

**Introduction**  
**My Philanthropy**  
**George Soros**

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This brings me to my top priority for the Open Society Foundations: What can we do to preserve and reinforce open society? I believe that open society is endangered worldwide. Of course, open society is always endangered and people must constantly reaffirm their commitment to the idea for open society to endure; what I fear is that we are closer to failing the test than on previous occasions.

For present purposes I shall focus on the United States because it would take too long to cover every part of the world. The United States has been a democracy and open society since its founding. The idea that it will cease to be one seems preposterous; yet it is a very lively prospect. After 9/11, the Bush administration exploited the very real fear generated by the terrorist attack and by declaring war on terror was able to unite the nation behind the commander-in-chief, lead it to invade Iraq on false pretenses, and violate established standards of human rights in pursuing terrorists.

The war on terror forced me to reconsider the concept of open society. My experiences in the former Soviet Union had already taught me that the collapse of a closed society does not automatically lead to an open society; the collapse may be seemingly bottomless, to be followed by the emergence of a new regime which has a greater resemblance to the regime that collapsed than to an open society. Now I had to probe deeper into the concept of open society which I had adopted from Karl Popper in my student days, and I discovered a flaw in it.

Popper had argued that free speech and critical thinking would lead to better laws and a better understanding of reality than any dogma. I came to realize that there was an unspoken assumption embedded in his argument, namely that the purpose of democratic discourse is to gain a better understanding of reality. It dawned on me that my own concept of reflexivity brings Popper's hidden assumption into question. If thinking has a

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manipulative function as well as a cognitive one, then it is not necessary to gain a better understanding of reality in order to obtain the laws one wants. There is a shortcut:

“spinning” arguments and manipulating public opinion to get the desired results.

Democratic political discourse is primarily concerned with getting elected and staying in power. Popper’s hidden assumption that freedom of speech and thought will produce a better understanding of reality is valid only for the study of natural phenomena.

Extending it to human affairs is part of what I have called the “Enlightenment fallacy.”

As it happened, the political operatives of the Bush administration became aware of the Enlightenment fallacy long before me. People like me, misguided by the Enlightenment fallacy, believed that the propaganda methods described in George Orwell’s 1984 could prevail only in a dictatorship. They knew better. Frank Luntz, the well-known right-wing political consultant, proudly acknowledged that he used 1984 as his textbook in designing his catchy slogans. And Karl Rove reportedly claimed that he didn’t have to study reality; he could create it. The adoption of Orwellian techniques gave the Republican propaganda machine a competitive advantage in the political arena. The other side has tried to catch up with them but has been hampered by a lingering attachment to the pursuit of truth.

Deliberately misleading propaganda techniques can destroy an open society. Nazi propaganda methods were powerful enough to destroy the Weimar Republic. Those methods have been imported into the United States and further refined. Although democracy has much deeper roots in America than in Germany, it is not immune to deliberate deception, as the Bush administration has demonstrated. You cannot wage war against an abstraction; yet the war on terror remains a widely accepted metaphor even today.

How can open society protect itself against deceptive arguments? Only by recognizing their existence and their power to influence reality by influencing people’s perceptions. People’s thinking is part of the reality people need to understand, and that makes the understanding of reality much harder than the philosophers of the Enlightenment imagined. They envisioned reason as something apart from reality, acting as a searchlight illuminating it. That is true for natural science but not human affairs. In political discourse we must learn to give precedence to the understanding of reality, the cognitive function over the manipulative function; otherwise the results will fail to conform to our

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expectations. Popper took it for granted that the primary purpose of political discourse is the pursuit of truth. That is not the case; therefore we must make it so. What was a hidden assumption in Popper's argument must be turned into an explicit requirement for open society to prevail.

I thought I had a convincing argument in favor of open society. Look at the results of the Bush policies: They were designed to demonstrate America's supremacy, and they achieved the exact opposite; American power and influence suffered a precipitous decline. This goes to show, I argued, that it is not enough to manipulate perceptions; it is important to understand how the world really works. In other words, the cognitive function must take precedence over the manipulative function. That is the additional requirement I put into my definition of open society. Unfortunately that was easier said than done: My seemingly watertight argument did not sway the public. President Bush was reelected in 2004.

The election of President Obama in 2008 sent a powerful message to the world that the U.S. is capable of radically changing course when it recognizes that it is on the wrong track. But the change was temporary: His election and inauguration were the high points of his presidency. Already the reelection of President Bush had convinced me that the malaise in American society went deeper than the leadership. The American public was unwilling to face harsh reality and was positively asking to be deceived by demanding easy answers to difficult problems.

