The Open Society Institute and Central European University:
Three Campuses, Three Outcomes

GEORGE SOROS

Born in Budapest in 1930, George Soros grew up in a family of educated, middle-class, secular Jews. Thirteen years old when the Nazis overran Hungary and began deporting the country’s Jews to extermination camps, Soros managed to escape capture during the war. In 1946, as the Soviet Union took control of Hungary, Soros attended a conference in the West and defected. He arrived in England in 1947 and supported himself by working as a railroad porter and a restaurant waiter while attending university.

At the London School of Economics, Soros became acquainted with the work of Austrian-born philosopher Karl Popper, whose ideas on open society had a profound influence on Soros’s intellectual development. Soros’s experience of Nazi and communist rule attracted him to Popper’s critique of totalitarianism, The Open Society and Its Enemies, which maintained that societies can flourish only when they allow democratic governance, freedom of expression, a diverse range of opinion, and respect for individual rights. After graduating from the London School of Economics, Soros obtained an entry-level position with an investment bank. In 1956 he immigrated to the United States, working as a monetary trader and analyst until 1963. During this period, Soros adapted Popper’s ideas to develop his own theory of “reflexivity,” a set of ideas that seeks to explain the relationship between thought and reality. By applying reflexivity to monetary markets, he successfully anticipated, and profited from, emerging financial bubbles. He soon concluded that he had more talent for trading than for philosophy.

In the late 1960s Soros helped establish an offshore investment fund, and he set up a private investment firm that evolved into one of the first hedge funds. “I used the financial
markets as a laboratory for testing my ideas,” Soros wrote in 1991. “The results were rather encouraging: one thousand dollars invested in my fund, the Quantum Fund, at its inception in 1969 has grown to more than half a million dollars by now.”

**Varieties of Totalitarianism and Post-Totalitarianism: Hungary, Czechoslovakia, Poland**

Among political theorists, the standard taxonomic model divides modern Western political systems into three major regime types: democracy, authoritarianism, and totalitarianism. Democracy is characterized by high levels of political, economic, and social pluralism; respect for individualism, the rights of minorities, and the rule of law; little state-sponsored mobilization but high voluntary participation in civil society; and the conduct of free elections.

Authoritarian regimes may permit a fair degree of economic and social pluralism; engage in little state-sponsored mobilization; and are not guided by a utopian ideology. Power is exercised without the consent of the governed by a leader or small group of leaders who operate within rules that are often poorly defined formally but predictable in practice. Argentina under Perón is an example of an authoritarian state.

In contrast, a regime can be characterized as totalitarian if it:

- . . . has eliminated almost all pre-existing political, economic, and social pluralism, has a unified, articulated, guiding, utopian ideology, has intensive and extensive mobilization, and has a leadership that rules, often charismatically, with undefined limits and great unpredictability and vulnerability for elites and nonelites alike.

The Soviet Union under Stalin, and China under Mao, are examples of totalitarian states.

Linz and Stepan observe that totalitarianism may decline from the ideal type, however, without evolving into either democracy or authoritarianism. They argue that such dissipated regimes form a fourth distinct major regime type, the post-totalitarian. In post-totalitarian states, limited social, economic, and institutional pluralism is permitted; lip service is paid to the guiding ideology, but actual faith in it weakens; mobilization of the population in regime-created organizations wanes; and political leadership becomes less charismatic and more technocratic. The Soviet Union of the 1970s and 1980s is an example of a post-totalitarian state. For a summary of Linz and Stepan’s four defining regime characteristics (pluralism, ideology, mobilization, and leadership), see Exhibit A, “Regime Types: Totalitarianism versus Post-Totalitarianism.”

Irony and cynicism are perhaps the defining features of daily life in a post-totalitarian society. The Czech playwright and dissident Václav Havel captured the mindset of people living under post-totalitarianism:

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The post-totalitarian system touches people at every step, but it does so with its ideological gloves on. This is why life in the system is so thoroughly permeated with hypocrisy and lies: government by bureaucracy is called popular government; the working class is enslaved in the name of the working class; the complete degradation of the individual is presented as his or her ultimate liberation; depriving people of information is called making it available; the use of power to manipulate is called the public control of power, and the arbitrary abuse of power is called observing the legal code; the repression of culture is called its development; the expansion of imperial influence is presented as support for the oppressed; the lack of free expression becomes the highest form of freedom; farcical elections become the highest form of democracy; banning independent thought becomes the most scientific of world views; military occupation becomes fraternal assistance. Because the regime is captive to its own lies, it must falsify everything. It falsifies the past. It falsifies the present, and it falsifies the future. It falsifies statistics. It pretends not to possess an omnipotent and unprincipled police apparatus. It pretends to respect human rights. It pretends to persecute no one. It pretends to fear nothing. It pretends to pretend nothing.

Individuals need not believe all these mystifications, but they must behave as though they did, or they must at least tolerate them in silence, or get along well with those who work with them. For this reason, however, they must live within a lie. They need not accept the lie. It is enough for them to have accepted their life with it and in it. For by this very fact, individuals confirm the system, fulfill the system, make the system, are the system.6

What Havel termed “living within a lie” his fellow Czech writer-dissident Milan Kundera called simply “forgetting.”

Within the category of post-totalitarianism, Linz and Stepan identify several subtypes, including early post-totalitarianism, frozen post-totalitarianism, and mature post-totalitarianism. The subtypes varied in distinctive ways along Linz and Stepan’s four defining regime characteristics, pluralism, ideology, mobilization, and leadership:

Early post-totalitarianism is very close to the totalitarian ideal type but differs from it on at least one key dimension, normally some constraints on the leader. There can be frozen post-totalitarianism in which, despite the persistent tolerance of some civil society critics of the regime, almost all the other control mechanisms of the party-state stay in place for a long period and do not evolve (e.g., Czechoslovakia, from 1977 to 1989). Or there can be mature post-totalitarianism in which there has been significant change in all the dimensions of the post-totalitarian regime except that politically the leading role of the official party is still sacrosanct (e.g., Hungary from 1982 to 1988, which eventually evolved by late 1988 very close to an out-of-type change).7

The three countries in which George Soros founded campuses of Central European University experienced widely varying conditions of totalitarianism and post-totalitarianism. For a brief summary of the postwar history of the Soviet bloc, see Exhibit B, “The Soviet Bloc: Capsule History, 1945-1991.”

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7 Linz and Stepan, Problems of Democratic Transition and Consolidation, p. 42.
Hungary: Mature Post-Totalitarianism

After the 1956 Soviet invasion, Hungary experienced a long period of increasing detotalitarianism, driven partly by widespread fear of a repeat of 1956. Communist Party moderates felt they had to mitigate the possibility of popular uprising, which might provoke a Soviet reinvasion, by allowing the moderate democratic opposition a modicum of power. Opposition moderates, for their part, were happy to be thus coopted. In this way political and economic moderates, both within the regime and outside it, found it to their advantage to accommodate one another and shut out extremists on all sides. Throughout the 1960s, ’70s, and ’80s, property and contract law, banking and capital markets, consumer culture, and intellectual life were all more highly developed in Hungary than in any other Warsaw Pact country.

In the estimate of Linz and Stepan, “By the mid-1980s Hungary was the world’s leading example of mature post-totalitarianism.”8 When Soviet power faltered, Hungary’s political, economic, and cultural institutions were well prepared to negotiate a smooth transition to democracy.

Czechoslovakia: Frozen Post-Totalitarianism

In contrast to the gradual, decades-long detotalitarianization that occurred in Hungary following the Soviet invasion of 1956, the 1968 Prague Spring led to a sudden, massive purge of Communist Party reformers and moderates, from which Czechoslovak post-totalitarianism never recovered. During the 1970s and 1980s, the country was led by an ideologically rigid, hard-line government that marginalized reform-minded Party members and did not tolerate democratic opposition (whether moderate or radical) at all. The state enforced strict economic and political orthodoxy and attempted to stamp out intellectual dissent. According to Linz and Stepan, “After 1968, university life in Czechoslovakia, especially in the social sciences, experienced almost none of the pockets of vitality, excellence, and activity one could normally find in Poland, Hungary, or Slovenia.”9 The few public dissidents such as Havel were moralists and artists who developed a distaste for partisanship, institutions, and politics in general.

Stepan and Linz characterize Czechoslovakia as frozen post-totalitarianism “to capture the notion that the regime was neither in the early months of post-totalitarianism . . . [nor] evolving toward a possible out-of-type change from mature post-totalitarianism (as in Hungary in the late 1980s). Czechoslovakia was a frozen, post-totalitarian-by-decay regime from 1968 to 1989.”10

In contrast to Hungary’s relatively easy transition to functioning democracy, the Czechoslovak regime collapsed utterly and without warning after the withdrawal of Soviet support. The government that emerged from the Velvet Revolution was led by Havel and his supporters, whose instincts were democratic but whose bias against party politics would prove to be fatal to the nation.

