



**September 12, 2003**

**Transcript - David Brancaccio interviews George Soros**

**SOROS:** The Republican Party has been captured by a bunch of extremists... People who maintain that markets will take care of everything, that you leave it to the markets and the markets know best. Therefore, you need no government, no interference with business. Let everybody pursue his own interests. And that will serve the common interest. Now, there is a good foundation for this. But it's a half-truth.

**BRANCACCIO:** George Soros says he's convinced the Bush administration is pursuing policies both foreign and economic that in Soros's experience, will be catastrophic.

Soros has been hailed as a international financial genius: "the world's greatest money manager" said the INSTITUTIONAL INVESTOR; one of the most influential philanthropists, according to TIME.

So he's not the kind of man you'd expect to be arguing that when it comes to free market capitalism, it's possible to have 'too much of a good thing,' that unchecked capitalism fails to provide for certain fundamental needs.

**SOROS:** We need to maintain law and order. We need to maintain peace in the world. We need to protect the environment. We need to have some degree of social justice, equality of opportunity.

The markets are not designed to take care of those needs. That's a political process. And the market fundamentalists have managed to reduce providing those public goods.

**BRANCACCIO:** Providing those public goods has long been at the top of his agenda for making the world a better place.

He's not only called for more regulation of the global economy but he's also been an outspoken advocate of democracy throughout the world. In fact, he's been described as the only American citizen with his own foreign policy.

**SOROS:** I give away something up to \$500 million a year throughout the world promoting Open Society. My foundations support people in the country who care about an open society. It's their work that I'm supporting. So it's

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not me doing it. But I can empower them. I can support them, and I can help them.

**BRANCACCIO:** Indeed, over the past 20 years, Soros has given away more than \$4 billion of his personal fortune.

He's built a philanthropic network that spans more than fifty countries, promoting what he calls "open societies" with the goal of establishing democratically elected governments that respect human rights, the rule of law and market economies.

**SOROS:** And as long as there is enough support for it, then actually you can make a difference in the world. And I think we are succeeding in many of our efforts in making a difference.

**BRANCACCIO:** His foundations have sponsored thousands of development projects...everything from low-income housing construction in Africa to medical clinics in Russia to political movements worldwide.

As early as the 1970s, Soros gave money to dissident groups in the old eastern bloc, helping bring down those communist regimes.

Since 1987, he's pumped more than \$1 billion dollars into Russia alone ... including his donation of \$500 million to fund health and education programs there.

And in 1993, when Sarajevo was under siege, his foundation built utilities to supply desperately needed water and electricity.

All that made possible by the staggering profits he earned directing his "Quantum" hedge fund. His personal fortune is estimated as high as \$7 billion and he pledges to give most of it away.

But his success in business has not been without controversy.

**SOROS:** I've been called as a man who broke the Bank of England when I attacked the sterling.

**BRANCACCIO:** In 1992, Soros made a spectacular bet, taking in a billion dollars on a hunch the British pound would be devalued. Many blamed Soros for forcing the pound's fall.

But it was in France that Soros got into trouble with the authorities. In 1988, he was asked to join a takeover attempt of a French bank. He declined, but he did buy the bank's stock. Last year, a French court ruled that was insider trading.

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**BRANCACCIO:** Why should I believe you, when I've read, you say you did not conduct insider trading, instead of a French judge?

**SOROS:** Well, that's up to you. I was found guilty. I think, in a miscarriage of justice, frankly. And I'm fighting it. I'm appealing it, and I'll continue fighting it.

**BRANCACCIO:** Soros denies any wrongdoing and says news of the takeover was public knowledge. Nevertheless, he was fined more than \$2 million...roughly the amount French authorities say he made from the trades.

More than a dozen other people were investigated in the incident. All except Soros were either acquitted or pardoned.

**SOROS:** It is something that troubles me a great deal. And I'll fight it with all I've got. But the French judicial system is not perfect, either.

**BRANCACCIO:** Does it worry you, for instance, that maybe some of your actions in the past would have hurt some people, when you withdrew capital from certain countries?

**SOROS:** Yes. No, you see you can't... as a market participant, if you want to be successful, I think you just have to look out for your own interests.

