sticking to just one class of security or one country, macro investing considers the whole world its oyster: bonds, stocks, currencies, commodities, futures -- in any country, and long or short. The breakup of the international fixed-rate currency exchange system in 1971 was timed just right for someone of Mr. Soros's intelligence and background. Currencies could flow around the world unchecked at computer speed, and his funds gave him a percentage of the profits. So his conversation ranges from the Bank of Japan to knock-out options to Vaclav Havel.

Now he has prime ministers for breakfast. "I made my career," he says, "without hobnobbing with the rich and powerful, and now that I can hobnob, I don't have time for it." Markets seem to interest him only at major turning points. He is willing to discuss his construct for boom and bust, but not with great enthusiasm. He counts himself a "failed philosopher."

Robert Slater, a correspondent for Time magazine, has written a biography, "Soros: The Life, Times, & Trading Secrets of the World's Greatest Investor." Like a good reporter on a cover story, he has interviewed many of the people in Mr. Soros's past, gathered some nice anecdotes and digested the voluminous press clippings on his subject. Many of the best comments have already appeared in print, like the axiom from Mr. Soros's chief manager: "It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." Mr. Slater doesn't spend much time on Mr. Soros's philosophy or on his philanthropies. Unfortunately, he had no access to Mr. Soros, which makes it particularly jarring when he resorts to the novelistic convention of reading Mr. Soros's mind (and in italics): "His mind was racing. . . . As he stared at the first flickering white lights of the city, Soros's mind drifted. . . . He watched and waited." It makes the reader want to think up alternative italicized scenarios: "Soros didn't see the flickering white lights of the city because his desk faces the other way. His mind raced to the thought of going to the Carnegie Deli downstairs for scrambled eggs and onions."

In "Soros on Soros," on the other hand, there is an implicit bargain between Mr. Soros and his interviewers. He will talk about the markets, about politics, about giving money away -- what the public wants to know -- and they will help him walk the reader through his broad ideas. Mr. Soros has in his mind a whole architecture, beginning with our imperfect understanding, running through our life drama (in which the decisions of the actors affect their perceptions), then leading to the necessity for the open society. "I believe in my own fallibility," Mr. Soros declares. "Fallibility plays the same role in human affairs as mutation does in biology." And he adds: "The question is, can we have a set of beliefs based on the recognition that our beliefs are inherently flawed? I believe we can."

But even if we don't understand this cadence of action and perception, don't we cheerfully opt for the open society? The connection between our flawed perceptions and the threat to civilization gets murky. The interviewers can't pull it all together for Mr. Soros. He's going to have to do it himself.

Most of the readers of "Soros on Soros" -- and there will be many -- will be thumbing its pages: Where is the trend? Where is the inflection point? Has Japan bottomed? Is Mexico finished, or is it roaring back? Is this great bull market a symptom of the instability of markets, and when does the dangerous part start? That kind of attention saddens Mr. Soros. "It was my killing on sterling that gave me a high profile," he says. "I think that's a commentary on the values that prevail in our society."

The "values that prevail" are those of our time, in which money is the denominator of absolutely everything. It is these values that assure Mr. Soros of his audience -- and though the opinions on markets that he delivers today will be overtaken by events, he will always have an eager audience for new ones. Meanwhile, he will continue to deliver the next version of his philosophy -- until we get it right.

LANGUAGE: ENGLISH

LOAD-DATE: October 8, 1995

(Bio)

LEVEL 1 - 34 OF 52 STORIES

The Scotsman

June 3, 1993, Thursday

LENGTH: 1880 words

HEADLINE: Funds and games with serious money

BYLINE: One Of The Currency Speculators Who Forced Last Year'S Devaluation Of The Pound, George Soros Is Regarded As Both Bete Noir And Benefactor. Clifford German Assesses His Track Record

BODY:

GEORGE Soros is the latest but presumably not the last in a long line of merchant adventurers whose activities have enlivened the UK business scene.

In recent times they have included Jim Slater, Sir James Gulliver, Lord Hanson, Gerald Ronson and Asil Nadir, altogether a motley crew, whose fortunes ultimately have been no more than mixed.

A preference for speculation and asset stripping rather than solid company building proved the Achilles heel for many but in recent years, even those in the latter category have proved vulnerable to problems caused by overambition and overborrowing at prolonged high interest rates.

Their opposite numbers in the US which include Bunker Hunt, TBoone Pickens, Carl Icahn, Ivan Boesky and Michael Milliken have an equally chequered history.

Some have settled down as tycoons but the majority have come to grief through overambition and the temptation to cut corners, financial, ethical and even legal.

George Soros became a household name overnight last September when it became known that he was the spearhead of the army of faceless speculators who backed their determination and the length of their pockets against the Treasury and the Bank of England, and won.

He sold sterling not in millions but in billions, selling money which even he did not have, draining the Bank of England's reserves of foreign currency and sapping the Chancellor's political will to defend the pound until the Chancellor admitted defeat and devalued.

Soros then bought back the sterling at the new low rate and pocketed a profit of around 20 per cent on every penny he had originally sold, netting a personal profit of anything from $ 1 billion to as much as $ 2 billion, according to rumour and legend which no one has denied.

It was a truly colossal gamble, but Soros had correctly assessed the growing pressures on the UK economy and the weakness of the Government's political position in the face of an unending recession, universally blamed on excessive interest rates needed to defend an overvalued pound which was making UK goods uncompetitive.

Soros calculated the odds and made his move, more like a chess player than a poker player.

Characteristically, he admits that his actions may not have been in the best interests of the UK Government, but refuses to accept any moral responsibility for bringing down the pound, telling the Guardian recently: "If I abstain from certain actions because of moral scruples then I cease to be an effective speculator."

Fame, if fame it is, has come relatively late in life.

Soros has actually been around a long time.

Born in Budapest in 1930, as a Jew he and his family went into hiding in wartime Hungary, a period which he subsequently described as "exciting", before fleeing from communist persecution in postwar Hungary in 1947 to study philosophy and economics at the London School of Economics, training as a merchant banker in the Fifties and then establishing himself as a freelance international trader with bases in London and New York.

His personal investment vehicle, the Quantum Fund, is based in the Dutch Antilles and has an estimated $ 7 billion under management.

Success has made him a fashionable figure and a man to follow.

When he bought Sir James Gulliver's stake in Newmont Mining, the US based gold mining company, a few weeks ago, the financial world, almost to a man, decided that Soros knew something they did not and bought gold, sending the price of the metal which has been in the doldrums for a decade rocketing from $ 330 an ounce to $ 390 in a matter of weeks.

Yesterday he invested #30 million in British Land, one of the four biggest listed property companies in the UK and put up half the cash for a #500 million fund to buy up cheap UK properties in anticipation of an upturn in the property market, which has been deeply depressed by the recession, culminating in the collapse of Canary Wharf last year.

British Land shares immediately leapt 15 per cent, adding #100 million to the company's value on the stock exchange yesterday.

But Soros is anything but a barrowboy.

He is said to be more of a scholar than a speculator, with tasteful homes well furnished with works of art, and the accent and manners of a man of letters in the old Austro Hungarian empire.

He is a thinker/philosopher with a penchant for dividing the world into "open" societies, which are in command of their own destiny and "closed" societies at the mercy of a tyrant or ideology.

He is suitably appalled at the way in which western governments have made aid to former communist economies conditional on the adoption of western style market economies when it is patently obvious that they have neither the knowledge nor the resources to do so.

Recently, he has used his wealth and influence consistently to try and promote the development of free market economies and political pluralism in what was Eastern Europe and the Soviet Union, targeting what he sees as key areas which will otherwise create bottlenecks in the process of development and reform.

For example, he recently financed training in London for wouldbe literary agents in the belief that it was an essential step in the promotion of intellectual freedom in the former Soviet Union.

He also donated 800 photocopiers for public libraries and institutes in Hungary.

In another imaginative gesture he set up a $ 100million fund to support Soviet scientists and help them resist the temptation to go and work for governments in countries like Iran and Iraq on projects which bode little good for humanity.

HE has shrugged off criticism from stridently anti Semitic right wing groups who regard him as an unwanted invader looking for opportunities to make financial killings and take advantage of the political weakness of former communist economies.

Soros Foundations have been established in his native Hungary, Poland and Romania.

He went personally to Romania in the weeks after the overthrow of the dictator Ceaucescu and visited former Yugoslavia earlier this year.

He came away with the clear conclusion that Serbians are engaged in genocide with the backing of President Milosevic which the West is too timid to oppose.

Singlehanded, he has given $ 50 million to Bosnia, for use by the UNHCR through voluntary groups such as Save the Children and Oxfam, half as much as the entire UK government commitment to that unfortunate region.

He repels criticism by quietly making the point: "How much money I make determines how much I give away. I'm stepping up my philanthropy at the moment because I've made a lot of money in the last two years."

And "I became a philanthropist only after I became a speculator."

Netting billions: George Soros relaxes on the tennis court when he is not speculating on the world's money markets

GRAPHIC: DAVID O'NEILL THE MAIL ON SUNDAY

LANGUAGE: ENGLISH

LOAD-DATE: December 3, 1994

Talking Points
Meeting with Soros

- Thank Soros for agreeing to the meeting.

- Acknowledge the work of the Soros Foundation in this country and around the world (for example, his recent announcement to establish the Emma Lazarus Fund to help legal immigrants).

- Thank him for his contribution to the campaign (per Lynn).

- Talk about your observations on your recent trip to Central and Eastern Europe, particularly the work of foundations in building civil society.

  -- Pleased that you could hold a meeting in Budapest at the Central European University, which Soros founded in 1989.

  -- Get his insights on what's happening there and what is needed in his view.

  -- Mention that you were pleased that John Fox of his office could attend the recent meeting you convened with foundation leaders and government officials on how to work together more effectively on Central Europe and NIS issues.

  -- You might want to touch on Bosnia, which is a special concern of his.

[Soros has invested heavily in independent media ventures in the former Communist countries. He believes that civil societies are fragile and that we need to send strong signals that NGO's are critical to democracy. He's also troubled about government "exit strategies" that make foundations vulnerable. Soros feels strongly about the importance of "freedom support fellowships," which have not been receiving the level of support they should.]

- Note that you're pleased that he will be providing significant resources to monitor how the welfare reform bill is being implemented in the states.

[Fyi, the Administration managed to save $30 million in the FY97 DHHS Appropriations for monitoring and research. It's not clear how these dollars are going to get used yet, but there may be "partnership" possibilities.]

THE NEW YORK TIMES
WEDNESDAY, OCTOBER 2, 1996

Immigrants' Burden

By George Soros

In the last seven years, I have devoted considerable energy to support the creation of open societies in the former Soviet bloc. In those countries, the meaning of open society was easy to explain: It was the opposite of Communism. Open society was the United States, a country characterized by a reliance on the rule of law, a democratically elected government, a diverse culture and respect for people who are different. The truth, of course, was always more complicated. Yet the image and the ideal were inspiring, and they remain so to this day.