Poland: Borderline Totalitarianism

In contrast to Hungary and Czechoslovakia, Poland arguably was never ruled by a totalitarian regime, even in the Stalinist era of Soviet occupation immediately following World War II. Poland at its most oppressive was authoritarian rather than totalitarian; during the entire postwar period, a considerable measure of societal pluralism flourished within Poland.11 Civil society never broke down in Poland the way it had in Hungary immediately following 1956 or in Czechoslovakia during the two decades following the Prague Spring. (Indeed, Poland never

8 Linz and Stepan, Problems of Democratic Transition and Consolidation, p. 296.
9 Linz and Stepan, Problems of Democratic Transition and Consolidation, p. 318.
11 Linz and Stepan, Problems of Democratic Transition and Consolidation, p. 255.
endured a traumatic Soviet reinvasion—the 1981 internal crackdown against Solidarity, while backed by the threat of Soviet tanks, didn’t involve their actual appearance.) Polish civil society, including the organized labor movement and the Catholic Church, worked constantly to enlarge the space where citizens could act freely.

While the post-1956 Communist Party in Hungary included moderates who permitted the moderate democratic opposition to share power; and the post-Prague Spring Communist Party in Czechoslovakia was made up of hardliners who permitted no unorthodoxy; the Communist Party in Poland was neither controlled by moderates nor able to stamp out opposition. Democratic opposition existed in Poland, yet the regime was oppressive enough to distort the forms it was able to take. Linz and Stepan observed:

Given the difficulties of the opposition’s struggle against a highly organized state, there was an understandable tactical and strategic need for immediacy, spontaneity, and antiformal modes of operation. Imperceptibly, the instrumental aspects of immediacy, spontaneity, and antiformalism became the ethical standards of personal and collective behavior. Taken as a whole, this language and behavior is what some Polish analysts call “ethical civil society,” which no doubt was one of the most powerful and innovative features of the Polish opposition and, ultimately, of the Polish path to democratic transition.

While the idea of “ethical civil society” contributed to a very powerful politics of opposition, many theorists and practitioners went even further. They were so eager to avoid becoming captured in the routines and lies of the party-state that they elevated the situational ethics of oppositional behavior into a general principle of the “politics of anti-politics.” This “politics of antipolitics” entailed the aspiration of creating a sphere of freedom independent of the state.”

Like Havel in Czechoslovakia, Lech Wałęsa, Poland’s charismatic opposition leader, resisted party politics, preferring to stay outside, and above, politics. With a powerful democratic opposition, Solidarity, rooted in an “ethical civil society” that largely rejected the very idea of the state, Poland experienced a difficult transition to democracy. In comparison with other Soviet Bloc countries, the Polish citizenry in the early 1990s had high faith in their increasingly robust market economy but little trust in the government. In contrast to Czechoslovakia, however, the reluctance of opposition democrats in Poland to engage in politics would not lead to the breakup of the nation.

**SOROS AND PHILANTHROPY**

In the late 1970s, having successfully applied his ideas to financial markets and made a fortune, Soros turned his attention from accumulating wealth to giving it away. “[W]hen the fund had reached a size of $100 million dollars, and my personal wealth had grown to roughly $25 million, I determined after some reflection that I had enough money,” he wrote in 1995. “After a great deal of thinking, I came to the conclusion that what really mattered to me was the concept of an open society.”

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Soros’s introduction to philanthropy came through the provision of 80 scholarships for black students to attend the University of Cape Town in apartheid South Africa—“a truly closed society based on the separation of races”\(^\text{15}\) in Soros’s estimation.

“My first major [philanthropic] undertaking was in South Africa in 1979, where I identified Capetown University as an institution devoted to the ideal of an open society,” Soros wrote. “I established scholarships for black students on a scale large enough to make an impact on the university. The scheme did not work as well as I had hoped, because the university was not quite as open-minded as it claimed to be and my funds were used partly to support students already there and only partly to offer places to new students.”\(^\text{16}\)

In 1980 Soros started directing his philanthropic efforts toward Central and Eastern Europe, which was then under the domination of the communist Soviet Union, a prototypically closed society. Soros named his philanthropic organization the Open Society Fund and began awarding scholarships to students from Central and Eastern Europe, supporting human rights organizations, and subsidizing dissident movements such as Poland’s Solidarity, Czechoslovakia’s Charter 77, and Russia’s Sakharov campaign.\(^\text{17}\) In 1984 Soros established a separate foundation in Hungary to support education and culture, with the ultimate (if unstated\(^\text{18}\)) aim of creating an open society. According to Hungarian attorney and Soros associate Alajos Dornbach, the establishment of the Soros foundation in Hungary was a milestone in the decline of Soviet hegemony:

It marked the first time that Communist authorities anywhere had met with people from the private sector and negotiated on matters of social and cultural significance. They offered guarantees of independence and accepted the participation of so-called forbidden people. It was simply unprecedented.\(^\text{19}\)

Soros later recalled how the Hungarian authorities underestimated him:

When I concluded a contract with the Hungarian government in 1984, its representative thought they were dealing with a well-meaning rich expatriate who wanted to have a foundation to gratify his ego. They agreed to practically all my conditions, thinking that once I had set up the foundation, they could control it. But they had a surprise waiting for them. When they failed to meet my condition, I threatened to quit, and I meant it. They had to give in more than once. It was those victories that established the reputation of the foundation.\(^\text{20}\)

Of his activities in Hungary in the late 1980s, Soros wrote:

I identified two . . . objectives: one was business education, and the other, much closer to my heart, the promotion of open society throughout the region. Specifically, I wanted to promote greater contacts and better understanding with the other countries of the region. Programs involving neighboring countries had been strictly taboo; now nothing stood in

\(^\text{15}\) Soros, with Koenen, “Geopolitics, Philanthropy, and Global Change,” p. 114.
\(^\text{17}\) Soros, with Koenen, “Geopolitics, Philanthropy, and Global Change,” p. 115.
\(^\text{18}\) In order not to nettle the Hungarian authorities unnecessarily, Soros abstained from referring to the concept of open society when naming the Soros Foundation-Hungary.
\(^\text{20}\) Soros, *Underwriting Democracy,* p. 141.
the way of greater cooperation with Soros-sponsored foundations in other countries. We established our first joint program, a series of seminars at the Dubrovnik (Yugoslavia) Inter-University Center, which took place in April 1989.\textsuperscript{21}

One important project undertaken by Soros’s Hungarian foundation was the importation of photocopy machines, enabling citizens and activists to spread information and publish censored materials. In 1991, Soros wrote:

I started out some ten years ago by trying to create small cracks in the monolithic structure that goes under the name of communism in the belief that in a rigid structure even a small crack can have a devastating effect.\textsuperscript{22}

**Breakup of the Soviet Union**

During the 1980s, small cracks did indeed begin to appear in the edifice of Communist rule. The economy of the Soviet Union was on the verge of implosion and the nation could no longer afford to project power across half of Europe. In 1985 Soviet leader Mikhail Gorbachev introduced policies of social and political reform (glasnost, or “openness”) and economic reform (perestroika, “restructuring”). The Brezhnev Doctrine gave way to the jocularly named Sinatra Doctrine: though Warsaw Pact nations were still forbidden from quitting the alliance, each was allowed to determine its own internal affairs (i.e., do it “My Way”).

In 1989, in an astonishingly rapid sequence of events, Soviet hegemony began to evaporate. In June, Solidarity rose to power in a freely held election in Poland. In October, Hungary declared the Third Republic. In November the Berlin Wall fell; and in December Czechoslovakia underwent the Velvet Revolution. In February 1990 the Communist Party of the Soviet Union gave up one-party rule, and in April the Soviet legislature passed a law allowing its constituent republics to secede. A coup in August 1991 failed, and in December the Soviet Union formally dissolved itself.

Soros’s role in the collapse of the Soviet system is difficult to quantify. Beginning in 1981, Soros annually distributed approximately $3 million to dissident groups in Central Europe and the Soviet Union. Much of Soros’s early philanthropy is difficult to trace, even for Soros himself. The Open Society Institute, which now monitors and oversees the network of Soros foundations, did not become fully operational until 1995. Particularly in the 1980s, when much of his philanthropy was targeted at groups and causes seeking to undermine their own repressive governments, Soros did not typically require of grantees extensive documentation or analysis of problems to be solved, nor the specific uses to which donations were put. It was enough for Soros to know that his gifts had been passed on discreetly to dissident movements bubbling just under the surface in Poland, Czechoslovakia, and other oppressed nations where communist regimes were struggling to maintain their increasingly tenuous hold on power.