The fate of the Obama presidency reinforced that conviction. Obama assumed the presidency in the midst of a financial crisis the magnitude of which few people appreciated, and he was not among them. But he did recognize that the American public was averse to facing harsh realities and he had great belief in his own charismatic powers. He also wanted to rise above party politics and become—as he put it in his election speeches—the president of the United States of America. Consequently, he was reluctant to put any blame on the outgoing administration and went out of his way to avoid criticism and conflict. He resorted to what Akerlof and Shiller called the “confidence multiplier” in their influential book *Animal Spirits*. Accordingly he painted a rosier picture than justified of the economic situation in the hope of moderating the recession. The tactic worked in making the recession shorter and shallower than would have been

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the case otherwise, but it had disastrous political consequences. The confidence multiplier is, in effect, one half of a reflexive feedback loop: A positive influence on people's perceptions can have a positive feedback in the underlying reality. If reality fails to live up to expectations, confidence turns to disappointment and anger; that is the other half of the reflexive feedback loop, and that is what came to pass.

The electorate showed no appreciation to Obama for moderating the recession because it was not aware of what he had done. By avoiding conflict Obama handed the initiative to the opposition, and the opposition had no incentive to cooperate. The Republican propaganda machine was able to convince people that the financial crisis was due to government failure, not market failure. According to the Republican narrative, the government cannot be trusted and its role in the economy— regulation and taxation— should be reduced to a minimum.

The Republicans had good reason to take this line: It is a half truth that advanced their political agenda. What is surprising is the extent of their success. The explanation lies partly in the power of Orwell's Newspeak and partly in the aversion of the public to facing harsh realities.

On the one hand, Newspeak is extremely difficult to contradict because it incorporates and thereby preempts its own contradiction, like Fox News calling itself fair and balanced. Another trick is to accuse your opponent of the behavior of which you are guilty, like Fox News accusing me of being the puppet master of a media empire. Skillful practitioners always attack the strongest point of their opponent, like the Swiftboat ads attacking John Kerry's Vietnam record. Facts do not provide any protection, and rejecting an accusation merely serves to repeat it; but ignoring it can be very costly, as John Kerry discovered in the 2004 elections.

On the other hand, the pursuit of truth has lost much of its appeal. When reality is unpleasant, illusions offer an attractive escape route. In difficult times the unscrupulous manipulators enjoy a competitive advantage over those who seek to confront reality. Nazi propaganda prevailed in the Weimar Republic because the public had been humiliated by military defeat and disoriented by runaway inflation. In its own way, the American public has been subjected to somewhat similar experiences, first by the terrorist attacks of 9/11, which touched a weak nerve, namely the fear of death, and then by the financial crisis,

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which not only caused material hardship but also sealed the decline of the United States as the dominant power in the world. With the decline of United States and the rise of China occurring concurrently, the shift in power and influence has been dramatic.

The two trends taken together—the reluctance to face harsh reality coupled with the refinement in the techniques of deception—explains why America is failing to meet the requirements of an open society. Apparently, a society needs to be successful in order to remain open.

What can we do to preserve and reinvigorate open society in America? First, I should like to see the public develop an immunity to Newspeak. Those who have been exposed to it from Nazi or Communist times have an allergic reaction to it; but the broad public is highly susceptible.

Second, I should like to convince the American public of the merits of facing harsh reality. I have been privileged to have not only survived Nazi occupation but emerged victorious: My father was able to help other people and I assisted him. This has given me an appetite for confronting harsh reality and tackling seemingly insoluble problems. Those in charge of Fox News, Rupert Murdoch and Roger Ailes, have done well in identifying me as their adversary. They have done less well in the methods they used to attack me: Their lies shall not stand and their techniques shall not endure.

But improving the quality of political discourse is not enough. We must also find the right policies to deal with the very real problems confronting the country; high unemployment and chronic budget and trade deficits. The financing of states and local governments is heading for a breakdown. The Republicans have gained control of the agenda, and they are promoting a misleading narrative: Everything is the government's fault. The Democrats are forced into fighting a rearguard battle, defending the other half of the truth.

We need to undertake a profound rethinking and recognize that half truths are misleading. The fact that your opponent is wrong does not make you right. We must come to terms with the fact that we live in an inherently imperfect society in which both markets and government regulations are bound to fall short of perfection. The task is to reduce the imperfections and make both private enterprise and government work better. That is the message that I should like to find some way to deliver.

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I have outlined my two top priorities. I am engaged in many other issues. Some of these engagements are purely personal and do not involve my foundations. I am also connected with innumerable other projects through my foundations. Rather than trying to enumerate them I have asked the Open Society Foundations to provide some samples of their work. As I have pointed out earlier, we have two very different types of foundations combined in one. Accordingly, the following chapters were prepared independently of me, and I added my personal comments where appropriate. This will give the reader a sense of what I mean when I speak of two foundations in one.