**BRANCACCIO:** It sounds amoral.

**SOROS:** Pardon?

**BRANCACCIO:** It sounds amoral.

**SOROS:** It is amoral. Now, it's very often understood and understood as immoral. And that is a very different, being immoral. If you hurt people deliberately or you know, that's immoral. If you break the law, that's immoral. If you play by the rules, that is the market itself is amoral.

If you impose morality on it, it means that you are actually with your hands tied behind your back and you're not going to be successful. It's extremely hard to be successful.

**BRANCACCIO:** Do you think, on balance, that your philanthropic work counteracts the more ruthless decisions that you had to make when you were a financier?

**SOROS:** It is no connection whatsoever. I'm not doing my philanthropic work, out of any kind of guilt, or any need to create good public relations. I'm doing it because I can afford to do it, and I believe in it.

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**BRANCACCIO:** Now retired from his job of making money, Soros is spending his time giving it away. And how he spends his money, he says, has a lot to do with his experiences growing up...surviving one of history's darkest periods.

George Soros was born into a well-to-do Jewish family in Budapest. When the Nazis invaded, Soros's father hid the children with sympathetic families.

**BRANCACCIO:** Do you see a thread that links your childhood experience with your career as a financier, with your philanthropy, and now political activist?

**SOROS:** Oh, it's a very strong thread, that leads right through. You know, I learned at a very early age that what kind of social system or political system prevails is very important. Not just for your well-being, but for your very survival.

Because, you know, I could have been killed by the Nazis. I could have wasted my life under the Communists. So, that's what led me to this idea of an open society. And that is the idea that is motivating me.

**BRANCACCIO:** At the London School of Economics after the war, he was exposed to the philosophy of the "open society."

That's been the basis of his philanthropy throughout the world. But the political struggle for an open society, says Soros, now has to be fought right here in the United States.

**SOROS:** The people currently in charge have forgotten the first principle of an open society, namely that we may be wrong and that there has to be free discussion. That it's possible to be opposed to the policies without being unpatriotic.

**BRANCACCIO:** And says Soros, the biggest obstacle to an open society is the Bush administration's philosophy that on both the domestic and international fronts, either you're with us or against us.

**SOROS:** You know, it's a distortion of what this country stands for.

**BRANCACCIO:** And that offends you?

**SOROS:** It offends me because I think it's a misinterpretation of what America's role in the world ought to be. We are the dominant power. And that imposes on us a responsibility to be actually concerned with the well being of the world. Because we set the agenda.

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And there are a lot of problems, including terrorism and weapons of mass destruction, that can only be tackled by collective action. And we ought to be leading that collective action, instead of riding roughshod over other people's opinions and interests.

**BRANCACCIO:** It's just so hard, Mr. Soros. I mean two years ago, a few blocks from where we're speaking right now, the World Trade Center came down. The notion that we should have harnessed our response to make nice with the world may be too much to ask.

**SOROS:** Maybe. Certainly, being nice to the world won't stop terrorism. So, we've got to fight terrorism. But how do you fight it?

If the terrorists have the sympathy of people, it's much harder to find them. So we need people on our side, and that leads us to be responsible leaders of the world, show some concern with the problems.

**BRANCACCIO:** Problems in places like Iraq, where, says Soros, the Bush administration's actions have alienated traditional allies and fueled anti-American sentiment.

**SOROS:** Now that we did not find weapons and there was no known connection with al-Qaeda, they say, "Well, we came to liberate Iraq, to introduce democracy, nation-building." But that's exactly what President Bush was opposed to in the elections. And it's a business that I am engaged in.

**BRANCACCIO:** You have wide credentials in this whole field of nation building.

**SOROS:** You know, with all my experience, Iraq would have been the last place on earth that I would have chosen for introducing democracy.

I mean, democracy has to be built painstakingly and very slowly. And, you know, I've been engaged in that now for the last 15 years.

**BRANCACCIO:** This is a place with bitter religious rivalries, with even recent history as terrible animosity between groups in society.

**SOROS:** Right. So, it was a horrendous naiveté, actually, to think that you can go into Iraq and you can introduce democracy by military force.