By the early 1990s, the closed society maintained by the Soviet Union had collapsed, but that didn’t mean that the nations of Central and Eastern Europe were ipso facto open societies. Individuals’ habits of mind, long molded by life in a closed society, hadn’t changed overnight. Living within a lie—forgetting—was all that most people had ever known. The mental traits—critical thinking, awareness of one’s own fallibility, willingness to modify one’s views—characteristic of open societies had yet to be developed. The civil society, market, and state institutions that serve to promote openness were mostly nonexistent. Soros, like many others, feared that the Soviet system would be replaced not by an open society but by some other form

\textsuperscript{21} Soros, Underwriting Democracy, p. 26.
\textsuperscript{22} Soros, Underwriting Democracy, p. ix.
of totalitarianism: kleptocracy, oligarchy, jingoistic nationalisms. No one knew how the situation would resolve itself.

In 1991, Soros wrote:

My original objective has been attained: the communist system is well and truly dead. My new objective is the establishment of an open society in its stead. That will be much harder to accomplish. Construction is always more laborious than destruction and much less fun.23

For further details on Soros and the ideas that guided his philanthropy, see the Duke Foundation Research Program case George Soros and the Founding of Central European University.

THE FOUNDING OF CENTRAL EUROPEAN UNIVERSITY

In the late 1980s, Soros sponsored a series of seminars on the future of Europe at the Inter-University Centre of Postgraduate Studies in Dubrovnik, an institution founded in 1971 to promote the exchange of ideas by scholars from the East and the West. The idea for an independent, international university located in Central Europe first arose during a meeting at the Inter-University Centre in April 1989.

Participants at the Dubrovnik meeting included George Soros, Péter Hanák, Miklós Vásárhelyi, William Newton-Smith, István Teplán, and Endre Bojtár. Those arguing for the university felt the need for an institution that would serve to connect Central and Eastern European college graduates with the West. According to a history of the Central European University:

The general sense of the Dubrovnik meeting was that the most important area which the new undertaking should concentrate on was that of social sciences at the graduate level. The reasoning behind this was that while in the socialist and communist countries science and technology education had been maintained at quite a high level (especially mathematics, chemistry, biological sciences, physics, etc.) the social sciences were quite backward, suffering from ideological oppression, the unquestionable and “unchallengable,” monolithic Marxist paradigm, and general neglect of new trends in all social science fields. It was generally felt that there were many outstanding students in social, political and economic sciences who needed a relatively short and intensive “catch up” education in these fields. The experiences of “flying universities,” organized by dissidents, and the Dubrovnik seminars themselves showed that the right group of experts could very easily bring such young people up to par. And, since, from day one, the idea was that of a transnational university it was natural that a “common” language [i.e., English] was needed. This in turn made such an education feasible only at the graduate level, for students who had appropriate language skills and a social science background.24

23 Soros, Underwriting Democracy, p. 128.
Soros later recalled:

At that time I rejected [the idea of CEU] in no uncertain terms. “I am interested not in starting institutions but in infusing existing institutions with content,” I declared. After the fall of the Berlin Wall, I changed my mind. A revolution needs new institutions to sustain the ideas that motivated it, I argued with myself. I overcame my aversion toward institutions and yielded to the clamor for a Central European Institution.25

Because Soros at first resisted the idea, it wasn’t until a year after the April 1989 Dubrovnik meeting that he seriously considered the possibility of founding a university. He then consulted with influential political leaders, including Erhard Busek, Austrian Minister of Science and Research; Polish parliamentarian Bronisław Geremek; Václav Havel, president of Czechoslovakia; and Árpád Göncz, president of Hungary. Soros also met with a long list of prominent academics, including Rudolf Andorka, Endre Bojtár, Morris Bernstein, Ladislav Cherych, Csaba Csáki, Alajos Dornbach, György Enyedidi, Ágnes Erdélyi, Péter Hanák, Jan Havránek, Imre Hronszky, Michal Illner, Péter Kende, Tamás Kolosi, Jiří Kořalka, György Litván, Imre Mécs, Krysztof Michalski, Fabio Riveri Monaco, Jiří Musil, Gábor Neumann, Aryeh Neier, István Rév, Wlodzimierz Siwinski, William Newton-Smith, Pál Tamás, Márton Tardos, István Teplán, Tibor Vámos, Miklós Vásárhelyi, and Kathleen Wilkes.26 See Exhibit D, “Central European University: A Statement of Intent,” by George Soros.

One of the first issues to be decided was the location or locations of the university. Soros and his advisers considered Bratislava, Prague, Warsaw, Budapest, Vienna, Trieste, Cracow, and Moscow among others. As a native of Hungary, Soros was reluctant to place the university in Budapest. He later recalled, “I was anxious not to start the university in Hungary. Since I am myself Hungarian, the university would have immediately become a Hungarian one.”27

In May 1990, representatives of the governments of Czechoslovakia, Poland, and Hungary all agreed to support the fledgling institution. Soros’s personal friendship with Czechoslovak President Václav Havel turned out to be the key determinant of the university’s initial location. In June 1990 the Czechoslovak government agreed to provide buildings in Bratislava and Prague; in the latter city, Havel made available to the university a downtown building owned by a trade union. The Czechoslovak government also agreed to pay operating costs to an amount up to 50 million crowns (approximately $2 million at 1990 rates).28

How might Czechoslovakia’s, Hungary’s, and Poland’s experiences with totalitarianism and post-totalitarianism have prepared them differently for the establishment of a new university so soon after the fall of the old regimes?

What problems might Soros and other CEU officials have anticipated in Prague? In Budapest? In Warsaw? What might they have done to mitigate the problems?

25 Soros, Underwriting Democracy, p. 129.
26 Central European University, Ten Years in Images and Documents, p. 14.
28 Central European University, Ten Years in Images and Documents, p. 16.
In April 1991 the Central European University’s Prague campus officially opened, with four projected academic departments: economics, environmental sciences, politics and sociology, and history. At the opening ceremony, Soros officially committed to funding the university for five years at $5 million per annum. Summer courses were held in Prague in July and August. Meanwhile, because the Hungarian government was reneging on its promise to provide a building for the Budapest campus, Soros privately rented out a building. The Czechoslovak government’s commitment to Bratislava was put on hold while the Prague campus was established.

Soros conceived of CEU as a place “to combine teaching, research and engagement” in order to promote the development of open society. In comments to CEU alumni in 2001, Soros recalled:

[Teaching, research, and engagement] reinforce each other. If you only teach, you really need to do research; you need to think as well as teach. And if you only think, you are in an ivory tower, and it is a real danger. There used to be—and I think there still is—a real danger in this region for intellectuals to be drawn into research and thinking, and to separate themselves from the society in which they live. . . . To break that separation, you want the people who think and do research also to teach. . . . And then, of course, social engagement requires thinking. It is not enough to be an activist. You also have to think about what you are doing, and your actions often have unintended consequences. You have to try to learn from that experience, and to some extent anticipate it. That is why the three things go together, and I hoped that the university would be part of this.

As 100 students started the fall semester in Prague, optimism ran high. The Prague library opened, and the university announced five future academic programs: art (Prague); European studies (Prague); history (Budapest); a $500,000 Research Support Scheme (RSS) to support scholarship independent of the university’s programs (Prague); and European law (Budapest). István Rév, an economist and member of the CEU executive committee, described his hopes for the university in an opinion piece that ran in the campus newspaper:

. . . The Central European University can act as an intellectual, cultural, and even moral exemplum. A university with several campuses in the different countries of the region, with a regional, even international faculty and student body, many languages, different cultures, and historical experiences, can help to overcome national intolerance, hegemonic efforts, and can speak in many voices. . . .

The future belongs to those who cooperate with each other, with their immediate neighbors and with the international academic world. Science cannot be national—only international.

Not all was going smoothly, however, as issues surrounding CEU’s Prague building arose. The real estate market in Prague had started to boom, and the trade union that owned the building, realizing that the property was increasing in value, wanted to convert it into a hotel. In a move designed to evict the university, the trade union

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29 Soros, George, “This Is the Only University I Know of that Was Started Before a Plan Was Developed: Excerpts from Comments by George Soros at the Alumni Brunch on October 13, 2001.” CEU 10 Year Anniversary Booklet, p. 2.

30 Soros, “This Is the Only University I Know of that Was Started Before a Plan Was Developed,” p. 2.

unilaterally raised the rent on the building from essentially nothing to $1 million annually. The union also pointed out that, according to the government’s agreement with Soros, the university would have to win accreditation within two years or be shut down. To fulfill the legal agreement, the university formed a foundation in Luxembourg, in the hopes of gaining accreditation there. Other tactics to earn accreditation would be employed in the months that followed. Just as he had faced down the Hungarian authorities in 1984, Soros was willing to play a high-stakes game with the Czechoslovak (and, later, the Czech) government. “If they want us, they will give us a charter to award degrees. That will be an important test,” he said in early 1992. “If not, it will have been a valuable contribution, and we will pull out.”