Legal immigrants — refugees fleeing religious and political persecution, family members wanting to be reunited with loved ones, young entrepreneurs with talent and drive — have long come to America seeking a fair chance to contribute and, in the process, have enriched our culture and strengthened the nation.

Yesterday, Congress began taking away much of that fair chance when the new welfare law went into effect. It will bar most legal immigrants, including permanent residents and refugees granted asylum, from receiving food stamps and Supplemental Security Income, which benefits the elderly and the disabled. Legal immigrants will also be denied welfare and Medicaid benefits in their first five years in the country.

According to the Congressional Budget Office, more than 500,000 immigrants are likely to lose Supplemental Security benefits: about 900,000 are likely to lose food stamps. Legal immigrants represent only about 5 percent of those on public aid, yet they are absorbing more than 40 percent of the cuts in welfare.

Immigrants have always pulled their weight. Except for the right to vote, legal immigrants have enjoyed the same rights and shared the same responsibilities as citizens. They serve in the military. They contribute more in taxes than they receive in benefits. Denying them the safety net they help pay for is neither necessary nor fair, and it breaks with a long and proud tradition of treating legal immigrants as future citizens who are assets, rather than as noncitizen aliens who are a burden.

> Congress pays for the welfare law with an injustice.

More than half of the legal immigrants who will lose their benefits have lived in the country for more than five years and are likely eligible for naturalization. More than one million residents are expected to apply for citizenship this year. Yet in taking benefits away from struggling immigrants we are adding yet another obstacle to those they already face in applying for citizenship, including learning English, studying for the test and paying processing fees.

There is no question that the welfare system needs to be reformed so that it moves people from dependency to work. But to do so we must spend more money, not less, in the short term, because creating work requires increased public investment and spending on job training — for citizens and legal immigrants. Depriving legal immigrants creates false savings at the cost of perpetrating an injustice.

As an immigrant and naturalized United States citizen, I have a deep sympathy for all those who come to America in search of a better life. I have prospered, but I know that we all need a helping hand at some time in our lives. After World War II, I left Hungary and stayed in England for several years, working as a railroad porter. I broke my leg and was taken care of, free of charge, by the National Health Service. I depended on government assistance.

If immigrants to America suffer similar misfortunes, if they cannot work or find a decent-paying job and their families are starving, where will they turn for help? In the answer lies our identity as people and as a nation. □

George Soros is an international financier. On Monday he founded the Emma Lazarus Fund, which aids legal immigrants.

LEVEL 1 - 1 OF 52 STORIES

Los Angeles Times

October 2, 1996, Wednesday, Home Edition

SECTION: Metro; Part B; Page 9; Op Ed Desk

LENGTH: 505 words

HEADLINE: RELIGHTING A LAMP OUTSIDE AMERICA'S DARKENING DOOR

BYLINE: GEORGE SOROS, a Wall Street financier and philanthropist who, emigrated to England from Hungary in 1947 and to the United States in, 1956, donated $50 million this week to help legal immigrants hurt by the, new welfare law. This was his statement Monday on establishing the fund

BODY:

Up until now, most of my philanthropy has been directed to helping build open societies in Central and Eastern Europe and the former Soviet Union. But recently I have come to feel that the values of open society are in disrepair in the United States, so I have embarked upon a broader program of giving here.

One of the most urgent needs, I believe, is presented by the attacks on legal immigrants embodied in recent congressional legislation. As an immigrant to the United States and a naturalized American citizen, I have deep sympathy for those who come to this country in search of a better life. Therefore, I am appalled by Congress' recent action to deny vital public assistance to noncitizens who are lawfully resident in this country.

As a result of recent legislation, at least 1 million legal immigrants stand to lose benefits such as food stamps, Aid to Families With Dependent Children and other federal benefits. Moreover, states are now permitted, if not encouraged, to impose further restrictions, barring noncitizens from programs that care for the disabled and combat domestic violence and child abuse. In many cases, these immigrants are paying the same taxes as other Americans. Legal immigrants are also eligible to be drafted in wartime.

The United States has always led the world in welcoming immigrants. That proud tradition is now is question. The Statue of Liberty embraces those "yearning to breathe free," but the current mean-spirited attack on immigrants threatens to choke them. I cannot stand idly by and watch this happen.

Therefore, I am today announcing the first major initiative of the Open Society Institute's new U.S. program: the Emma Lazarus Fund, an emergency commitment of $ 50 million, available immediately and to stay in place as long as necessary. Named for the poet whose words adorn the Statue of Liberty, the bulk of the fund will be used for direct assistance to legal immigrants.

The Emma Lazarus Fund will focus on three areas of activity. First, in appropriate instances, it will pay the cost of applying for citizenship for legal immigrants who wish to become naturalized Americans; second, it will assist community and social service organizations that help legal immigrants by providing English-language instruction and other services that help them qualify for citizenship; finally, the fund will assist organizations conducting efforts, both in the courts and through public education campaigns, on the issues of naturalization and immi- gration.

I do not believe that an open society requires open borders. But what is at stake here is justice: equal treatment and the rule of law, regardless of immigration status. I hope that the Emma Lazarus Fund will make a significant impact on the lives of thousands of immigrants, helping them as they search for the American dream and allowing them to participate fully in American political life. If the gesture I am making today can do that, I will consider it one of the best investments I have made.

GRAPHIC: GRAPHIC-DRAWING: 'Legal immigrants pay taxes too.', ANN C. TELNAES, Washington

LANGUAGE: English

LOAD-DATE: October 2, 1996

Philanthropist Pledges Aid To Immigrants

By ERIC SCHMITT

WASHINGTON, Sept. 30 — George Soros, the Hungarian-born philanthropist and international financier, said today he would give $50 million to assist legal immigrants in the United States.

Mr. Soros said he was creating the new charity in response to the recently enacted welfare law that greatly restricts public benefits like food stamps and Supplemental Security Income for legal immigrants.

"I am appalled by Congress's recent action to deny vital public assistance to non-citizens who are lawfully resident in this country," Mr. Soros, a naturalized United States citizen, said at a news conference.

"This is a clear-cut case of injustice and is contrary to this country's proud tradition of welcoming immigrants," he said. Mr. Soros emigrated to England from Hungary in 1947, and to the United States in 1956.

The money will go largely to pay for the costs of immigrants applying to become naturalized United States citizens, and to assist local and community organizations that provide English-language classes and other aid to immigrants.

More than 1.1 million immigrants have become naturalized citizens this year, and Federal officials expect the harsh provisions in the welfare bill to push equally large numbers of legal immigrants toward citizenship in the next few years.

The charity, called the Emma Lazarus Fund after the poet whose words are inscribed on the Statue of Liberty, will also support organizations conducting legal or educational efforts on the behalf of immigrants.

Immigrant-rights groups expressed astonishment today at Mr. Soros's new project.

"We're thrilled," said Donald Kerwin, chief operating officer for Catholic Legal Immigration Network, a public-interest organization based in Washington. "This is probably more money in a given year than all the foundations and state bar associations give out. It's really shocking."

The new charity is an offshoot of the Open Society Institute and other Soros philanthropies, which spent $350 million in 1995 mostly in countries undergoing the transition to democratic regimes.

In addition, Mr. Soros was one of the early proponents of lifting the siege of Sarajevo during the Bosnian war. He proposed a $50 million aid plan to Bosnia in 1993, but suspended the offer when logistical details bogged down in bickering.

More recently, Mr. Soros has given out or pledged nearly $15 million to help change the nation's drug policy. For example, Mr. Soros has advocated legalizing the medical use of marijuana, and has been critical of efforts to treat drug use as a crime rather than a medical problem.

THE DETAILS

Restricting Immigrants

Through changes in welfare legislation and anticipated changes in immigration law, Congress has imposed new restrictions on illegal immigrants and on the use of public money for illegal immigrants and in some cases, legal immigrants.

PUBLIC ASSISTANCE Illegal immigrants will be ineligible for most public assistance programs financed by the Federal Government or the states.

They cannot receive grants, Federal contracts or loans, and will not be eligible for benefits under programs like the Earned Income Tax Credit, Supplemental Security Income, Aid to Families With Dependent Children, social service block grants, Medicaid or food stamps, housing, unemployment or financial aid for college.

Medical emergencies will be covered. Children who are illegal immigrants could attend Head Start or receive immunizations.

Under the welfare legislation signed into law by President Clinton in August, most legal immigrants will be ineligible for many public assistance programs.

EMPLOYEE VERIFICATION PROGRAMS Pilot programs will be established in five states with high populations of illegal immigrants so that employers could voluntarily check the legal status of prospective workers through a Justice Department program.

Verification documents will be restricted so that employers must require prospective employees to produce a United States passport, alien registration card or other authorization issued by the Justice Department. Under the agreement, various other forms, like a certificate of citizenship or naturalization, an unexpired foreign passport or a birth certificate will not be acceptable.

EMPLOYER SANCTIONS The new immigration financing will allow for 300 more employees a year for three years to the Immigration and Naturalization Service. They are to be deployed to investigate the unlawful hiring of illegal immigrants and the smuggling of illegal immigrants.

DISCRIMINATION The burden of proof will be raised for prospective employees who claim hiring discrimination on the basis of immigration status, so that a job applicant will have to prove that rejection is a result of intentional discrimination.

BORDER CONTROL The number of border patrol agents will be doubled to 10,000 by 2001.

SMUGGLING Penalties for smuggling people into the United States will be increased for a prison term of up to 10 years.

FRAUDULENT DOCUMENTS Criminal penalties for fraud or misuse of government-issued identification documents will increase from 5 years imprisonment to 15 years.

REMOVAL OF ILLEGAL IMMIGRANTS Anyone trying to enter the country without the proper documents will be subject to deportation. If someone seeking asylum is found to have no credible fear of persecution after an initial meeting with an officer, the person will be subject to removal after a hearing before an immigration judge. Such a hearing will have to take place within seven days, and there would be no additional appeals. Anyone suspected of terrorism will be immediately rejected.

Only one hearing would be held and notices of removal proceedings no longer would be given in Spanish.

Mandatory detention will be imposed on those ordered to leave the country.

EXCLUSION AND DEPORTATION Anyone who represents a terrorist organization will be deported or denied entry. Any former United States citizen who officially renounces citizenship to avoid paying taxes will not be permitted to re-enter the country. And any student who violated a special non-immigrant status visa will be banned for five years.

SPONSORING LEGAL IMMIGRANTS For those who sponsor legal immigrants for citizenship, the income guidelines will be altered so that sponsors would have to earn more than 125 percent of the poverty level. (The poverty level, according to 1995 figures, was less than $15,455 for a family of four.)

THE NEW YORK TIMES,

TUESDAY, OCTOBER 1, 1996

LISA QUIÑONEZ / BLACK STAR

The Hungarian-born financier and philanthropist George Soros on his decision to expand his charitable work in the United States: "In Eastern Europe we were blazing the trail. Here we are joining the pack."

