

Case 74

Central European University

Open Society Institute, 1991

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Background. More than fifty years ago, George Soros fled his native Hungary's Communist regime. He went on to become a billionaire financier and philanthropist, and has strongly supported the reconstruction of central and eastern Europe since the end of the Cold War. In 1988, Soros and a group of several dissidents came up with the idea of founding a university in Eastern Europe that would serve as a beacon of the democratic values of openness and freedom, but it was not until the revolutions two years later that he was able to bring that idea to life.¹⁰⁸²

Strategy. In 1991, Soros gave \$25 million to create Central European University (CEU). The institution was to serve as a bridge connecting central and eastern European college graduates to the opportunities of a western education. At the time of its foundation, Soros planned to continue his support of CEU only "if the university proves itself in terms of academic quality and wins acceptance in the region."¹⁰⁸³ One critical benchmark was whether CEU would become a fully accredited university, which it succeeded very quickly in doing. Satisfied with its progress, Soros pledged in 1993 to continue supporting the fledgling university with additional donations of at least \$10 million a year for the next twenty years.¹⁰⁸⁴ The new university signed contracts with the Czech and Hungarian governments to establish the university in Prague and Budapest, with the national governments paying rent and local salaries and the Soros Foundation paying all other costs.¹⁰⁸⁵

CEU was able to attract renowned scholars to teach, lecture, and serve as administrators. The first rector and president, for example, was Alfred Stepan, former dean of the School of International and Public Affairs at Columbia.¹⁰⁸⁶ Using lecturers on short appointments, the new university was able to get up and running very quickly. Its remarkable ability to cut through red tape owed, in large part, to Soros' willingness to bear its costs alone. Looking back, he said, "When I launched the university, I felt the region was in a critical period and things needed to happen quickly in order not to miss the great window of opportunity for change."¹⁰⁸⁷

The university offered masters degrees in several social science and humanities subjects, and, at the outset, CEU was envisioned as a place where students from the region could do post-graduate study that would prepare them to pursue doctorates in western Europe and the United States.¹⁰⁸⁸ The university also hosted an array of "practical spin-offs"¹⁰⁸⁹ intended to make it an anchor of the open society¹⁰⁹⁰ in the heart of the former Soviet bloc. For instance, the CEU Press has worked to translate and publish classic texts of western philosophy, history, and law. These works, including many of the foundations upon which much of the western democratic tradition is based, had, for decades, been virtually impossible to find behind the Iron Curtain, where state run presses published only the works of "approved" authors.¹⁰⁹¹

Outcomes. Over the last fourteen years, CEU has grown into what the *Chronicle of Higher Education* has called "a regional intellectual powerhouse."¹⁰⁹² Its academic programs have been so successful that its mission has changed from preparing students for western universities to offering them a full array of opportunities within their native region. CEU now has its own doctoral programs and over 900 students from sixty countries.¹⁰⁹³ The university employs some 100 professors, most from all over Europe (western, central, and eastern) and from the United States. In 2000, CEU began actively recruiting students from countries outside the region with developing democracies of their own. There have been challenges associated with growth—navigating the line, for example, between being too regional and too Anglo-Saxon. And CEU has needed to develop a donor base much faster than most universities do. George Soros has been adamant that it must be weaned from his funds. In

2001, he discontinued his annual contributions, but rather than leave CEU empty-handed, he endowed it with a \$250 million gift: the largest ever to any European university. And he continues to chair CEU's board of trustees.

Impact. Central European University has become a beacon of academic excellence, cultural tolerance, and advanced research in the service of democratic policymaking. As Soros has said, “[It] is now on sound footing with a proven track record, producing excellent graduates and establishing itself as a first rate graduate institution.”¹⁰⁹⁴ It has grown rapidly and will face many of the same challenges, and opportunities, that confront universities in the United States and Great Britain. What university in its region could have said as much twenty years ago?

Notes

1082. John O’Leary, “Lessons in Freedom,” *The Times*, 2/24/1992.

1083. Ibid.

1084. He also donated \$30 million at the time of the pledge. Colin Woodard, “\$230-Million Gift to Central European U. Expected to Enlarge Its Role in the Region,” *Chronicle of Higher Education*, 10/13/1993.

1085. Because of a dispute with the Czech government following the breakup of Czechoslovakia, CEU closed its Prague campus and made Budapest its central location. Today, however, some programs of the University are also conducted at a CEU campus in Warsaw.

1086. Woodard, “\$230-Million Gift to Central European U. Expected to Enlarge Its Role in the Region.”

1087. Theresa Agovino, “Central European U. Faces Dilemma as its Benefactor Limits his Support,” *Chronicle of Higher Education*, 10/16/1998.

1088. Ibid.

1089. Susan Greenberg, “Billionaire Santa Snubbed by Klaus,” *The Guardian*, 1/12/1993.

1090. The concept of promoting “open societies” is a unifying theme that runs through most of George Soros’ diverse philanthropic endeavors. The term “open society” was popularized by Karl Popper in his 1945 book, *Open Society and its Enemies*. It is taken by Soros to refer to a culture “characterized by reliance on the rule of law, the existence of a democratically elected government, a diverse and vigorous civil society, and respect for minorities and minority opinions,” available from <http://www.ceu.hu>.

1091. This effort, the CEU Press Translation Project, was actually an outgrowth of several smaller such efforts being conducted at the time by various Soros philanthropies around central and eastern Europe. Frances Pinter, “Books Across Borders,” *Washington Post*, 7/28/1996.

1092. Agovino, Theresa, “Central European U. Faces Dilemma as its Benefactor Limits his Support,” *Chronicle of Higher Education*, 10/16/1998.

1093. Available from <http://www.ceu.hu>.

1094. Agovino, “Central European U. Faces Dilemma as its Benefactor Limits his Support.”