Having received 975 applications for the Research Support Scheme, the University in March awarded 75 grants totaling $350,000. Pleased by the quality and quantity of applicants, Soros announced that he was doubling the RSS fund to $1 million, the remainder of which would be awarded in May.

Throughout the spring of 1992, Soros and the university moved at an astonishing pace. Even as CEU Press, under the direction of Francis Pinter, was being founded, Soros announced a five-year $25 million Higher Education Support Program (HESP) that would help support new academic initiatives at universities throughout Central and Eastern Europe. HESP quickly announced its sponsorship of four college-level evening courses in Bucharest, Romania, starting in the fall. Soros reported that academic institutions in Sofia, Warsaw, Bratislava, Moscow, and other cities would also receive HESP funds.

The inaugural CEU class graduated in June, and soon thereafter the university reached an agreement with Eötvös Loránd University (commonly known as the University of Budapest) in Hungary and with Charles University in Prague that CEU graduates would receive diplomas jointly from those universities and CEU. In July, CEU was granted a provisional charter by the state of New York (the state’s accreditation rules did not require that a school be physically located in New York), ending the university’s problems with accreditation. The trade union was temporarily assuaged, though the high rent on the Prague building continued to strain the university’s finances.

In the fall, CEU’s Budapest campus opened, and the university reached agreement with the Polish government to establish a campus in Warsaw. Meanwhile, CEU’s relationship with the Czechoslovak government was deteriorating rapidly.

CEU: THREE CAMPUSES

Czechoslovakia’s Velvet Divorce

Following the Velvet Revolution of 1989, the bonds between the Czech Lands, in the west, and Slovakia, in the east, weakened. Differences in demography, economics, language, and social customs began to tear the country apart. As an artist and former dissident, Czechoslovak President Václav Havel was temperamentally and ideologically opposed to party politics, and he proved to be a naïve politician and ineffectual mediator. During the critical year 1990, Havel neglected to modify a constitution (inherited unchanged from communist days) ill-suited to democracy, and he refused to help transform Civic Forum, the political group that had grown out of Charter 77, into an organized national-unity party. Meanwhile, nationalist parties arose both in the Czech Lands and in Slovakia to fill the void created by Havel’s antipolitics.

As Václav Klaus, a right-wing monetarist trained at the University of Chicago, consolidated power in the Czech Lands, his counterpart, the liberal Vladimír Mečiar, did the same in Slovakia. The unconventional structure of the Czechoslovak parliament enabled small minority blocks to very easily veto initiatives and instigate legislative standoffs. Throughout 1991 and early 1992, as parliament struggled with structural gridlock, Czech and Slovak representatives engaged in negotiations concerning the future relations between the two constituent republics of the nation. The June 1992 national elections resulted in the ideological enemies Klaus and Mečiar becoming prime ministers of their respective republics—each with veto power over the other. On July 23, Klaus and Mečiar agreed to end the gridlock by dissolving Czechoslovakia and creating two independent nations, despite polls showing that majorities of citizens in both republics opposed the split. The so-called Velvet Divorce was finalized on January 1, 1993, with Klaus and Mečiar assuming the premierships of the Czech Republic and Slovakia respectively.

CEU Prague

Despite his shortcomings as a politician, Havel was still beloved by many Czechs for his heroic resistance to the communist regime, and he was elected to the presidency (a largely symbolic office) by the new nation. Prime Minister Klaus perceived the former dissident to be a potentially troublesome rival. Furthermore, Klaus and Havel were opposed ideologically. Havel had spoken in favor of an economic “third way” between Soviet-style communism and Western-style capitalism. The Thatcherite Klaus considered Havel, despite his irreproachable anticomunist bona fides, to be insufficiently free-market in outlook. In economics, politics, and culture, Klaus wanted the Czech Republic to face west, toward London and Washington, rather than east, toward Moscow.

As a friend and ally of Havel, George Soros too was suspect in Klaus’s eyes. Soros’s multicampus university, with its branches in Budapest and Warsaw, rather than in Vienna and Paris, was clearly oriented toward the East; it was therefore an institution to be undermined and opposed.

In early 1993, Klaus, backed by Petr Pit’ha, his minister of education, started to move against the university. The government told Soros that CEU could no longer use the building in Prague owned by the trade union, and that no other building would be made available.

In a 1995 essay, Soros recounted the nature of his relationship with Klaus:

The university was the initiative of the previous government of dissident—and ineffectual—intellectuals whom [Klaus] detested. That government gave us a building and the Klaus government reneged on that obligation. He did not like an intellectual center for Eastern Europeans in Prague, because he wanted to move toward the West. He would have been happy to see Eastern Europe fall into the ocean, because then the West would take him on board more readily. But there was more to it than that. He felt a personal animosity toward me. It troubled me, because I did not need him as an enemy. It all became clear recently, when he accused me of advocating a new form of socialism. He believes in the pursuit of self-interest and, accordingly, he finds my concept of open society—which requires people to make sacrifices for the common good—objectionable. Now I know why we are opposed to each other, and I am happy to acknowledge it. In my view, Klaus embodies the worst of the Western democracies, just as the pre-revolutionary Czech regime represented the worst of communism. I am opposed to both extremes.34

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Should Soros have resisted Klaus’s attempt to oust CEU from Prague? If so, how? What resources, direct and indirect, did Soros have at his disposal? How integral was the Prague campus to Soros’s original vision for CEU? Was CEU Prague worth preserving?

In the same 1995 essay, Soros continued:

There were strong voices opposed to the idea of the university, including Václav Klaus, the new prime minister, and not enough support for it, so I decided to close our branch in Prague. It was not primarily a question of money. The university in Budapest cost me a lot more. I felt that the university in Prague did not have enough local support. On principle, I don’t want to inflict my philanthropy. I want the people involved to develop a sense of commitment and to show an ability to fend for themselves.35

In late spring 1993, Soros decided to shut down the Prague campus of CEU. A group of citizens circulated a petition calling upon Soros to save CEU Prague; in all, 1,554 people, including 15 members of parliament and 134 journalists, signed the petition.36 But Soros’s mind was made up.

Over the next three years, the Prague dormitories and classrooms moved among various temporary quarters in preparation for the final move to Budapest and Warsaw. The Prague library, including the archives of Radio Free Europe, was transferred to Budapest along with all of the academic departments except for sociology, which moved to Warsaw in 1994. The last few CEU Prague students left in early 1996.

CEU Budapest and Warsaw

In the fall of 1993, Soros announced that he was donating $50 million to construct a permanent Budapest campus, and he pledged to donate another $200 to CEU over the following twenty years.37 The new campus opened two years later.

During the period 1993 to 1995, right-wing nationalists in Budapest worked hard to undermine Soros and CEU, but there Hungary’s president, Árpád Göncz, proved to be an unwavering champion of the university. A large pool of intellectuals, academics, and concerned citizens provided further critical support for CEU.

The Warsaw campus, never as large as Budapest or the original Prague campus, failed to grow at the expected rate. The inconvenience and expense of maintaining a second, smaller campus began to weigh on university officials, and CEU Warsaw eventually consisted of the sociology department only. The Polish government, while not overtly hostile to the university, did little to support it. But neither did CEU administrators, who were based in Budapest and mainly concerned with the campus there. In 2003, the orphaned sociology department moved to Budapest, thus ending the multicampus Central European University.

Administrators, professors, and others associated with the university disagreed about the wisdom of Soros’s decision to shut down Prague CEU without a fight. See Exhibit G, “Interviews with

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37 Central European University, Ten Years in Images and Documents, p. 16.
Five Key Figures in the Founding of Central European University,” for a sampling of opinions on the matter.

What could Soros have done differently to increase the likelihood that CEU Prague would endure? Was Soros justified in shutting down CEU Prague? Despite its eventual closure, did CEU Prague serve a useful purpose?

What of CEU Warsaw? Should Soros have preserved it?

Was the multicampus CEU doomed from the beginning?

**CEU Today**

From the start, Soros was adamant that CEU must stand on its own. In 2001, he discontinued his annual contributions, but replaced the $10 million annual gift with a one-time donation of $250 million. As of spring 2007, he continues to chair the CEU board of trustees.

In the years since the opening of the Prague campus, CEU has grown into what the *Chronicle of Higher Education* has called “a regional intellectual powerhouse.” As of 2007, CEU has its own doctoral programs and hosts over 900 students from more than 70 countries; more than 100 professors from 30 countries conduct courses there. See Exhibit E, “Summary: CEU Students 2006-2007” for a profile of CEU’s student population. Though the dream of a multicampus university died, CEU has contributed immeasurably to the opening up of a formerly closed society.