Soros Goes West

The philanthropist looks beyond Eastern Europe to help fight the social ills of the United States

By PAUL DEMKO

NEW YORK

AFTER more than a decade of pouring billions into Central and Eastern Europe, where few donors have ventured, George Soros is joining the pack of foundation benefactors in his adopted homeland—the United States.

The Hungarian-born financier, who has said that he indulges his "messianic fantasies in giving away money," wants to deal with what he sees as some of the most serious social ills of this country, such as crime, bad schools, and teen-age pregnancy.

Since 1979, when Mr. Soros began to give college scholarships to black students in South Africa, he has established a loosely linked network of autonomous foundations in 25 countries, with projects ranging from rewriting textbooks for schoolchildren in Russia to training investigative journalists in Hungary. Last year alone his philanthropies gave away more than $350-million—more than any other single foundation in the country.

Less than $5-million of that money went to programs focused on the United States, however. Run out of his foundation here, the Open Society Institute–New York, Mr. Soros's domestic programs were focused entirely on the improvement of care for the dying and on alternatives to U.S. drug policies.

Now Mr. Soros, whose net worth is more than $1-billion according to *Forbes* magazine, says he will spend as much as he feels is necessary to make a significant difference domestically. He has not stated how much he will give to American charities, but he has pledged that the bulk of his fortune will be used for philanthropic purposes, here and abroad.

To oversee his giving in this country, Mr. Soros has hired Gara LaMarche, former associate director of Human Rights Watch in New York. Their first major effort will be the Center on Crime, Communities and Culture, which will attempt to reduce crime and promote alternatives to incarceration.

'Plenty That Needs to Be Done Here'

Mr. Soros says he decided to expand his work domestically when he became frustrated by what he sees as the United States' failure to help the countries of Eastern and Central Europe make the transition to new forms of government and to new economic systems. His says his annoyance led him to reflect on the problems in this country.

"There is plenty that needs to be done here," he says.

But his new grant-making work in the United

Continued on Page 10

– [Chronicle of Philanthropy; 9/5/96]

George Soros Expands His Philanthropic Efforts in the United States

Continued from Page 9

States will not lead him to scale back his efforts in other parts of the world, he says. In fact, his Project on an Open Society in Central Eurasia recently established centers in five new countries.

'Not in a Unique Position'

From his 33rd-floor office here—where down below, Central Park looks no larger than a back yard—Mr. Soros says not to expect the pioneering ways that marked his philanthropic ventures as the Soviet Union crumbled.

"I felt that I had a greater contribution to make in former Communist countries because I was in a unique position," Mr. Soros says. "In the United States I'm not in a unique position. I'm just one of the many players, and I think our activities will be less unique. It's going to be more of a regular foundation, comparable to other foundations."

He adds: "In Eastern Europe we were blazing the trail. Here we are joining the pack."

Kevin F. F. Quigley, a former Pew Charitable Trusts official who has studied philanthropy in Eastern Europe, says that, largely due to Mr. Soros's involvement, foundations have played an unprecedented role in assisting Eastern and Central Europe since the collapse of the Soviet Union.

"He's viewed as having more clout than Secretary of State Warren Christopher in the region," says Mr. Quigley, a guest scholar at the Woodrow Wilson International Center for Scholars in Washington.

A Good Precedent

Susan V. Berresford, president of the Ford Foundation in New York, says Mr. Soros's accomplishments in Eastern and Central Europe bode well for what he can achieve domestically. "He's built new institutions," she says. "He's supported the voices of innovative people trying to improve their societies, and he's helped create a tradition of philanthropy in the civil sector where it didn't exist before."

The Center on Crime, Communities and Culture, along with all of Mr. Soros's domestic programs, will be administered through the Open Society Institute–New York. The center has just completed its first round of grants, a total of more than $1-million to more than two dozen groups. (See list below.)

JOHN ABBOTT, FOR THE CHRONICLE

Nancy Mahon, who runs George Soros's new Center on Crime, Communities and Culture, says 1.6 million people are in prison or jail in the United States: "Before we in 10 years look around and realize that we should not have done this, we need to take stock."

Wide Range of Interests

But Mr. Soros's interests are in no way limited to crime prevention. In keeping with his philanthropy around the world, he hopes to start programs in a wide range of areas in the United States. Among them:

- Public schools, particularly in the inner cities. Mr. Soros is especially interested in efforts that bolster training in science and technology, provide students with better access to arts programs, and get parents more involved in their children's education.
- Teen-age pregnancy and reproductive rights. Mr. Soros hopes to reduce the rate of teen-age pregnancy and encourage sexual responsibility in men and boys. He also wants to support programs that further abortion rights and increase access to birth-control devices.
- Electoral politics. The Open Society Institute plans to make grants and study ways to change how political campaigns are financed so that people who are not wealthy and who do not receive large corporate or individual contributions can have more success in winning elected office. In addition, it will back efforts to encourage more people to vote.

The institute also plans to help cultural organizations build audiences, particularly in poor inner-city and rural neighborhoods. And it will aid young artists.

"We're not going to just give a lot of money to big arts institutions like the Metropolitan Museum or Lincoln Center," Mr. LaMarche says. "We're going to look for places where we can make a difference."

Grants in the areas of law, medicine, and journalism are also being planned. Mr. Soros hopes to encourage lawyers and doctors to pursue careers that serve the public, such as providing legal services or medical treatment for poor people. He also hopes to encourage more people from minority groups to pursue careers in the press.

Mr. LaMarche cautions that although the institute has laid out those broad areas as grant-making priorities, exactly where and how the money will be distributed is yet to be decided. "With respect to some of the big items—education, arts and culture—there are choices to be made," he says. "We're going to have to define our goals a little more precisely. All we've really done at this point is identify the questions."

Fellowships for Scholars

To further examine the questions and get help developing grant programs and other projects, the Open Society Institute has started a fellowship program that will support scholars for up to 18 months.

Aryeh Neier, president of the Open Society Institute–New York, says the foundation's domestic agenda could change in response to new conditions. One example he gives is the new welfare law, which will transfer much of the responsi-

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As Soros Expands Grant Making in the U.S., His Anti-Crime Project Makes Its First Grants

George Soros, the philanthropist and financier who has given billions to charities abroad, has announced that he plans to step up his giving in the United States.

His most recent project is the Center on Crime, Communities and Culture, which will support programs to reduce crime and promote alternatives to incarceration.

$1-Million in Grants

The center has just announced its first round of grants, a total of more than $1-million to more than two dozen groups. Among the projects:

- A program to help former woman prisoners find housing and get other help so they can be re-united with their children ($75,000 to the Women's Prison Association and Home in New York).
- A residential facility that offers such services as job placement and English-language instruction to first-time, non-violent offenders ($56,000 to Abraham House, Bronx, N.Y.).
- The establishment of the Work Apprenticeship Program, an alternative to incarceration that will provide job training to academically promising young people who have committed felonies ($51,900 challenge grant to the Center for Alternative Sentencing and Employment Services, New York).
- A program that helps children cope after their fathers have been sent to jail ($50,000 to the Osborne Association, New York).
- Development of a national violence-prevention movement involving advocacy and public-education efforts ($50,000 to the National Funding Collaborative on Violence Prevention, Washington).
- Expansion of a program that teaches medical students to treat mentally ill inmates and that trains law students about the needs of mentally ill defendants ($44,000 to the Summit County Sheriff's Office, Akron, Ohio).
- The development of literature to be distributed to prisoners and their families in eight states so they can get advice on a wide range of issues, such as how to maintain family ties during incarceration ($41,704 to Citizens United for the Rehabilitation of Errants, Kalamazoo, Mich.).
- A project to prevent prisoners or former inmates from contracting AIDS and to provide people who have the disease with direct services and other help, ($40,000 to the New York City AIDS Fund).

The Center on Crime, Communities and Culture is administered by Mr. Soros's foundation, Open Society Institute–New York. For more information, send inquiries to the foundation at 888 Seventh Avenue, New York 10106; e-mail: *cccc@sorosny.org*. The foundation's World-Wide Web address is *http://www.soros.org*

George Soros Expands His Giving to Tackle Social Ills Plaguing the United States

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bility for taking care of the poor from the federal government to the states.

"Should we support efforts to monitor how states go about assistance to the poor in the period ahead?" Mr. Neier asks. "Should we monitor who falls through the cracks and what the consequences are for American society? We haven't decided to do anything along those lines, but we're thinking about it."

If Mr. Soros's operations elsewhere are any indication, his grant making in America could be considerable. He has pledged or given the Central European University in Budapest a total of more than $250-million since he founded it in 1989. The International Science Foundation in Moscow has received $115-million to provide grants for scientists in the former Soviet Union.

More People in Jail

The institute's new Center on Crime, Communities and Culture provides an illustration of what some of Mr. Soros's other domestic programs could look like. Grants will generally range from $5,000 to $50,000, and the center hopes to support everything from training for prison guards to programs that look at the impact of film and television on violence.

The project will focus on the consequences of having a growing number of Americans in prisons and jails, on civil rights for both prisoners and victims of crime, and on children who are at risk of becoming criminals.

"When you have such a large population incarcerated," Mr. Soros says, "One has to question the policy that leads to that."

Nancy Mahon, a former director of research, policy, and planning at the Osborne Association in New York, which provides services to prisoners and their families, has been hired to run the center.

She points out that 1.6 million people in the United States are in prison or jail—triple the number that were incarcerated just 15 years ago.

"Before we in 10 years look around and realize that we should not have done this," Ms. Mahon says, "we need to take stock."

Approach to Crime Issue

The institute is taking a broad approach to the crime issue. The first round of grants includes $44,000 for a program in Akron, Ohio, that trains medical students to treat mentally ill inmates, as well as $41,700 for a group in Kalamazoo, Mich., that produces literature for prisoners and their families on topics such as maintaining family ties while incarcerated.

The center will also offer full scholarships to students who are interested in criminal justice. Two students at the New York University School of Law will be the first recipients, but the program will eventually be expanded to cover such other professions as economics and psychology.

"Soros is showing real leadership in funding this area," says Ann L. Jacobs, executive director of the Women's Prison Association and Home in New York, which received one of the initial grants from the center. "The fact is that most foundations won't touch it with a fork." Less than 2 per cent of grant dollars goes to crime-and-justice projects, according to a 1991 report, the latest available.

Indeed, the list of foundations that make grants dealing with criminal justice is a short one. The Edna McConnell Clark Foundation in New York, which has devoted about 20 per cent of its grant money to criminal-justice programs for more than 18 years, is deciding whether to continue spending on such efforts. The Z. Smith Reynolds Foundation in Winston-Salem, N.C., which focused for 12 years on alternatives to incarceration in the state, dropped its program in 1992 to spend more on crime-prevention projects.

"In the United States I'm not in a unique position. I'm just one of the many players, and I think our activities will be less unique."