**BRANCACCIO:** Could you share with me three concrete ideas of things we should be doing in Iraq now?

**SOROS:** I think just one. We've got to get the United Nations involved. We have to transfer enough authority to the United Nations, to internationalize

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the issue. Because we cannot do it, and we should not do it alone. It was a mistake to do it alone. We have made the mistake. And the sooner we correct it, the better.

**BRANCACCIO:** So, you argue certainly don't withdraw our military forces from Iraq. It's gonna require more money.

**SOROS:** That's right. We have made a terrible mistake. And we have to pay the price. We have to pay the price. But we have to recognize that we've been very badly misled.

**BRANCACCIO:** And says Soros, we've been badly misled by the Bush administration at home as well from its lack of regulation on Wall Street ... to the curtailment of civil liberties under the Patriot Act.

**SOROS:** I mean, you know, you pass the USA Patriot Act without proper discussion. And anybody who opposed it was accused of giving aid and comfort to the terrorists. So I think we've gone off the rail in this country.

**BRANCACCIO:** Yet the Patriot Act was passed with a lot of democratic support. There was debate, but not proper discussion you don't believe?

**SOROS:** Yeah, I mean, it was done in six weeks. Lawmakers didn't even get a copy of the bill. They couldn't even read it before it was passed.

Now, the Democrats caved in. I'm very critical of the Democrats. But of course, it was a moment of, I suppose, national calamity. It was a tragedy and people were very emotional. It's a traumatic event.

But there was a group of people who took advantage of it and who's been leading us in the wrong direction.

**BRANCACCIO:** All this has led Soros to conclude the most important thing he can do is stop George Bush.

**SOROS:** I think he's a man of good intentions. I don't doubt it. But I think he's leading us in the wrong direction.

**BRANCACCIO:** So just last month, Soros put his money where his mouth is one more time. He gave \$10 million to America Coming Together, a liberal coalition pledged to defeat the President in 2004.

**SOROS:** By putting up \$10 million and getting other people engaged, there's enough there to get the show going. In other words, to get the organizing going. Half of it still needs funding.

**BRANCACCIO:** What is the show? It's a get out the vote effort.

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**GEORGE SOROS:** Get out the vote and get people engaged on issues.

This is the same kind of grassroots organizing that we did or we helped in Slovakia when Mechar was defeated, in Croatia when Tudjman was defeated and in Yugoslavia when Milosevic.

**BRANCACCIO:** But gee whiz, Tudjman, Milosevic, George Bush, almost in the same phrase? Those are fighting words?

**SOROS:** But I do think that our leaders...If you take John Ashcroft, I don't think he's an Open Society person, Donald Rumsfeld...I do think that we have an extremist element in the government. I think that President Bush has been captured by these people as a result of September 11.

**BRANCACCIO:** But you really think that if it's true that the current administration has been hijacked by extremists, that the American public, which by and large and history doesn't tolerate extremism all that well, resents extremism, that the American public by and large wouldn't notice?

**SOROS:** I think that they are noticing it. It think that it's happening. And this is exactly why I think that people are about, may I say that, coming to their senses.

**SOROS:** And I think the moment of truth has come in Iraq. Because we really got into a terrible, terrible mess, into a quagmire. And our soldiers are at risk. But it's worse. Because our armed forces, the Army is at risk. In other words, our capacity to project power that it has greatly diminished because we have misused our power. And I think that people will wake up.

**BRANCACCIO:** Misuse of power, quagmire, a wake up call for reform: these are heavy assessments of the current state of American policy in Iraq. As for how it will turn out, even George Soros, who has gambled on the future so often and so well, ventures no specific prediction.

But Soros is very clear on what he believes should happen next:

**SOROS:** If we re-elect Bush, we are endorsing the Bush doctrine. And then we are off to a vicious circle of escalating violence in the world. And I think, you know, terrorism, counter-terrorism, it's a very scary spectacle to me.

If we reject him, then we are effectively rejecting the Bush doctrine. Because he was elected on a platform of a more humble foreign policy. Then we can go back to a more humble foreign policy. And treat this episode as an aberration. We have to pay a heavy price. You know, 100 billion dollars a year in Iraq. We can't get out of that. We mustn't get out of it.

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But still, we can then regain the confidence of the world, and our rightful place as leaders of the world, working to make the world a better place.

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