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### Exhibit A

#### Regime Types: Totalitarianism versus Post-Totalitarianism

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Totalitarianism</th>
<th>Post-Totalitarianism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pluralism</td>
<td>No significant economic, social, or political pluralism. Official party has de jure and de facto monopoly of power. Party has eliminated almost all pretotalitarian pluralism. No space for second economy or parallel society.</td>
<td>Limited, but not responsible social, economic, and institutional pluralism. Almost no political pluralism because party still formally has monopoly of power. May have “second economy,” but state still the overwhelming presence. Most manifestations of pluralism in “flattened polity” grew out of tolerated state structures or dissident groups consciously formed in opposition to totalitarian regime. In mature post-totalitarianism opposition often creates “second culture” or “parallel society.”</td>
</tr>
<tr>
<td>Ideology</td>
<td>Elaborate and guiding ideology that articulates a reachable utopia. Leaders, individuals, and groups derive most of their sense of mission, legitimation, and often specific policies from their commitment to some holistic conception of humanity and society.</td>
<td>Guiding ideology still officially exists and is part of the social reality. But weakened commitment to or faith in utopia. Shift of emphasis from ideology to programmatic consensus that presumably is based on rational decision-making and limited debate without too much reference to ideology.</td>
</tr>
<tr>
<td>Mobilization</td>
<td>Extensive mobilization into a vast array of regime-created obligatory organizations. Emphasis on activism of cadres and militants. Effort at mobilization of enthusiasm. Private life is decried.</td>
<td>Progressive loss of interest by leaders and nonleaders involved in organizing mobilization. Routine mobilization of population within state-sponsored organizations to achieve a minimum degree of conformity and compliance. Many “cadres” and “militants” are mere careerists and opportunists. Boredom, withdrawal, and ultimately privatization of population’s values become an accepted fact.</td>
</tr>
<tr>
<td>Leadership</td>
<td>Totalitarian leadership rules with undefined limits and great unpredictability for members and nonmembers. Often charismatic. Recruitment to top leadership highly dependent on success and commitment in party organization.</td>
<td>Growing emphasis by post-totalitarian political elite on personal security. Checks on top leadership via party structures, procedures, and “internal democracy.” Top leaders are seldom charismatic. Recruitment to top leadership restricted to official party but less dependent upon building a career within party’s organization. Top leaders can come from party technocrats in state apparatus.</td>
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Exhibit B


Following the Allied victory in World War II over fascist Italy and Nazi Germany, the Soviet Union effectively occupied the countries of East Central Europe: Poland, Czechoslovakia, Hungary, Romania, and Bulgaria. (The communist leaders of Yugoslavia and Albania rose to power independently of the Soviet Union; these nations were not considered to be part of the Soviet Bloc.) In occupied Germany, the United States, Britain, France, and the Soviet Union established zones of occupation and a loose framework for four-power control. For the next four decades, the United States maintained bases in the Federal Republic of Germany (a.k.a. West Germany) and the Soviet Union stationed troops in the German Democratic Republic (a.k.a. East Germany). In 1955, to counter West German rearmament, the Soviet Union and its client states met in Warsaw to establish a military alliance, formally called the Treaty of Friendship, Cooperation, and Mutual Assistance and informally known as the Warsaw Pact.

In 1956 a spontaneous nationwide rebellion, sparked by a student demonstration in Budapest, broke out against the communist government of Hungary. Prime Minister Imre Nagy sided with the revolution, forming a government that included some noncommunist officials and abolishing the one-party system. Twelve days after the uprising began, the Soviet Union sent tanks into Hungary, crushing the revolution. Hundreds were massacred on the streets of Budapest, and thousands more, including Nagy, were imprisoned and executed. The new government, under János Kádár, accepted Soviet occupation on a permanent basis.

Germany, meanwhile, remained divided between West and East. In 1961, East Germany erected the Berlin Wall to prevent the movement of East Berliners into West Berlin.

In early 1968, Czechoslovak President Antonín Novotný lost control of the Communist Party to Alexander Dubček, who launched a program of reform that included increased freedom of the press and the possibility of a multiparty government. In August, armies from five Warsaw Pact countries invaded Czechoslovakia. Along with several of his colleagues, Dubček was arrested and taken to Moscow. The new party leader, Gustáv Husák, reversed Dubček’s liberalizations. Soviet leader Leonid Brezhnev justified the intervention by promulgating the so-called Brezhnev Doctrine, which stated that the “correlation and interdependence of the national interests of the socialist countries and their international duties” dictated that no nation within the Soviet sphere would be permitted to leave the Warsaw Pact or to form an “antisocialist” government.40 The brief period of Czechoslovak liberalization became known as the Prague Spring.

In January 1977, in response to the arrest of members of the rock band Plastic People of the Universe, 243 Czechoslovak citizens, including playwright Václav Havel, issued a document, known as Charter 77, that criticized the Czechoslovak government for human rights abuses. Describing itself as “a free informal, open community of people of different convictions, different faiths and different professions united by the will to strive, individually and collectively, for the respect of civic and human rights in our own country and throughout the

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world, the Charter 77 movement would grow to include over 1,200 individuals and form the core group who led the Velvet Revolution of 1989.

In Poland, the Solidarity labor movement began in September 1980 at the Lenin Shipyards in Gdańsk, where Lech Wałęsa and others led a broad anticommunist social movement. With the declaration of martial law in late 1981, the government of General Wojciech Jaruzelski attempted to break the union, arresting its leaders, expanding censorship, and marching troops through the streets of Warsaw in a show of force. Solidarity went underground, though popular support both within Poland and internationally moderated the government’s effort to neutralize the movement. Wałęsa was released from prison in November 1982 and martial law was lifted the next year, though Solidarity remained an illegal organization.

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Exhibit C

Interviews with Five Key Figures in the Founding of Central European University

DR. WILLIAM H. NEWTON-SMITH

Canadian by birth, William Newton-Smith earned bachelor’s degrees in mathematics and philosophy at Queen’s University, a master’s in philosophy at Cornell, and a doctorate in philosophy from Balliol College, Oxford. For more than fifteen years he taught at the Inter-University Centre in Dubrovnik. In 1980 he was arrested for conducting a seminar in a private residence in Prague and expelled from Czechoslovakia. Dr. Newton-Smith helped set up the Jan Hus Educational Foundation, which worked underground to support higher education in Czechoslovakia, Poland, and other Central European countries. His books include The Structure of Time (1980) and The Rationality of Science (1981).

The idea for CEU grew out of a meeting in Dubrovnik, which led to a series of meetings to discuss the possibility of founding a university. Soros was very personally involved—it was Soros’s own project. He kept changing his mind, and at one point I quit because I’d grown frustrated with all the meetings and the lack of action. In December of 1990 I met with Soros and Jiří Musil in Oxford. Soros asked me to head the Executive Committee of CEU as a whole and Musil to lead the Prague campus. In January the university was founded. My job was to find the people to head up departments, give them a budget, and tell them to go find faculty. I found the university librarian and commissioned the cataloging system. In September we admitted our first students. I’m still amazed that we pulled it off in the time Soros wanted.

Soros wanted three campuses—Prague, Budapest, and Warsaw. I was opposed to the multicampus plan from the start. I believed it wasn’t cost effective. He had a romantic vision of itinerant scholars, but I think he underestimated the costs of repeated administration, buildings, staff. When the troubles came, I and some others saw a benefit to concentrating our efforts in Budapest.

In Prague, we had problems with the building. It belonged to a trade union. They regretted giving up the building when they realized it could be renovated and rented out as a hotel. The fine print in our agreement with the government said that within 24 months we had to be recognized as a university. The trade union noticed this catch and threatened to have us kicked out of the building. We discovered that in Luxembourg the word “university” isn’t protected. So we formed a foundation in Luxembourg and declared ourselves a university. This put off the trade union' campaign to have us evicted, but we knew it wasn’t a long-term solution. We tried to find the fastest route to accreditation—we looked in Greece, in Cyprus. Surprisingly, the easiest place to earn accreditation is in New York State. Under New York law, there’s no requirement that the school be located in the state. So we applied for accreditation in New York, there were visits from the New York Board of Regents, and we got accreditation.

We could have survived if we had had stronger intellectual roots in Prague. Very few Czech intellectuals were committed to supporting CEU. Many Hungarians were enthusiastic about CEU. Hungary was a freer, more viable culture. Conditions were intellectually more

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42 Interview conducted by Barry Varela, February 23, 2007.
advanced in Budapest than in Prague. The number of Czech dissidents was very small, and they were very cut off and isolated.

We didn’t have an equilibrium situation. I think it was inevitable that the Prague campus would close, even if the political situation had been better. You ask if I believe the multicampus idea was doomed to failure. I think it was, yes. Soros didn’t understand at first the added cost of multiple administrations. And if there was going to be one campus, it would be in Budapest, because of all the intellectuals Soros knew there.

As for Warsaw, there was no hostility there, but there was no money either. The Polish government wasn’t interested in supporting CEU. In Warsaw a sociology department was established, with the idea that other departments would grow around it. But that never happened, and eventually the CEU rector wanted to open a sociology department in Budapest. We couldn’t have two sociology departments, so at that point the Warsaw campus was closed.