The lack of attention to criminal justice by grant makers could change because of Mr. Soros's work, some experts say.

"When you have somebody the magnitude of George Soros getting involved in this area, it will bring people in and give them the cover they need to participate," says Leonard N. Berman, a program officer at the Public Welfare Foundation—long one of the biggest grant makers in the criminal-justice field. "It acknowledges that it's 'okay' and it's 'safe' to get involved in criminal-justice funding."

Contempt for Playing It Safe

Over the years, Mr. Soros has not bothered to hide his contempt for foundations that play it safe. He has railed against the biggest foundations in the United States, charging that they are laden with bureaucracy and are unwilling to be self-critical.

But even as he ticks off the problems he has with large foundations, Mr. Soros concedes that the institute here—which has ballooned from just 64 employees in 1994 to more than 160 today—has become a bit bureaucratic itself.

And Mr. Soros, who is 66, now says he expects his foundations to last around 10 years beyond his own death—despite years of stating that they would die with him lest they stray from his original intentions.

While he worries about how the domestic programs will develop, Mr. Soros says he wants them to be run without much oversight by him.

"I am off the line of the actual decision making in my business and I want to get off the line of the decision making in the foundation as well," he says. "I want to create an organization that can function without me. In the business I have achieved that. In the foundation I am on my way."

IN BRIEF: GIVING

Farrakhan Denied Big Gift From Libya

The Nation of Islam and its leader, Louis Farrakhan, have been barred by the United States from receiving a $1-billion gift and a $250,000 award from the government of Libya.

In denying the request last week, the U.S. Treasury Department said that financial transactions between the Libyan government and citizens of the United States are unlawful because Libya is on the government's list of nations that sponsor international terrorism. The denial said that the prohibition applies to charitable and religious gifts.

The $1-billion had been pledged to the Nation of Islam by Libyan leader Col. Muammar el-Qaddafi earlier this year. The $250,000 represents a human-rights award to Mr. Farrakhan.

Mr. Farrakhan's organization submitted its request to the U.S. government last month. According to the application, the money would have been used in part to create a National Development Fund "to encourage and enable black people to build homes and factories and businesses, to provide jobs and hope, to make inner-city deserts bloom."

N.C. Legislation May Stimulate Giving

The North Carolina General Assembly last month approved legislation intended to increase charitable giving.

Under the new law, which takes effect January 1:

► Businesses will no longer have to pay sales taxes on donated goods and merchandise.

► Residents who opt for the standard deduction on their tax returns can get a 2.75-per-cent tax credit on donations exceeding 2 per cent of their adjusted gross income.

Kate McGuire, program director at the North Carolina Center for Nonprofits, said that although many companies were unaware of the sales tax, it was a disincentive for those that did know about it.

Because 71 per cent of North Carolinians do not itemize their deductions, she said, the tax credit also has the potential to stimulate giving, even though the incentive is small. Someone with an adjusted gross income of $10,000 who gave $500 to charity, for example, would receive a credit of $8.25.

Briefly Noted

The Washington Legal Foundation, a conservative think tank, will provide free legal advice to people who want to create foundations that "promote free enterprise, limited and accountable government, entrepreneurial spirit, patriotism, or similar principles." For more information, contact Daniel Popeo, Chairman and General Counsel, Washington Legal Foundation, 2009 Massachusetts Avenue, N.W., Washington 20036; (202) 588-0302. . . . Macy's West is starting a new grant program for AIDS charities. About 10 per cent of the profits from the San Francisco-based department-store chain's annual Passport fashion show and fund raiser will be distributed to groups in Arizona, California, Nevada and Texas, as well as in the cities of Minneapolis, St. Paul, and Albuquerque, N.M. For more information, call (800) 287-7426.

3 Universities Get Large Donations; Other Recent Gifts

Three universities have received big gifts:

► Louisiana State University in Baton Rouge has been given $15-million by E. J. Ourso, a Louisiana businessman and an alumnus.

► Syracuse University in New York has received $12-million from the estate of Ruth Freeman Meyer of New York City, a 1924 alumna.

► Bradley University in Peoria, Ill., has won $10-million from Henry P. Slane, retired chief executive officer of the *Peoria Journal Star*.

Mr. Ourso, who founded Security Industrial Insurance in Donaldsonville, La., and who ran funeral homes and cemeteries, earmarked his gift for Louisiana State's business school. The university renamed the graduate school the E. J. Ourso College of Business Administration.

Mr. Ourso asked that the money be used to create endowed professorships, scholarships, and the Marjory B. Ourso Center for Excellence in Teaching (named for Mr. Ourso's wife).

Mrs. Meyer, who died in February at age 93, was a long-time donor to Syracuse, creating the university's largest scholarship fund, worth $1.9-million. Mrs. Meyer—the widow of Herbert Meyer, former president of Interboro News Company and a 1924 graduate of Syracuse's business school—specified that half of the estate gift be put into her scholarship fund and that half be used as the university saw fit. The university said it would put the money toward its $300-million "Commitment to Learning" campaign, to raise money for academic programs and faculty members.

Mr. Slane, a Yale University graduate, said Bradley could use his gift in any way it saw fit. The university said it would use part of the money to support its communications and fine-arts college, which has been renamed the Henry Pindell Slane College of Communications and Fine Arts. Another portion of the money would be used to endow a communications-technology fund, a professorship, and scholarships for financially needy students—all in Mr. Slane's name.

Other recent gifts:

Alexandria Hospital (Va.): $1,000,000 from Hubert Hoffman of Alexandria, a real-estate developer, to renovate and expand the emergency department, where his son had emergency brain surgery two years ago.

American School of Classical Studies at Athens (Greece): $1,500,000 from an anonymous donor for graduate fellowships.

Armstrong State College (Ga.): $1,300,000 bequest from the estate of Eleanor Boyd of Savannah, Ga., a music teacher, for scholarships for women.

Benedictine College (Kan.): $2,000,000 from Bud and Richard Cray of Atchison, Kan., and Kansas City, Mo., respectively, whose late father, Cloud, founded Midwest Grain Products, for a new center in entrepreneurial studies.

Centre College (Ky.): $1,600,000 bequest from the estate of E. Golladay LaMotte of Hopkinsville, Ky., a farmer, for scholarships and dormitory improvements.

Cornell U. (N.Y.): $1,000,000 from Theodore W. Kheel of New York, a lawyer and arbitrator, for the Center for Labor Management Documentation and Archives at the School of Industrial and Labor Relations.

Indiana U. at South Bend: $1,200,000 from Darwin Wiekamp of Mishawaka, Ind., chief executive officer of Valley American Bank and Trust Company, and his wife, Dorothy, to equip a new classroom building.

Middle Tennessee State U.: $3,634,839 bequest from the estate of John Miller of Lewisburg, Tenn., a highway developer, and his wife, Mary, to endow chairs in equine reproductive physiology and in equine health.

Nova Southeastern U. (Fla.): $2,500,000 bequest from the estate of Maurine Weir of Pompano Beach, Fla., co-founder of American Finance Systems, to endow the Ralph J. Baudhuin Oral School, which serves children with learning disorders.

Springfield Library & Museums Association (Ill.): $1,000,000 from Audrey Geisel of La Jolla, Cal., widow of the author Theodor Seuss Geisel, to build the Dr. Seuss memorial at a square shared by four museums.

Stanford U. (Cal.): $3,000,000 from Pet[illegible] B. Dooley, founder of Paget Leasing [illegible] San Francisco, and his wife, Linda [illegible] establish a trust for the research [illegible] gram of the Hoover Institution.

Tennessee Technological U.: $1,00[illegible] life-insurance policy from Robert [illegible] son of Albertville, Ala., a financial [illegible] ner at ms Financial Corporation, f[illegible] School of Agriculture. The univ[illegible] will receive the money upon his d[illegible]

U. of Mississippi: $1,000,000 from Ja[illegible] M. McMullan of Chicago, an in[illegible] ment banker, and his wife, Madel[illegible] for two professorships at the Cent[illegible] the Study of Southern Culture.

U. of Nevada at Las Vegas: $5,000,0[illegible] from William S. Boyd of Las Vega[illegible] chairman of Boyd Gaming Corporation, for the proposed law school.

U. of St. Thomas (Minn.): $2,500,000 from David Koch of Long Lake, Minn., chairman of Graco Inc., and his wife, Barbara, for a chair in Catholic studies and scholarships for students majoring in Catholic studies.

Woods Hole Oceanographic Institution (Mass.): $5,000,000 from Gratia (Topsy) R. Montgomery of South Dartmouth, Mass., granddaughter of the late mystery writer Mary Roberts Rinehart and daughter of the late Alan G. Rinehart, a producer at Paramount, to endow the Coastal Research Center.

LEVEL 1 - 3 OF 52 STORIES

Foreign Affairs

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HEADLINE: Can Europe Work?
A Plan to Rescue the Union

BYLINE: George Soros; GEORGE SOROS, sole proprietor of Soros Fund Management, which serves as principal investment adviser to the Quantum Group of Funds, is Chairman of the Soros Foundations, a network of foundations operating in 25 countries.

BODY:

The future of Europe has become a very complicated and technical subject, although it really ought to be very simple. We need a strong and viable European Union. Without it, the world would be back where it was at the end of the First World War. Indeed, the map of Europe today looks largely as it did in 1919, but with one big difference -- 15 countries of Western Europe are linked in the European Union.

Its creators brought a union into existence to prevent a recurrence of war, particularly one between Germany and France. For 45 years it has been successful in this mission. But the collapse of the Soviet empire and the reunification of Germany upset the delicate balance. Chancellor Helmut Kohl wanted to ground a united Germany firmly in Europe, and the French insisted on creating a stronger union to contain a larger Germany. Margaret Thatcher objected and her successor as British prime minister, John Major, exacted heavy concessions but there was a sense of urgency, a selfimposed deadline, as leaders of the member states reached a new agreement for Europe. The Treaty on European Union was initialed in the Dutch city of Maastricht in December 1991 and signed two months later.

Maastricht established three pillars for what was now to be styled the European Union: a common currency, a common foreign and security policy, and a common justice and internal policy. Along with this, member states acknowledged that to fulfill its mission the EU must open itself to eastward expansion and admit in a timely fashion countries that qualified. That should have been the end of the story and we should be living happily ever after, with a new institution for a new world. But there is something profoundly wrong in Europe.

The Maastricht Treaty is a flawed document and the European Union we have is not the one we need. The people of Europe barely accepted the treaty in national referendums, and in the five years since it was concluded, dissatisfaction with the Union has turned to alienation. Brussels has become a bureaucrat's dream; its legalistic, ever more complicated structure is foreign to the spirit of an open society. High unemployment, a pressing problem across the continent, is widely blamed on the economic convergence criteria Maastricht set for the introduction of the common currency. There is no common foreign policy. Europe's role in Bosnia has become a never-ending source of bickering, failure, and humiliation and a violation of all the principles for which Europe stands. Where has the Union gone wrong? First I shall examine the common currency, then Maastricht's other two pillars and the enlargement process, all of which stand on shaky ground.

E PLURIBUS EURO

Europe needs a common currency. A common market cannot survive in the long run without one because currency markets are notoriously unstable and currency speculation, especially the trend-following variety, can have a destabilizing effect on the economies involved. There are those, particularly in the City of London, who would argue that currency disturbances are short-lived by nature and currency overshoots correct themselves, so that equilibrium is reestablished. But exchange rates do not tend toward equilibrium because they themselves are one of the factors the equilibrium is supposed to reflect. I don't quite know what the equilibrium is, but I do know that it would be different depending on the value of the currencies concerned. Currency fluctuations can disrupt trade relations, as the tensions created by the abrupt fall in value of the Italian lira in 1994-95 demonstrated. In sum, a single market will prove unsustainable without a single currency.

The method chosen to establish the common currency, however, is fundamentally flawed. The Maastricht Treaty lays out the exact criteria that all countries must meet before they can adopt the euro, and the precise timetable for meeting them. It makes some allowances for the vagaries of reality, but demonstrates a basic lack of understanding of the way economies function and the role economic policy should play. Concerned with specifying the conditions that would ensure the stability of the common currency, Maastricht assumes that these can be attained through a continuous process of convergence among the economies of EU countries. Underlying it all is an erroneous equilibrium theory of economics.

John Maynard Keynes showed that full employment is not the natural outcome of a market equilibrium. To bring about full employment, an economy needs government policies specifically designed for the purpose. Some of these may not be sustainable in the long run. Keynes' favorite prescription, fiscal stimulation through increased government spending, no longer works, since financial markets have developed an allergic reaction to such increases. If he were alive today Keynes would prescribe a different remedy, but he would understand that the invisible hand wall not get us to a happy equilibrium.

Consider the specific problem Europe faces. It has once again entered a period of high unemployment, similar to the 1930s. There is general agreement that employment is too heavily taxed and labor markets are too rigid in Western Europe. With employers' social security contributions and personal taxation each at around 50 percent of gross wages, the combined tax burden on net wages of 50 is 100. Severance payments are onerous as well. No wonder employers are reluctant to offer permanent employment and a significant portion of the labor force is out of work.

The stimulation of aggregate demand a la Keynes is no longer practical, but devising other measures would not be too difficult. Almost everyone agrees that labor markets need to be liberalized, the social security system needs to be reformed, and taxation on employment needs to be reduced. It would be best to reduce government expenditures and taxes on employment at the same time. That would stimulate the economy and open the way to a more thoroughgoing reform of the social security system, including an increase in the retirement age as a second step. French President Jacques Chirac should have insisted on such a policy after his election in May 1995, and Kohl ought to adopt one now, as he is trying to put together an economic reform package. But neither is following this path because the Maastricht criteria constrain them: any tax cuts would increase the budget deficit in 1997, the benchmark year under the treaty. It is therefore very unlikely that Europe will see any effective policies to reduce unemployment before the common currency's introduction.

In all likelihood the euro will be introduced in 1999 as specified in the timetable, for the simple mason that Kohl is determined to introduce it and has the political ability to make it happen. His mandate in the March 24 elections in Baden-Wurttemberg state is likely to carry him through 1999, but he cannot afford any delay. Even the Bundesbank has no stomach for resistance, largely because it now realizes that its present policies have led Germany into a deep recession from which there is no easy way out. But this creates a dangerous situation. People will direct all their anger and resentment over unemployment at the single currency. There may well be a political revolt -- particularly in France, notorious for such rebellions -- and it would likely take a nationalistic, anti-European direction.

The danger could be averted, but that would require the German and French governments to flout the Maastricht criteria; to be effective, they should do so in tandem. There is nothing in the Maastricht Treaty to prevent a modification of criteria for admission to the new currency regime. And recall that the criteria apply only at the time of admission; afterward, the treaty calls for the coordination of fiscal policies, with penalties for those who violate the rules, but the rules are left to be worked out. Why not start with a coordinated stimulus program right now? The beneficial effects, if such a policy is introduced now, are sure to be felt by 1998, so that the euro would make its appearance against the background of an improving economy.

If leaders wait to try to reduce unemployment until after the currency's introduction, it may be too late, especially if it turns out that the governments are unable to coordinate their fiscal policies. The EU may fall victim to economic orthodoxy, beloved of central bankers, who will wield great influence in the new arrangements. Here too there are disturbing echoes of the interwar period, when, in Keynes' words, the economy of Great Britain was sacrificed on the altar of the gold standard.

The economy is too important to leave to central bankers. With exchange rates permanently fixed and monetary policy under the European central banks control, national governments will have few policy instruments at their disposal. If they follow diverging fiscal policies, the monetary union could be endangered by individual governments' pursuit of irresponsible courses. That is why Maastricht set limits on government deficits and the accumulation of government debt. But if those limits are fixed in advance and forever, governments have no room for maneuver.

Economies need to be managed, and economies tied together by a common currency also need a common fiscal policy. The Maastricht Treaty sidestepped that issue by fixing only the entry requirements. But if the governments involved cannot take concerted steps now to combat unemployment, it is doubtful they will be able to do so later. In that case, it may be better not to have a common currency at all because mounting popular discontent would likely sweep away present policies, including the single currency.

POLITICS AMONG NATIONS

The second and third pillars of Maastricht -- a common foreign and security policy and a common justice and internal policy -- have barely begun to function because they have been left to an intergovernmental process and governments always put their own interests ahead of any common interest. Where member countries have delegated their sovereignty by treaty, namely in the Common Market, the arrangements have been effective. But on the second and third pillars of Maastricht there has been little delegation of sovereignty, and cooperation between the member governments does not work. As for EU enlargement, the Inter-Governmental Conference, which Maastricht set up to handle the issue, instructing it to begin a preparatory review this year, has made little progress. And even with the new Europe's first pillar -- economics -- leaving common fiscal policy to the intergovernmental process may endanger the arrangements for a common currency.

As currently constituted, the European Union's structure is part of the problem. The Eu consists of a central bureaucracy, the European Commission, which is responsible to 15 national bureaucracies and so multiplies the sins of national bureaucracies by a factor of 15. There is a Council of Ministers, where foreign ministers or their deputies represent the national interests of the constituent states. And there is a directly elected European Parliament, which has practically no powers. The net result is an almost complete absence of a common policy and a rising inability to reconcile conflicting interests.

Consider enlargement. The countries of Central and East Europe desperately need to get closer to the European Union. Although communism is well and truly dead, the patterns of thought and behavior learned in a closed society linger, and the institutions and attitudes of an open society are not yet firmly established. Without the prospect of joining the open society of Europe, the countries of the region could fall back on the kinds of arrangements they are familiar with. Since communism is no longer acceptable, they are liable to turn to some form of nationalism. For people to mobilize behind a nationalist cause, the nation must be endangered. If there is no real threat, one must be invented, but there are plenty of genuine grievances to exploit in Central and East Europe because the communist system suppressed all ethnic and nationalist aspirations. Yugoslavia is a case in point.

The way things are going, the terms of admission for formerly communist states will not be decided on before the end of the century. Since it is almost impossible for the Inter-Governmental Conference to make headway working with the present British government, it will probably have to await the outcome of British elections, likely to take place around next April; the conference would then not finish before the end of 1997. Preparations for the introduction of the single currency will consume 1998, so negotiations on the admission of new members will probably start in earnest only in 1999.

Regrettably, the enlargement of NATO is likely to proceed more rapidly. The problems of Central and East Europe require political integration and economic prosperity, not the extension of military alliances. The countries of the region need political, moral, and economic assurance that they are indeed part of the

West and the world of open societies. To give them armies and military alliances instead misconstrues the threat. In fact, the expansion of NATO can easily turn into a self-fulfilling prophecy, generating the very dangers against which it is meant to defend.

Enlargement of the EU last year to 15 members has already made the intergovernmental process more unwieldy, and further enlargement will render it completely unworkable. Take only one example. The presidency rotates among the member nations every six months. After enlargement there could be several years in succession when tiny countries like Luxembourg and Malta hold the presidency; voting rights will have to be modified, because if individual countries or a small group of countries can exercise a veto, reaching any decision will be difficult. But it is also hard for a country to relinquish its sovereign rights to a collection of other countries knowing that those countries are guided by their own interests, not by any common interest.

The Inter-Governmental Conference mechanism entrusts the solution of these problems to the parties responsible for creating them -- namely, the member governments. What ought to happen in the EU is for decision-making power to be taken away from the governments. After all, sovereignty rests with the people. Any further delegation of sovereignty should come directly from them, not through the governments. And the EU, as a truly supranational authority, ought in turn to be accountable to the elected representatives of the people rather than to the constituent governments.

There is a Catch-22. People have lost their trust in European institutions because of the way those institutions work. They are less willing to delegate sovereignty, even if that might make the institutions more effective. One might hope for a major reform initiative from the European Parliament, but that body is not accustomed to taking the initiative. One might hope for greater public participation and public debate, but the issues confronting the Inter-Governmental Conference are highly technical and its deliberations are private.

The European Union has the potential to become the prototype of an open society. That is what makes it so desirable, so attractive as an ideal, particularly for the people of Central and East Europe. Open societies are based on the recognition that human understanding is imperfect and all constructs and institutions are flawed to a greater or lesser degree. But the Union has been shaped by bureaucrats, particularly French bureaucrats, and they are not known for their humility. They, better than most, recognize the deficiencies of institutions, which is why they are anxious to impose rigid conditions and a rigid timetable -- so that the institutions should move forward, however deficient they are. This method has been effective; starting with the European Coal and Steel Community, bureaucrats with vision have used it to build the European Union brick by brick. But in the effort to meet deadlines and conditions, the basic tenet of open society -- that there are bound to be flaws in the design -- has gotten lost.

THE END OF THE CIRCLE

It is possible to fix the exact date when the vicious circle of bureaucratic rigidity and public disaffection began: November 9, 1989, the day the Berlin Wall fell. Until then, the European Community bureaucracy could cope reasonably well. For instance, it set a target well in advance for the integration of financial markets in 1992, and the operation was a great success. But the events in Berlin pushed Europe from near-equilibrium into a state of dynamic disequilibrium. It was the triumph of open society over totalitarian ideology. This revolutionary change should have sparked a revolutionary response. But the governments and people of Europe failed to rise to the occasion. Germany was willing to pay for the reintegration of East Germany -- indeed, it paid too much -- but the rest of Europe was not. And Europeans were certainly not prepared to make any sacrifice to help the newly independent countries of the Soviet empire make the transition to an open society. If they had been, it would have united Europe in a way the common currency never will.