**DR. JIŘÍ MUSIL**

Born in Czechoslovakia in 1928, Jiří Musil was imprisoned by the Nazis for a year during World War II. After the war, Musil studied the sociology of urban problems and housing at Charles University in Prague, earning a doctorate in 1952. Unable to pursue his academic studies, Dr. Musil worked as a demographer until the late 1950s, when he was appointed head of the Housing and Urban Sociology Department of the Institute for Building and Architecture in Prague. During the 1960s and 1970s, he helped revive Czech urban sociology, publishing numerous papers and books. Banned from teaching sociology at Charles University, from 1982 to 1989 Dr. Musil was Senior Research Worker on the Architecture Faculty at the Czech Technical University.

In late 1989 I was approached by Petr Pajas, a nuclear physicist, and Ivan Chvatík, a philosopher, to join them in helping George Soros start a private university in Prague. At that time I had just become director of the renewed Institute of Sociology of the Czechoslovak Academy of Sciences. For some time Pajas and Chvatík had been in contact with Soros, and they were taking the first steps in finding support for the idea. I communicated with Soros, who visited Prague, and we met in London and Oxford as well.

After several meetings, Soros offered me a position on the executive committee of the emerging university. William Newton-Smith and Paul Flather, both of Oxford, were chairman and general secretary of the executive committee respectively. We met several times in Oxford, and the meetings were attended also by Professor Ralf Dahrendorf, who functioned as an advisor and supporter of the CEU.

At an international seminar organized by the Institute of Sociology, on “Prague Returning to Europe,” Soros signed with the representative of the Czech Republic government a formal agreement establishing a college of the CEU in Prague. After I'd served several months as a member of the executive committee, Soros asked me to head up the Prague campus of CEU. I accepted it and left my job at the Czechoslovak Academy of Sciences.

My official title was Academic Director of the Prague College of CEU. My duties concentrated on the quick establishment of departments. CEU was a graduate school offering one-year courses to students from Central and Eastern Europe. In Prague we started with the department of sociology. Almost immediately the department of economics was established, followed by department of European studies. The last one was the department of history and

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43 Personal communication with Barry Varela, March 21, 2007.
philosophy of art. In the last phase of the college we added the Center for the Study of Nationalism, headed by Professor Ernest Gellner, who moved to Prague from Cambridge University. I was responsible for coordinating the activities and curricula of the departments, for finding the teachers, and for communicating with students. I was also a member of the senate of CEU and took part in decisions concerning the future development of the university. Being a sociologist interested in urban studies and in the historical sociology of Central Europe, I also lectured on those topics.

I was an enthusiastic supporter of the idea of a university ignoring state borders. To me it was a cultural parallel of the international corporation in business and industry, and I considered it a positive sign in the changes to—the retreat of—the nation state. Through my activities at CEU, I started to understand that changing the cultural and educational policies in Central Europe would be extremely difficult.

From the beginning, we offered other universities in the Czech Republic help in different fields. For example, we offered them help in modernizing their libraries. We opened our library to students of local universities. It was small but modern, with books and journals not available at that time in other libraries. In 1990 and 1991 ours was undoubtedly one of the best libraries in social sciences, European studies, and economics in the Czech Republic. We offered jobs to professionally and linguistically strong Czech teachers. We organized seminars on Czech and Central European issues. We brought to Prague leading scholars, and we always invited members of the other Czech universities to take part. Ernest Gellner, who spent his youth before 1939 in Prague, was especially active, taking every occasion to communicate with Czech anthropologists, sociologists, and historians. His seminars were intellectual events.

The government and other political bodies were split in their attitudes toward CEU. Especially in the years 1990 and 1991, some members of the government supported us, for example the education minister Vopenka. We were strongly supported by President Václav Havel and others who moved into politics from Charter 77 and other dissident associations. But with the change of government in 1992, and especially when Václav Klaus became prime minister of the Czech Republic and the ministry of education moved into the hands of a conservative, Mr. Pitha, the situation started to be precarious.

It was, however, not only the government that started to oppose the CEU. I remember media campaigns against us—for example because we offered a one-year scholarship to the former prime minister of the Czech Republic, Petr Pithart. Before the Prague Spring, Pithart had been a member of the Czech Communist Party, and during 1968 he joined the reformist policies of Alexander Dubček. Pithart supported CEU and opposed Václav Klaus. When we discovered that there was an organized media campaign against CEU, we hired a person to be responsible for PR, and we started to give interviews to TV and radio stations, newspapers, and so on to explain our goals.

Surprisingly, CEU did not find support among academicians and rectors of other universities. On the contrary, we often felt animosity. Officially the negative attitude against CEU was expressed by critical notes on the quality of courses at CEU, on our novel approach to students, and on the elitism of the school.

Still, I think that to a large extent the fate of CEU was determined by political tensions inside the country. The critical attitude of the Prime Minister Václav Klaus toward the school was obvious. Soros tried to meet with him and explain the goals of the school, but Klaus did not find the time or interest to meet with Soros. I personally think that this attitude was a part of Klaus’s disagreement with the philosophy and idea of the “open society” as expressed by Soros personally and by CEU as an institution.

When Václav Klaus became prime minister, the only hope was Soros himself—his determination to stick to his original idea of building up an international university that
disregarded state borders, even in a situation when the local government was opposed it. I do fully understand Soros’s reaction to the behavior of Václav Klaus and his government, but this was the position of a government that a few years later would be replaced by another government.

Although the top functionaries at the universities did not support CEU, many intellectuals, university teachers, students, librarians, and even ordinary citizens supported CEU. They used the services of CEU, they met personally with CEU professors, and I think they discovered the positive role this unusual school could play in Czech intellectual life. They organized a petition to save the Prague campus.

It is true that to run a multicampus university is more expensive than to have all elements concentrated in one city. I remember Dahrendorf telling Soros in a meeting in Oxford that he was underestimating the cost of running even a small university. But in the beginning the idea was not linked to financial considerations. It was a vision, and Soros probably did not realistically confront the financial aspects of a multicampus institution.

We underestimated the importance of P.R. We probably didn’t communicate enough with local civil society, and maybe also not enough with the official bodies. This was due, I think, to our concentrating on quickly building up the departments and the other necessary infrastructure of the university. And maybe we underestimated the role of political contacts and the cultivation of support from intellectuals.

We Czechs can blame ourselves that we were not able to convince George Soros that, by leaving Prague, his vision as well as our own—the original and creative idea—would disappear. There are rumors that after 1998 a representative of the new government visited Soros and offered him a building, financial participation, and renewal of the original support. We can blame ourselves that we were not able to convince him that in a few years there would be a different government that would support his vision.

The idea of a multicampus and international university was undoubtedly an unusual one, very creative, very difficult to realize, but I do not think that it was doomed from the beginning.

**Dr. Paul Flather**

After earning a degree at Balliol College, Oxford, in 1976, Paul Flather worked as a journalist at the BBC and for the Times Higher Education Supplement. In 1980 he became a trustee of the Jan Hus Educational Foundation, traveling frequently to Czechoslovakia to give banned books to scholars and conduct underground seminars. In 1985 Flather was arrested on a train in Czechoslovakia and briefly imprisoned before being banned from the country. From 1986 to 1990 he was the full-time elected representative to the Inner London Education Authority, which regulated London’s 5 polytechnics, 25 colleges, 20 adult institutes, and 4,000 youth projects.

In December 1990 I met with Soros. I was hired as secretary general of the university and was the first nonlocal staff member in Prague. I was basically the CEO of a very small team. Our first task was to come up with a mission statement, a plan of action. We wrote a ten-page prospectus, a booklet of our aims. It was very exciting, we were working on very fertile ground. Soon we were negotiating a building in Prague.

We would have long meetings with Soros present every four weeks or so. We would implement policy even as we were making decisions.

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44 Interview conducted by Barry Varela, March 26, 2007.
We wanted to be innovative. We decided to have a program in environmental science. That was something that no one else there had at the time. We produced papers, worked out budgets, hired staff. I remember having to buy the towels for the residence rooms. There was nothing there. There was a great feeling of excitement. I had hoped for an opportunity to learn a new language, but there was no time. We had to use interpreters in dealing with the local population.

A telling anecdote: One of the important things I had to do was allocate rooms—who would go into which offices in the building. This was absolutely critical politically, and it was a very sensitive job. I did it at three a.m. I went around the building putting names on doors when no one could interfere. When the people came in the next morning, they found out where their offices were.

The idea for a multicampus university emerged in the early days. We were building a Central European University, and there were two possible strategies. First, we could have had a single campus. Soros looked at Bratislava. Slovakia needed the intellectual infusion. But we didn’t get local support, so we went to the second option, multiple campuses. Soros considered putting bases in Warsaw, Prague, Budapest, and Moscow. It was incredibly innovative. There was nothing like it. I traveled to Moscow several times, but nothing came of it, and Soros had other initiatives there.