Matters were left in the hands of bureaucrats, and bureaucrats are notorious for their incapacity to handle revolutionary change. European integration entered a phase resembling the boom-bust so often observed in financial markets. The boom manifested itself in the Maastricht Treaty, and the turning point came half a year later with the treaty's narrow defeat in the June 1992 Danish referendum. Europe could have rallied to the cause, but instead the Danish defeat led to the breakdown of the European Exchange Rate Mechanism that September. Europe has been disintegrating ever since.

The trend toward disintegration, however, may be ready to be reversed. The first sign was the Baden-Wurttemberg elections in March. Six months ago I would have bet that the introduction of the single currency would be delayed and perhaps deferred indefinitely. I am now willing to bet it will take place on time, even if the convergence criteria have to be modified. A more stable and strongly proEuropean government has come to power in Italy, and a Labour government in Britain may soon play a more constructive role in Europe. More important, there is a widespread feeling that the disintegration of Europe has gone far enough. People have been profoundly affected by the tragedy of Bosnia. That is a sentiment on which it is possible to build.

The bureaucratic method of building an integrated Europe has exhausted its potential. The Inter-Governmental Conference should convene a Constitutional Assembly; the people of Europe should be mobilized to bring that about. A Constitutional Assembly would not be empowered to appropriate further slices of national sovereignty without first obtaining the approval of each of the member countries. The new constitution would come into effect only after, say, three-quarters of the national parliaments approved it; in those court tries that rejected it, it would be submitted to a referendum. There would be no delegation of powers without authorization. But the Constitutional Assembly would be able to resolve the problems the Inter-Governmental Conference cannot resolve, and engage the people of Europe in the process. Only a bold measure, clarifying the nature and identity of the European Union, can stop the gradual disintegration of Europe and prevent a return to the conditions prevailing between the world wars.

GRAPHIC: Photos 1 and 2, A taste of the single currency: euro coin specially minted for a test run in France this year. REUTERS/ARCHIVE

LANGUAGE: ENGLISH

LOAD-DATE: August 26, 1996

6TH STORY of Focus printed in FULL format.

The New York Times

January 15, 1996, Monday, Late Edition - Final

SECTION: Section D; Page 6; Column 1; Business/Financial Desk

LENGTH: 301 words

HEADLINE: Soros Plans to Finance Project To Develop Internet in Russia

BYLINE: AP

DATELINE: MOSCOW, Jan. 14

BODY:

George Soros, the financier, announced plans today to finance a new project for developing the Internet in Russia, and also said he would begin investing selectively here again after pulling out of most of his holdings in 1994.

Despite his renewed interest in Russia, Mr. Soros also warned at a news conference that he considered Russia's investment situation "extremely precarious" ahead of presidential elections in June.

Mr. Soros said last month he was cautiously investing in Russia again. He said the potential rewards were so great that they justified the considerable risk but he would not say which sectors he was interested in, nor how much money he was investing.

He said his philanthropic budget for Russia in 1996 would total about $22 million.

The $1.5 million Internet plan would link hospitals, museums, schools and scientific institutes across Russia to the global computer network. Several Russian computer networks already offer Internet access, but use is limited outside major cities.

Mr. Soros's International Science Foundation has already invested $800 million in telecommunications development in Moscow, Novosibirsk and Yaroslavl.

The return by Mr. Soros to the Russian market is seen as a lift for reformers, who are struggling in the face of a resurgent Communist Party and a wave of nationalist sentiment which has pushed many Western investors away.

But Mr. Soros cautioned that a Communist presidential victory could make him again reconsider his Russian investments.

"It will become very difficult to function" if Russia returns to a "Bolshevik" system of government, Mr. Soros said.

"I don't share the opinions of those who are sanguine about the elections," he said. "If there is a change in president, there could be a substantial change

in Russia."
LANGUAGE: ENGLISH

LOAD-DATE: January 15, 1996

LEVEL 1 - 13 OF 52 STORIES

The Washington Post

July 16, 1995, Sunday, Final Edition

SECTION: OP-ED; Pg. C07

LENGTH: 1001 words

HEADLINE: This Is the Moment of Truth

BYLINE: George Soros

BODY:

What is at stake now is not just Bosnia but the future of the Western alliance.

U.N. intervention in Bosnia has been a dismal failure. It was driven by two contradictory impulses. One was not to be seen doing nothing when the horrors of ethnic cleansing were revealed on television; the other was to avoid military intervention at all costs. The solution, devised by clever British diplomats, was to introduce U.N. peacekeepers where there was no peace to keep. Their mission was to deliver humanitarian aid to the civilian population, but their function was to serve as hostages to prevent Western military action.

The mission was impossible to carry out because assaulting the civilian population is an essential part of the Bosnian Serbs' military strategy. They manipulated UNPROFOR much as Nazi Germany used KAPOs in the concentration camps. Having to maintain a neutral stance in the midst of continuous aggression against the civilian population was an humiliating and debilitating experience for the U.N. troops and for the United Nations itself. When finally the United Nations called for NATO air strikes, its troops were taken hostage, fulfilling their original purpose.

The only success the United Nations could claim is that it helped keep most of the civilian population alive in the so-called "safe havens" through two long winters, but the claim is somewhat hollow. The eastern enclaves -- Gorazde, Zepa and Srebrenica -- were rendered militarily indefensible, and Bihac was not resupplied at all, inducing the Bosnians to embark on their ill-fated attempt to break the siege. Sarajevo airport has been closed by Serbian forces at will, and recently all supplies had to go by a land route kept open by the Bosnian army.

I have been actively involved in keeping Sarajevo alive through my $ 50 million gift in December 1992 and subsequent donations. The only supply of water and electricity currently available in Sarajevo was installed by Fred Cuny, our disaster expert who is now missing in Chechnya.

President Clinton was right in dissociating the United States from the policies pursued by our European allies and looking for an alternative approach, although he allowed himself to be dissuaded much too easily when he was told that Bosnia is a European problem. He also did the right thing when he promised U.S. assistance through NATO for extricating the peacekeepers if and when it became necessary.

Now that Srebrenica has been overrun and ethnically cleansed, the moment of truth has arrived. French President Chirac, the only Western statesman who bears no responsibility for the present state of affairs, is ready to face the truth. He is prepared to defend militarily the remaining "safe areas" and lift the siege of Sarajevo. He is calling for British and French ground troops and for essential U.S. helicopter airlift, air cover and logistic support. The alternative is French withdrawal and collapse of the U.N. mission. Now that he has put a specific action plan on the table, there is no reason to doubt his word.

There is a clear rift between the French and the British. The British are sticking with the failed policy they initiated. President Clinton has the power to determine which course prevails. By prevaricating, he is in effect siding with the British.

President Clinton should seize the opportunity to endorse the French initiative, tell Prime Minister John Major that he is doing so and ask for congressional approval. Congress, which has been trying to help the Bosnians protect themselves by lifting of the arms embargo on Bosnia, should be sympathetic to the president's request. Public opinion, which has been lulled into passivity, cannot fail to be aroused by the latest atrocities.

On the other hand, if President Clinton continues to prevaricate, the French will withdraw, triggering the American commitment to put ground troops into Bosnia. This course would risk many more American lives than would supporting President Chirac's initiative. For the president to renege on that obligation would deal a fatal blow to NATO and U.S. credibility. Either way, Sen. Dole's criticism of President Clinton's stance on Bosnia would be fully justified.

Firm action at this juncture could still reverse the outcome of the Bosnian conflict. In terms of manpower and motivation, the Bosnian government troops already have the upper hand. There are only some 600,000 people left in Serb-occupied territory out of the 1.5 million Serbs who lived in Bosnia before the war. By contrast, there are more than 2 million people in Bosnian government-controlled territory, of which some 150,000 are Serbs. The Serbian side has scored military victories only because it used heavy weapons, supplied by the Yugoslav army, to attack civilians in the U.N.-designated "safe areas." Bosnian Serb forces may be able to cause a collapse of the Bosnian government by driving a horde of refugees in front of them. But if they are stopped now and the arms embargo is lifted, time will work against them, and they know it. They will have to settle or lose.

Assisting the French would risk American lives, but avoiding loss of life at any price is not a viable policy, as Bosnia amply demonstrates. Already more U.N. troops have died in Bosnia than in the Persian Gulf War. How much better to provide aerial and logistic support for an action that may succeed than to provide ground troops for withdrawal after defeat.

What is at stake now is not just Bosnia but the future of the Western alliance. President Chirac is right in drawing a parallel with the appeasement of Hitler in the 1930s. Failure in Bosnia would encourage aggressors just as the failure of the League of Nations in Abyssinia did in the run-up to the Second World War. President Clinton is facing the most critical test of his presidency.

The writer, an international financier and philanthropist, donated $ 50 million in 1992 to assist the humanitarian aid situation in Bosnia.

GRAPHIC: Photo, ap

LANGUAGE: ENGLISH

COUNTRY: BOSNIA & HERZEGOVINA;

LOAD-DATE: July 16, 1995

The Washington Post

July 7, 1989, Friday, Final Edition

SECTION: EDITORIAL; PAGE A17

LENGTH: 928 words

HEADLINE: How to Help Poland

BYLINE: George Soros

BODY:

When the heads of state meet in Paris later this month, they will have Poland on the agenda. It will be one item out of many, and there is a danger that they will miss an opportunity that comes along only once in a great while.

Poland is at a critical juncture, both politically and economically. The conflict between the Communist state and the civil society which had kept the country paralyzed for the past decade has been superseded by a social contract. Free elections were held, in which the Communists were decisively rejected, but in accordance with the contract, Solidarity has only 35 percent of the Sejm and does not control the government. The leadership on both sides has to contend with hardliners in their own parties as well as general disaffection among the population. They must produce positive results in the economy so that the peaceful transition to a democratic form of government may endure. Both sides have entered into their historic compromise in the firm expectation that the West will help in engineering an economic turnaround.

After a decade of paralysis, the economy is extremely run down; and after the wage concessions of the past year, inflation is spinning out of control. The rise in prices can be expected to exceed 300 percent in the next 12 months, and if the free market rate of the dollar is any guide, hyperinflation is just around the corner. Moreover, the external debt has continued to accumulate and now approaches $ 40 billion. Around three-quarters of this amount is due to official creditors represented by the Paris Club and one-quarter to the commercial banks, represented by the London Club. The disparity has arisen because Poland has paid the interest on its commercial debt in full while paying practically nothing to the Paris Club. This has caused considerable resentment among Treasury officials who are in charge of the Paris Club, while it has kept the free market price of the bank debt, currently around 38 percent, higher than it would be otherwise.

The dire economic situation has a positive aspect; it would not need a great deal of resources to turn it around. At the current free market rate of exchange, the budget deficit, which is the engine of inflation, is in the region of $ 1 billion. Existing economic structures have become so dysfunctional that there would be little resistance to a complete restructuring of the economy. Moreover, both the government and Solidarity are not only receptive but positively eager for radical change. A trade union agitating for a return to capitalism sounds unbelievable to Western ears; yet that is the case in Poland today. A moment's reflection will show that a solvent employer is in the best interests of the employee -- especially in Poland, where the state is both morally and financially bankrupt.