The Prague authorities moved faster than those in Warsaw and Budapest. We got a building from Havel, but it wasn’t his to give. It belonged to the trade union. Because of the nonviolent nature of the Velvet Revolution, people had hung on to their positions, their property. The Velvet Revolution said, “We are all guilty.” No one was singled out. As a result, we had to deal with people who were completely incompetent, who didn’t care at all about the idea of a university. They were in positions of power because of ideological purity, or because they had been good at getting people to do things. I know from first-hand experience that people in the trade union were shocked that they were allowed to keep their buildings. There’s a lot of pain the Czechs will have to go through eventually because they didn’t have more confidence in change.

This was pre-email, but people were already talking about computer networks. In a university, if you’re in two buildings separated by a road, it’s hard to gel. The idea that we could be one university in three cities was really quite fanciful.

We were amazingly successful—maybe I’m not the person who should be saying that. We went from not having paper in January to having our first students in September. We had two courses at first, then developed from there. We were nimble and small and we were able to do things quickly.

Soros moved very fast. As an example, I remember he once rang me up the day after a meeting, wanting to know how much of what we’d discussed had been implemented.

It was a learning experience. At first we ran the dining hall as a buffet. Students would load up on food and take it back to their rooms with them, save money that way. They were feeding their families. After a week we figured this out and moved to a voucher system.

That first year we had students who were extremely eager to learn. They were just hungry for knowledge. Later we may have had students who were better trained, who were more brilliant, but we never had students who were as hungry. That first year was never replicated.

Czech government hostility came from one person—Klaus—but unfortunately he was the prime minister. And Czech culture hadn’t changed much—there was still a top-down system. The media were subservient, unconfident. There were no other groups to
oppose the government. If the head of the government came out against CEU, then everyone did.

Soros didn’t say, “Let’s fight back. Let’s run a campaign, make our case.” Instead, he said, “Let’s move.” We had a base at the Academy of Sciences in Warsaw to go to.

But ultimately the trade union was the problem. They raised the rent to a million dollars a year, which the Czech government refused to cover. Klaus had a legitimate point. His argument against CEU was presented in a very rational way. He argued that the government couldn’t spend money on a luxurious postgraduate institution when students in high schools were using textbooks from the 1960s. Klaus had been educated in America, at the University of Chicago. He was picked up by the American right. He was savvy, a very smart politician—perhaps the most successful Czech politician of the post-1990 era.

Musil was Prague academic director. He was a very high quality academic, a brilliant man. But there was no doubt that once Soros said “Let’s go,” we were going. There are many obvious benefits to having a benefactor who was so involved, but that’s one of the downsides.

It was very ambitious to have three campuses. Having today’s technology—email, the Internet—would have helped make the multicampus university a more viable idea. We met with techies who told us what was coming. But it didn’t happen early enough. Without technology, we had to overcome the inertia of people. There was always a question: Do we move the students or do we move the faculty? We worked out that different cities should host different subjects—sociology here, philosophy there, history there—but at the same time we were absolutely committed to a multidisciplinary approach.

Today the Czech state universities still need reform. The pedagogy is bad—professors work in huge lecture halls, they have limited contact with students. They pass around handouts. There’s no email. In Prague you have one university, Charles, that dominates the Czech academy. In Budapest there are three good universities in addition to CEU. There’s a competitive model for students. There’s a constant flow of intellectuals, policymakers, students, creating a critical mass. The CEU library in Budapest is well lit, it’s accessible, it has laptops, you don’t have to wait for a week to see a book or journal article. It’s unfortunate, because Prague needed those things more than Budapest did.

Soros’s early premise was to build partnerships with governments. That didn't work out well in Prague. But in Budapest we've also had governments that were hostile to CEU. It’s not clear to me that the Hungarian government has ever paid for much.

Over time, Hungarian intellectuals became more influential in CEU. It was only natural. People go native, so to speak. It’s inevitable. They get territorial—about their departments, their budgets. Their campuses. We had good will, we were united—but it didn’t work out. People got tired, people died. It’s quite hard to imagine the multicampus university ever working. But it was a worthy idea.

When history is written, the impact of Soros will only have gotten bigger. Soros says he doesn’t like things to be permanent, but that may not apply to CEU. And the end of the story may not be written yet. If we’d had the technology to have someone like Ernest Gellner lecture in Budapest, Prague, and Warsaw simultaneously, the three-campus idea might have flourished. Perhaps as CEU continues to expand its wings, it will return someday to those earlier ideas and reopen Prague and Warsaw.
DR. ISTVÁN TEPLÁN

István Teplán studied economics at the Budapest University of Economics and history at Eötvös Loránd University. He earned a master’s in sociology from the State University of New York at Binghamton and a doctorate in sociology from the Budapest University of Economics in 1989, specializing in urban and economic history.

In the 1980s, George Soros sponsored a series of meetings in Dubrovnik on the future of socialism in Europe. I was present at the historic meeting in April 1989. Soros was there, Bill Newton-Smith was there. During the meeting someone, I think it was the Hungarian historian Péter Hanák, suggested the idea of a transnational university. The idea was to reestablish the medieval tradition of an international university, as in Bologna or Paris, where students could come from all over Europe. We wanted to train a new elite with an understanding of liberal traditions. We felt the university should be a postgraduate institution focusing on the social sciences, because under communism the social sciences were weak.

We could feel the wind of change coming. If communism collapsed, the old ghosts would come back—nationalism, ethnic conflict. And in fact, three years later, the building we were meeting in was destroyed by the Yugoslav navy in the Croatian war.

There was debate over where to locate the university—Vienna, Prague, Bratislava, Budapest. At that time, and later, I supported the idea of a networked university. It was a beautiful idea—a beautiful idea, except it did not work. Even Soros didn’t have enough money to support three campuses simultaneously. But it was a very good idea.

Soros wanted to start in Bratislava because it was close to Vienna, and because Bratislava was not Budapest. He was sensitive to the perception that the university would become a Hungarian institution. That isn’t what he wanted. The university started in Prague because of Havel’s gesture of giving us a building there. The building was given under the condition that CEU become an accredited university. But Czech law didn’t make that easy. The trade union that owned the building raised the rent and wanted us out. We went to Luxembourg to register as a university.

Then Klaus came in. He saw that Bohemia was so near to the West, and he wondered what all those Central Europeans were doing at the university.

There was a big attraction for students to Prague as a city. But with the daily problems, eventually it became easier to close. A lot came down to the building problem. After we moved out of the trade union building, we had a building with an asbestos problem. We wound up moving students to Budapest in the middle of the semester. It was easier not to go back.

Still, all this—the trade union, the building, Klaus—wouldn’t have been important if CEU had been supported locally. In Budapest we also had many people who didn’t like us—right wingers, nationalists—but there were always intellectuals who were enthusiastic about CEU. Hungary was more liberal, had a more Western outlook. You could always mobilize support. In Prague, there was somehow never any support there—not enough people who took it as a personal cause. We didn’t have a solid faculty of Czechs who fought for it. Musil was alone.

45 Interview conducted by Barry Varela, March 26, 2007.
Warsaw was more a matter of, well, we might as well bring that one to Budapest too. Warsaw had only a sociology department, and it couldn't go on by itself.

None of us knew what we were getting into. It was a learning process. But as for the Prague campus—I'm convinced it wasn't a failure. I don't think the Budapest campus would have succeeded if all of CEU had started here. Hungary was not the most popular place—people still thought of Hungary as being the power behind the Austro-Hungarian Empire. There was a lingering feeling that Hungary had not treated minorities in the empire well—Transylvanians, other minorities. If Soros had started CEU in Budapest alone, he would have been seen as a “Hungarian agent.” But because we were in Prague and Warsaw, people believed CEU really was a transnational university. Even though things didn't work out in those places, CEU is still seen as not exclusively Hungarian.

To be honest, though, it did matter that some of the leaders of the university were Hungarian. It's impossible to avoid vested interests.

I'm really convinced Prague wasn't a failure. It contributed to CEU. There was always a feeling of competition between campuses. Soros likes competition—he believes in it. Budapest won the competition, but that doesn't mean the other campuses were failures. They were necessary in their own way to the success of the institution as a whole.

I do hope someday CEU will go back to the original idea of a multicampus university. It's a beautiful idea. Being in a single country, there's always the danger that that one country will come to dominate.

**Dr. Claire Wallace**

After earning a bachelor’s and, in 1985, a doctorate in sociology from Kent University, Claire Wallace taught there and later at Plymouth and at Lancaster University. She specialized in the field of economic sociology, studying the effects of unemployment and changing work pattern on individuals and households, social policy for youth and the family, and comparative sociology and policy in Britain, Germany, and Poland. Her books include For Richer, For Poorer: Growing Up In and Out of Work (1987) and An Introductory to Sociology: Feminist Perspectives (1990, with Pamela Abbot and Melissa Tyler).

I was first contacted in January of 1991. My thesis advisor had known Soros, and I first met with Soros and Jiří Musil in February. By April I had signed on to go to Prague for a year and help set up the sociology department.

When I got there in June, there was nothing there—no filing cabinets, no books, no desks. There were two volunteers from the Open Society Institute in New York who helped out. Back then Prague was the only campus—there was nothing yet in Budapest or Warsaw.

We had three departments: sociology and politics, which was led by Ray Pahl, Ernest Gellner, and myself; European studies, led at first by Gabriel Fragnière, and later by Ferdinand Kinski and after him by William Wallace; and art history, led by Tomáš Vlček. The departments were arbitrarily chosen according to whom Soros happened to know. It was all done through personal connections.

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46 Interview conducted by Barry Varela, March 23, 2007.
I was on unpaid leave from Lancaster University, where I’d been teaching for a year. There was no permanent faculty in Prague. We all had jobs elsewhere. The faculty came through Prague for block teaching. Courses would last a couple of weeks, and then the faculty would move on, back to their regular jobs. Bill Newton-Smith was always flying in and out. We also had resident Ph.D. students, who worked as tutors teaching seminars.

The first year we didn’t offer master’s degrees; rather we awarded diplomas for successful completion of course work. The students found that diplomas from a university with no permanent faculty were of limited value in the international market. In the second year, as a result of pressure from the students, Lancaster University agreed to award master’s degrees for course work at CEU.

CEU was always changing. There was no institutional stability. It was exciting but frustrating, and people got burned out after a while. The university was run by Soros. He would visit frequently, living with the students in university facilities. It was nice that Soros was so personally committed. But he was constantly changing things. Someone would suggest something, and Soros would decide to do it on the spot. That was exciting, but it was also very stressful.

The first year, we had an enthusiastic, unconventional bunch of students from formerly communist countries. They hadn’t been trained in the style of British or American students, but they were very bright and highly motivated. We were living in an interesting time and place, and we had very interesting faculty. Before CEU became institutionalized, we were doing something exciting and different—the idea of a postmodern, transient, almost “virtual” university. In Weberian terms, we were prebureaucratic—we were based on charismatic personalities.

In Prague, we paid a kind of peppercorn rent to the trade union for the use of their building while they finished working on it. The city had begun to come to life, and the union realized they might be able to make some money off the property. They weren’t interested in supporting a charity. So the union raised the rent. Soros wanted the Czech government to offer an alternative building, which didn’t seem unreasonable to me. There were lots of empty building in Prague at that time. We would have taken anything, any old wreck. Soros would’ve been willing to pay to fix something up, I’m sure of that. We were offered other buildings from other sources—a convent, I believe, was one possibility, and Havel offered us space in the Castle, where the Czech president has offices. But the government offered nothing, no assistance of any kind. Soros became disillusioned, and when he was offered space in Warsaw, he took it.

The hostility of the Czech government was the main cause of CEU’s closure. We had the support of Havel, but Klaus didn’t like Havel. There was resentment of outsiders telling Czechs how to do things. Klaus was leading a sort of Czech autonomy movement.

The souring with the Czech government was unfortunate. When CEU left for Budapest, Prague lost the library and other resources. Budapest already had libraries—it didn’t really need the CEU library. It was too bad that Prague lost those resources.

In places like Warsaw and Budapest, you had good social scientists. In those cities there were large groups of active intellectuals who could be drawn in to support the university. In Prague we were working in a vacuum. There were very few sociologists in Prague. We had no local resource base. The few good Czech social scientists were in great demand, and they were busy setting up their own institutions.

CEU was meant to be a temporary arrangement. From the beginning, Soros’s idea was not to set up a permanent institution. He was very clear about that. CEU was a provisional development, set up to do a particular job in a particular time and place, and
then close up. After Soros bought the building in Budapest in 1993, CEU as a permanent institution became more of an idea. Alfred Stepan set up the university senate. The institution sort of crystallized around the building. Budapest has evolved to become a more normal institution, with more conventional students and faculty.

Maybe CEU Prague could have worked if we’d had local support, but it would have diverged from the original idea. What Soros originally set out to do was a transitory bringing together of faculty and students, similar to the program in Dubrovnik. It wasn't meant to last. And I didn’t mind that at all. I thought it was an interesting idea.
EXHIBIT D

Central European University: Chronology of Events, 1989-2005

April 1989
Idea of creating a new university first arises during meeting attended by George Soros at the Inter-University Centre in Dubrovnik, Yugoslavia; Soros declines to pursue idea.

June 1989
Solidarity comes to power Poland.

October 23, 1989
Third Republic declared in Hungary.

November 9, 1989
Berlin Wall falls.

November-December 1989
Czechoslovakia undergoes Velvet Revolution
Dec 29: Czechoslovak federal parliament elects Václav Havel as president.

February 1990
Communist Party of the Soviet Union gives up one-party rule.

March-April 1990
Hungary holds first free elections in 45 years; conservative Hungarian Democratic Forum comes to power.

April 1990
Soviet legislature passes a law allowing constituent republics to secede.

May 1990
Overcoming his initial skepticism, Soros commits to founding new university; Bronisław Geremek of Poland, Václav Havel of Czechoslovakia, and Árpád Göncz of Hungary agree to serve as patrons.

Fall 1990
CEU Executive Committee formed, consisting of George Soros, William Newton-Smith, Jiří Musil, Ladislav Cherych, and István Rév.

April 1991
CEU Academic Planning Board meets in Prague.
April 19: CEU Prague declared open.
CEU signs five-year partnership agreement with government of the Czech Republic.
The Open Society Institute and Central European University: Three Campuses, Three Outcomes

Summer 1991
CEU negotiates with Hungarian government on obtaining use of building in Budapest.

May-June: Summer schools open in Prague and Budapest.

August 1991
Soviet hardliners overthrow Gorbachev in failed coup designed to halt the weakening of the Soviet Union.

September 1991
With more than 100 students, CEU Prague commences first academic year.
CEU Library opens in Prague.

December 16, 1991
CEU Foundation established in New York

December 31, 1991
Soviet Union formally dissolves itself.

Spring 1992
CEU Press founded.

Summer 1992
CEU announces $25 million Higher Education Support Program (HESP) to promote academic work at nine universities located in Czechoslovakia, Hungary, and Poland.
CEU purchases building in Budapest.

June: Right-wing Civic Democratic Party (Občanská demokratická strana, ODS), headed by Václav Klaus, wins election in Czech Republic; the liberal Movement for a Democratic Slovakia, headed by Vladimir Mečiar, wins election in Slovakia.

July 17: Slovak parliament adopts declaration of independence of Slovak nation.

July 24: CEU granted provisional charter by New York State Board of Regents.

September 1992
Second academic year commences in Prague; first academic year commences in Budapest.

Fall 1992
CEU pledges to establish campus in Warsaw.

November 17: Czechoslovak federal parliament adopts law to dissolve nation.

December 31, 1992
Velvet Divorce finalized: Czechoslovakia ceases to exist. Klaus remains in office as prime minister of Czech Republic; Mečiar retains premiership of Slovakia.

January 7, 1993
Education Minister Petr Pit’ha informs Soros that the Czech government will not pay rent on CEU building in Prague beyond 1993-94 academic year.
Soros announces that the economics, European studies, and society and politics departments may be forced to move from Prague to Budapest.
Winter 1993
CEU Press publishes its first book.

May 1993
While publicly reaffirming his commitment to Prague through the 1994-95 academic year, Soros prepares to transfer Prague operations to Warsaw and Budapest.

June 1993
Open Society Institute launched at conference held in Seregélyes Castle outside Budapest; OSI will operate as umbrella body coordinating work of CEU, twenty Soros foundations, and other Soros policy and research institutes and units.

Fall 1993
Soros announces $200 million donation to CEU, plus additional $30 million donation toward renovation of Budapest campus.
Alfred Stepan, former dean of Columbia University, appointed CEU president and rector, effective January 1, 1994.
Art history department prepares to move to Prague Castle.

Spring 1994
CEU one-year postgraduate courses achieve full accreditation from New York Board of Regents: M.A. programs in medieval studies, history, political science, and economics; and two LL.M. programs.

Summer 1994
CEU announces sociology department will be located in Warsaw starting academic year 1995-96.

January 1996
The International Relations and European Studies (IRES) program moves from Prague to Budapest, ending CEU’s presence in the Czech Republic.

March 1998
Open Society Archives move to CEU Budapest.

October 2001
Soros replaces $10 million annual gift with a one-time donation of $250 million.

Summer 2003
Sociology department moves from Warsaw to Budapest, thus consolidating CEU in a single campus.

Fall 2005
Business School begins offering CEU’s first undergraduate degrees.

## Exhibit E

### Summary: CEU Students 2006-2007

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### Country of Origin

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