The stage is set for a radical new departure. Both sides in Poland are ready for it, but the Western governments seem to lack the vision that would make it possible. There is no need for a large infusion of money -- the amounts involved are relatively modest and become quite insignificant when considered in the context of our defense spending. What is needed is Western engagement in the Polish reform process and a commitment to see it through to a successful conclusion. This is a case where outside involvement is necessary to bring about internal reform because only an external obligation can justify the dislocations that a radical reform would entail. That has been the mechanism driving the European Common Market. In the case of Poland, the external obligation is readily at hand: the international debt.

I have proposed a kind of macro-economic debt: an equity conversion program in which Polish state enterprises would be converted into joint stock companies and a portion of the shares would be used as one of the elements in a debt reorganization scheme. This long-term restructuring of the Polish economy and of the Polish debt would be combined with a short-term monetary stabilization program in which the International Monetary Fund and the World Bank would play their roles.

My proposal was received enthusiastically in Poland -- both the government and the economic experts of Solidarity have endorsed it -- but it encountered a much more reserved attitude among Western officials. Many of the objections can be ascribed to bureaucratic caution -- the IMF finds the situation in Poland too chaotic for initiating a program, and most governments seem to prefer a step-by-step approach, extending all aid short of help. But there is one objection that I must acknowledge as substantive: any debt reorganization scheme that disturbs the status quo of the Paris Club debt creates a precedent that could be used by other countries. The problem can be delayed because the actual debt reorganization would not take place for at least three years, but it cannot be avoided forever. The question arises whether the Western governments should avoid doing something real in order to preserve a fiction: nobody can claim the Polish debt is worth 100 cents on the dollar. In any case, there is much more at stake than just the debt. There has been no instance yet of successful economic reform in a Communist country; success in Poland would influence the entire region.

It is to be hoped that heads of state can put matters into the right perspective and hand down the appropriate instructions to their bureaucracies. The writer is president of Soros Fund Management. His firm has funds in Hungary, Poland and the Soviet Union.

GRAPHIC: PHOTO, GEN. WOJCIECH JARUZELSKI AND LECH WALESA AT THE OPENING OF THE NEW POLISH SENATE THIS WEEK. AP

LANGUAGE: ENGLISH

file Soros

LISA QUINONEZ / BLACK STAR

The Hungarian-born financier and philanthropist George Soros on his decision to expand his charitable work in the United States: "In Eastern Europe we were blazing the trail. Here we are joining the pack."

Soros Goes West

The philanthropist looks beyond Eastern Europe to help fight the social ills of the United States

By PAUL DEMKO

NEW YORK

AFTER more than a decade of pouring billions into Central and Eastern Europe, where few donors have ventured, George Soros is joining the pack of foundation benefactors in his adopted homeland—the United States.

The Hungarian-born financier, who has said that he indulges his "messianic fantasies in giving away money," wants to deal with what he sees as some of the most serious social ills of this country, such as crime, bad schools, and teen-age pregnancy.

Since 1979, when Mr. Soros began to give college scholarships to black students in South Africa, he has established a loosely linked network of autonomous foundations in 25 countries, with projects ranging from rewriting textbooks for schoolchildren in Russia to training investigative journalists in Hungary. Last year alone his philanthropies gave away more than $350-million—more than any other single foundation in the country.

Less than $5-million of that money went to programs focused on the United States, however. Run out of his foundation here, the Open Society Institute–New York, Mr. Soros's domestic programs were focused entirely on the improvement of care for the dying and on alternatives to U.S. drug policies.

Now Mr. Soros, whose net worth is more than $1-billion according to *Forbes* magazine, says he will spend as much as he feels is necessary to make a significant difference domestically. He has not stated how much he will give to American charities, but he has pledged that the bulk of his fortune will be used for philanthropic purposes, here and abroad.

To oversee his giving in this country, Mr. Soros has hired Gara LaMarche, former associate director of Human Rights Watch in New York. Their first major effort will be the Center on Crime, Communities and Culture, which will attempt to reduce crime and promote alternatives to incarceration.

'Plenty That Needs to Be Done Here'

Mr. Soros says he decided to expand his work domestically when he became frustrated by what he sees as the United States' failure to help the countries of Eastern and Central Europe make the transition to new forms of government and to new economic systems. His says his annoyance led him to reflect on the problems in this country.

"There is plenty that needs to be done here," he says.

But his new grant-making work in the United

Continued on Page 10

George Soros Expands His Philanthropic Efforts in the United States

Continued from Page 9

States will not lead him to scale back his efforts in other parts of the world, he says. In fact, his Project on an Open Society in Central Eurasia recently established centers in five new countries.

'Not in a Unique Position'

From his 33rd-floor office here—where down below, Central Park looks no larger than a back yard—Mr. Soros says not to expect the pioneering ways that marked his philanthropic ventures as the Soviet Union crumbled.

"I felt that I had a greater contribution to make in former Communist countries because I was in a unique position," Mr. Soros says. "In the United States I'm not in a unique position. I'm just one of the many players, and I think our activities will be less unique. It's going to be more of a regular foundation, comparable to other foundations."

He adds: "In Eastern Europe we were blazing the trail. Here we are joining the pack."

Kevin F. F. Quigley, a former Pew Charitable Trusts official who has studied philanthropy in Eastern Europe, says that, largely due to Mr. Soros's involvement, foundations have played an unprecedented role in assisting Eastern and Central Europe since the collapse of the Soviet Union.

"He's viewed as having more clout than Secretary of State Warren Christopher in the region," says Mr. Quigley, a guest scholar at the Woodrow Wilson International Center for Scholars in Washington.

JOHN ABBOTT, FOR THE CHRONICLE

Nancy Mahon, who runs George Soros's new Center on Crime, Communities and Culture, says 1.6 million people are in prison or jail in the United States: "Before we in 10 years look around and realize that we should not have done this, we need to take stock."

A Good Precedent

Susan V. Berresford, president of the Ford Foundation in New York, says Mr. Soros's accomplishments in Eastern and Central Europe bode well for what he can achieve domestically. "He's built new institutions," she says. "He's supported the voices of innovative people trying to improve their societies, and he's helped create a tradition of philanthropy in the civil sector where it didn't exist before."

The Center on Crime, Communities and Culture, along with all of Mr. Soros's domestic programs, will be administered through the Open Society Institute–New York. The center has just completed its first round of grants, a total of more than $1-million to more than two dozen groups. (See list below.)

Wide Range of Interests

But Mr. Soros's interests are in no way limited to crime prevention. In keeping with his philanthropy around the world, he hopes to start programs in a wide range of areas in the United States. Among them:

▶ Public schools, particularly in the inner cities. Mr. Soros is especially interested in efforts that bolster training in science and technology, provide students with better access to arts programs, and get parents more involved in their children's education.

▶ Teen-age pregnancy and reproductive rights. Mr. Soros hopes to reduce the rate of teen-age pregnancy and encourage sexual responsibility in men and boys. He also wants to support programs that further abortion rights and increase access to birth-control devices.

▶ Electoral politics. The Open Society Institute plans to make grants and study ways to change how political campaigns are financed so that people who are not wealthy and who do not receive large corporate or individual contributions can have more success in winning elected office. In addition, it will back efforts to encourage more people to vote.

The institute also plans to help cultural organizations build audiences, particularly in poor inner-city and rural neighborhoods. And it will aid young artists.

"We're not going to just give a lot of money to big arts institutions like the Metropolitan Museum or Lincoln Center," Mr. LaMarche says. "We're going to look for places where we can make a difference."

Grants in the areas of law, medicine, and journalism are also being planned. Mr. Soros hopes to encourage lawyers and doctors to pursue careers that serve the public, such as providing legal services or medical treatment for poor people. He also hopes to encourage more people from minority groups to pursue careers in the press.

Mr. LaMarche cautions that although the institute has laid out those broad areas as grant-making priorities, exactly where and how the money will be distributed is yet to be decided. "With respect to some of the big items—education, arts and culture—there are choices to be made," he says. "We're going to have to define our goals a little more precisely. All we've really done at this point is identify the questions."

Fellowships for Scholars

To further examine the questions and get help developing grant programs and other projects, the Open Society Institute has started a fellowship program that will support scholars for up to 18 months.

Aryeh Neier, president of the Open Society Institute–New York, says the foundation's domestic agenda could change in response to new conditions. One example he gives is the new welfare law, which will transfer much of the responsi-

Continued on Page 12

As Soros Expands Grant Making in the U.S., His Anti-Crime Project Makes Its First Grants

George Soros, the philanthropist and financier who has given billions to charities abroad, has announced that he plans to step up his giving in the United States.

His most recent project is the Center on Crime, Communities and Culture, which will support programs to reduce crime and promote alternatives to incarceration.

$1-Million in Grants

The center has just announced its first round of grants, a total of more than $1-million to more than two dozen groups. Among the projects:

▶ A program to help former woman prisoners find housing and get other help so they can be re-united with their children ($75,000 to the Women's Prison Association and Home in New York).

▶ A residential facility that offers such services as job placement and English-language instruction to first-time, non-violent offenders ($56,000 to Abraham House, Bronx, N.Y.).

▶ The establishment of the Work Apprenticeship Program, an alternative to incarceration that will provide job training to academically promising young people who have committed felonies ($51,900 challenge grant to the Center for Alternative Sentencing and Employment Services, New York).

▶ A program that helps children cope after their fathers have been sent to jail ($50,000 to the Osborne Association, New York).

▶ Development of a national violence-prevention movement involving advocacy and public-education efforts ($50,000 to the National Funding Collaborative on Violence Prevention, Washington).

▶ Expansion of a program that teaches medical students to treat mentally ill inmates and that trains law students about the needs of mentally ill defendants ($44,000 to the Summit County Sheriff's Office, Akron, Ohio).

▶ The development of literature to be distributed to prisoners and their families in eight states so they can get advice on a wide range of issues, such as how to maintain family ties during incarceration ($41,704 to Citizens United for the Rehabilitation of Errants, Kalamazoo, Mich.).

▶ A project to prevent prisoners or former inmates from contracting AIDS and to provide people who have the disease with direct services and other help, ($40,000 to the New York City AIDS Fund).

The Center on Crime, Communities and Culture is administered by Mr. Soros's foundation, Open Society Institute–New York. For more information, send inquiries to the foundation at 888 Seventh Avenue, New York 10106; e-mail: *cccc@sorosny.org*. The foundation's World-Wide Web address is *http://www.soros.org*

George Soros Expands His Giving to Tackle Social Ills Plaguing the United States

Continued from Page 10

bility for taking care of the poor from the federal government to the states.

"Should we support efforts to monitor how states go about assistance to the poor in the period ahead?" Mr. Neier asks. "Should we monitor who falls through the cracks and what the consequences are for American society? We haven't decided to do anything along those lines, but we're thinking about it."

If Mr. Soros's operations elsewhere are any indication, his grant making in America could be considerable. He has pledged or given the Central European University in Budapest a total of more than $250-million since he founded it in 1989. The International Science Foundation in Moscow has received $115-million to provide grants for scientists in the former Soviet Union.

More People in Jail

The institute's new Center on Crime, Communities and Culture provides an illustration of what some of Mr. Soros's other domestic programs could look like. Grants will generally range from $5,000 to $50,000, and the center hopes to support everything from training for prison guards to programs that look at the impact of film and television on violence.

The project will focus on the consequences of having a growing number of Americans in prisons and jails, on civil rights for both prisoners and victims of crime, and on children who are at risk of becoming criminals.

"When you have such a large population incarcerated," Mr. Soros says, "One has to question the policy that leads to that."

Nancy Mahon, a former director of research, policy, and planning at the Osborne Association in New York, which provides services to prisoners and their families, has been hired to run the center.

She points out that 1.6 million people in the United States are in prison or jail—triple the number that were incarcerated just 15 years ago.

"Before we in 10 years look around and realize that we should not have done this," Ms. Mahon says, "we need to take stock."

Approach to Crime Issue

The institute is taking a broad approach to the crime issue. The first round of grants includes $44,000 for a program in Akron, Ohio, that trains medical students to treat mentally ill inmates, as well as $41,700 for a group in Kalamazoo, Mich., that produces literature for prisoners and their families on topics such as maintaining family ties while incarcerated.

The center will also offer full scholarships to students who are interested in criminal justice. Two students at the New York University School of Law will be the first recipients, but the program will eventually be expanded to cover such other professions as economics and psychology.

"Soros is showing real leadership in funding this area," says Ann L. Jacobs, executive director of the Women's Prison Association and Home in New York, which received one of the initial grants from the center. "The fact is that most foundations won't touch it with a fork." Less than 2 per cent of grant dollars goes to crime-and-justice projects, according to a 1991 report, the latest available.

Indeed, the list of foundations that make grants dealing with criminal justice is a short one. The Edna McConnell Clark Foundation in New York, which has devoted about 20 per cent of its grant money to criminal-justice programs for more than 18 years, is deciding whether to continue spending on such efforts. The Z. Smith Reynolds Foundation in Winston-Salem, N.C., which focused for 12 years on alternatives to incarceration in the state, dropped its program in 1992 to spend more on crime-prevention projects.

> **"In the United States I'm not in a unique position. I'm just one of the many players, and I think our activities will be less unique."**

The lack of attention to criminal justice by grant makers could change because of Mr. Soros's work, some experts say.

"When you have somebody the magnitude of George Soros getting involved in this area, it will bring people in and give them the cover they need to participate," says Leonard N. Berman, a program officer at the Public Welfare Foundation—long one of the biggest grant makers in the criminal-justice field. "It acknowledges that it's 'okay' and it's 'safe' to get involved in criminal-justice funding."

Contempt for Playing It Safe

Over the years, Mr. Soros has not bothered to hide his contempt for foundations that play it safe. He has railed against the biggest foundations in the United States, charging that they are laden with bureaucracy and are unwilling to be self-critical.

But even as he ticks off the problems he has with large foundations, Mr. Soros concedes that the institute here—which has ballooned from just 64 employees in 1994 to more than 160 today—has become a bit bureaucratic itself.

And Mr. Soros, who is 66, now says he expects his foundations to last around 10 years beyond his own death—despite years of stating that they would die with him lest they stray from his original intentions.

While he worries about how the domestic programs will develop, Mr. Soros says he wants them to be run without much oversight by him.

"I am off the line of the actual decision making in my business and I want to get off the line of the decision making in the foundation as well," he says. "I want to create an organization that can function without me. In the business I have achieved that. In the foundation I am on my way."

IN BRIEF: GIVING

Farrakhan Denied Big Gift From Libya

The Nation of Islam and its leader, Louis Farrakhan, have been barred by the United States from receiving a $1-billion gift and a $250,000 award from the government of Libya.

In denying the request last week, the U.S. Treasury Department said that financial transactions between the Libyan government and citizens of the United States are unlawful because Libya is on the government's list of nations that sponsor international terrorism. The denial said that the prohibition applies to charitable and religious gifts.

The $1-billion had been pledged to the Nation of Islam by Libyan leader Col. Muammar el-Qaddafi earlier this year. The $250,000 represents a human-rights award to Mr. Farrakhan.

Mr. Farrakhan's organization submitted its request to the U.S. government last month. According to the application, the money would have been used in part to create a National Development Fund "to encourage and enable black people to build homes and factories and businesses, to provide jobs and hope, to make inner-city deserts bloom."

N.C. Legislation May Stimulate Giving

The North Carolina General Assembly last month approved legislation intended to increase charitable giving.

Under the new law, which takes effect January 1:

► Businesses will no longer have to pay sales taxes on donatec goods and merchandise.

► Residents who opt for th standard deduction on their tax re turns can get a 2.75-per-cent ta credit on donations exceeding 2 pe cent of their adjusted gross income

Kate McGuire, program directo at the North Carolina Center fc Nonprofits, said that althoug many companies were unaware c the sales tax, it was a disincentiv for those that did know about it.

Because 71 per cent of Nort Carolinians do not itemize the deductions, she said, the tax cred also has the potential to stimulate giving, even though the incentiv is small. Someone with an adjuste gross income of $10,000 who gav $500 to charity, for example, woul receive a credit of $8.25.

Briefly Noted

The Washington Legal Founda tion, a conservative think tank will provide free legal advice t people who want to create founda tions that "promote free ente prise, limited and accountable go ernment, entrepreneurial spiri patriotism, or similar principles For more information, contac Daniel Popeo, Chairman and Ger eral Counsel, Washington Lega Foundation, 2009 Massachuset Avenue, N.W., Washington 2003 (202) 588-0302. . . . Macy's West starting a new grant program fc AIDS charities. About 10 per cent the profits from the San Francisco-based department-store chain's ar nual Passport fashion show ar fund raiser will be distributed groups in Arizona, California, N vada and Texas, as well as in th cities of Minneapolis, St. Paul, ar Albuquerque, N.M. For more i formation, call (800) 287-7426.

3 Universities Get Large Donations; Other Recent Gifts

Three universities have received big gifts:

► Louisiana State University in Baton Rouge has been given $15-million by E. J. Ourso, a Louisiana businessman and an alumnus.

► Syracuse University in New York has received $12-million from the estate of Ruth Freeman Meyer of New York City, a 1924 alumna.

► Bradley University in Peoria, Ill., has won $10-million from Henry P. Slane, retired chief executive officer of the *Peoria Journal Star*.

Mr. Ourso, who founded Security Industrial Insurance in Donaldsonville, La., and who ran funeral homes and cemeteries, earmarked his gift for Louisiana State's business school. The university renamed the graduate school the E. J. Ourso College of Business Administration.

Mr. Ourso asked that the money be used to create endowed professorships, scholarships, and the Marjory B. Ourso Center for Excellence in Teaching (named for Mr. Ourso's wife).

Mrs. Meyer, who died in February at age 93, was a long-time donor to Syracuse, creating the university's largest scholarship fund, worth $1.9-million. Mrs. Meyer—the widow of Herbert Meyer, former president of Interboro News Company and a 1924 graduate of Syracuse's business school—specified that half of the estate gift be put into her scholarship fund and that half be used as the university saw fit. The university said it would put the money toward its $300-million "Commitment to Learning" campaign, to raise money for academic programs and faculty members.

Mr. Slane, a Yale University graduate, said Bradley could use his gift in any way it saw fit. The university said it would use part of the money to support its communications and fine-arts college, which has been renamed the Henry Pindell Slane College of Communications and Fine Arts. Another portion of the money would be used to endow a communications-technology fund, a professorship, and scholarships for financially needy students—all in Mr. Slane's name.

Other recent gifts:

Alexandria Hospital (Va.): $1,000,000 from Hubert Hoffman of Alexandria, a real-estate developer, to renovate and expand the emergency department, where his son had emergency brain surgery two years ago.

American School of Classical Studies at Athens (Greece): $1,500,000 from an anonymous donor for graduate fellowships.

Armstrong State College (Ga.): $1,300,000 bequest from the estate of Eleanor Boyd of Savannah, Ga., a music teacher, for scholarships for women.

Benedictine College (Kan.): $2,000,000 from Bud and Richard Cray of Atchison, Kan., and Kansas City, Mo., respectively, whose late father, Cloud, founded Midwest Grain Products, for a new center in entrepreneurial studies.

Centre College (Ky.): $1,600,000 bequest from the estate of E. Golladay LaMotte of Hopkinsville, Ky., a farmer, for scholarships and dormitory improvements.

Cornell U. (N.Y.): $1,000,000 from Theodore W. Kheel of New York, a lawyer and arbitrator, for the Center for Labor Management Documentation and Archives at the School of Industrial and Labor Relations.

Indiana U. at South Bend: $1,200,000 from Darwin Wiekamp of Mishawaka, Ind., chief executive officer of Valley American Bank and Trust Company, and his wife, Dorothy, to equip a new classroom building.

Middle Tennessee State U.: $3,634,839 bequest from the estate of John Miller of Lewisburg, Tenn., a highway developer, and his wife, Mary, to endow chairs in equine reproductive physiology and in equine health.

Nova Southeastern U. (Fla.): $2,500,000 bequest from the estate of Maurine Weir of Pompano Beach, Fla., co-founder of American Finance Systems, to endow the Ralph J. Baudhuin O School, which serves children w learning disorders.

Springfield Library & Museums Associat (Ill.): $1,000,000 from Audrey Geise La Jolla, Cal., widow of the aut Theodor Seuss Geisel, to build the D Seuss memorial at a square shared four museums.

Stanford U. (Cal.): $3,000,000 from Pet B. Dooley, founder of Paget Leasing San Francisco, and his wife, Linda establish a trust for the research gram of the Hoover Institution.

Tennessee Technological U.: $1,0 life-insurance policy from Robert son of Albertville, Ala., a financial ner at ms Financial Corporation, f School of Agriculture. The univ will receive the money upon his d

U. of Mississippi: $1,000,000 from Ja M. McMullan of Chicago, an in ment banker, and his wife, Made for two professorships at the Cent the Study of Southern Culture.

U. of Nevada at Las Vegas: $5,000,0 from William S. Boyd of Las Veg chairman of Boyd Gaming Corporati for the proposed law school.

U. of St. Thomas (Minn.): $2,500,000 fr David Koch of Long Lake, Minn., cha man of Graco Inc., and his wife, Bar ra, for a chair in Catholic studies a scholarships for students majoring Catholic studies.

Woods Hole Oceanographic Institut (Mass.): $5,000,000 from Gratia (Top R. Montgomery of South Dartmou Mass., granddaughter of the late m tery writer Mary Roberts Rinehart a daughter of the late Alan G. Rinehar producer at Paramount, to endow t Coastal Research Center.