

Art, Philanthropy In An Age Of Turmoil

Charles Lowenhaupt, February 5, 2021



There is an increasingly difficult relationship between some major philanthropists and those who rely on philanthropy - museums, foundations, universities and other entities. Recent controversies have shone a light on the matter. This article examines what should be done.

Art and philanthropy intersect at times, and recent news stories highlight how controversy can erupt. Families' reputations get put on the line. Philanthropy can be a tool for reputation management but also a weak spot. (See an example linked to the US [Sackler family](#).) Wealth advisors to high net worth and ultra-HNW clients need to be aware of these issues in order to guide clients.

In this article, Charles A Lowenhaupt, chairman and partner of [Lowenhaupt & Chasnoff](#), discusses the terrain. He has written in these pages before about the challenges of managing family wealth, and we're delighted he is back to share these views. Charles is also a member of Family Wealth Report's [editorial advisory board](#).

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Hedge fund manager Leon Black is the latest high-profile individual caught up in the scandal involving Jeffery Epstein, the now deceased sex offender and former financier.

The episode is notable not only because it ended Black's tenure as chief executive of Apollo Global Management, it also illustrates, once again, the increasingly problematic relationship between major philanthropists like Black and those who rely on philanthropy - museums, foundations, universities, etc.

As board chairman of the Museum of Modern Art in New York, Black is now under fire for his relationship with Epstein. Critics are calling for his removal, and the backlash among various groups such as Guerilla Girls (a group of women artists) and Decolonize This Place (which took credit for pressuring the Whitney to remove Warren Kander from its boards) has been intense.

According to *The New York Times*, Black plans to continue serving in his role at MoMA. He and his wife gave \$40 million to the museum and have an art collection which is described as among the finest in the world.

At a crossroads

Black is only the most recent example.

The Sackler family, a key owner of Purdue Pharma - creator of OxyContin - gave generously to the Metropolitan Museum of Art, the Guggenheim, the Natural History museum, the Metropolitan Opera, the Tate Modern, as well as Columbia University. Many of those institutions have removed the Sackler name and have returned those contributions because OxyContin is blamed for the opioid crisis in the US. Warren Kanders was forced off the board of the Whitney Museum because of his company's manufacture of tear gas used against migrants at the border.

For philanthropists, the world has changed dramatically. Philanthropy has become exponentially more complex for donors, as well as recipients. The free pass given to wealthy donors for misbehavior or perceived misbehavior is being revoked.

For institutions, the task is equally challenging. Turning away millions may be morally and ethically correct, but it also complicates the job of running an institution, particularly given the revenue squeeze precipitated by the pandemic following the closure of many institutions.

So what are philanthropists and their advisors to do?

Is philanthropy even worth the trouble, given all that can go wrong? What expectations should philanthropists set when considering a gift? What are the commitments both the philanthropist and institution should pledge to each other?

The new calculus

To make sense of the new reality facing the world of philanthropy, consider the new operating norms for institutions, their boards and staff. Consider the situation of MOMA or the Whitney or for that matter any art museum in today's world.

Museums are finding themselves in the middle of society's reexamination of diversity, equity, inclusion and access. In light of last year's social protests across the country, there is a new urgency for donors and management to broaden their perspective. Staff and community are challenging museum leadership to reimagine institutions accused of colonialism and patriarchy.

For the prospective donor, numerous questions must be answered before making a gift.

If my gift is of western European art, will it end up dragging down the museum's diversity goals? Will the objects be seen as a reflection of colonialism or slavery? Will my name be removed from the museum as values change and my life is retrospectively viewed as controversial, like Leon Black or the Sackler family?

Regarding the coherence and integrity of a collection donated to a museum, what happens if I donate a collection and a piece of art is someday put up for sale? Do I need to stipulate the sale conditions up front in the agreement with the museum? What if my gift is intended to supplement a particularly strong museum collection and one piece gets sold out of that broader collection, thereby impacting the entire meaning and appeal of the collection?

It is critical for philanthropists to understand the museum's philosophy regarding these matters, as well as the museum's financial viability and strength. Now more than ever, donors need assurances that the institution is stable and will survive for many years – ideally for perpetuity. It is all the more important for the donor, whether of cash or artwork, to study the institution itself.

A donor must also recognize that communities and cultures evolve. The community served by a museum in 1800 is not the community being served in 2021. A donor needs to accept that fact and recognize that the civic leader of the late 19th century may become the robber baron of the late 20th century. A gift designed to form the foundation of a "perpetual legacy" for the donor is likely to be a construct built on sand and washed away as civilization evolves.

What is art for?

Donors should do their own due diligence about the museum's commitment to the financial contributions or donated collection. That is not enough, however.

One question the philanthropist must carefully articulate is what the gift is trying to accomplish. What are the philanthropist's short-term and long-term goals? That leads to the more fundamental question: What is the philanthropist's wealth for? What does the individual want it to accomplish and for whom?

In our experience, the most satisfied wealth holders are those who realize that philanthropy must be rooted in the community - however they define "community." Community could be your home city or surrounding area. Or, the community can be bound less by geography and more by common interest across state or national borders.

When my wife, Rosalyn, and I evaluated where to donate our collection of Japanese prints, several national institutions expressed interest. In the end, we chose St Louis. That's where my family has lived and worked for more than a century. We chose a local institution because our joy comes from giving back to our local community.

Shared values, mutual trust

The philanthropist must believe in the museum's commitment to the intellectual and cultural heritage of the community. In other words, the philanthropist must evaluate whether the museum embodies the donor's values as they relate to the donor's community. The key question is whether the museum is firmly focused on serving its community – helping the community understand and meet the challenges communities face over time.

Only when the donor understands the museum's vision and mission can the donor be reassured that a substantial gift will serve in perpetuity. The donor must trust the museum to figure out how to meet the donor's needs and its own audience regardless of changing values. If a museum cannot share its understanding of community and how it will be served, the donor should not consider a gift to the museum.

The moment in front of us

Especially now, philanthropists play an immensely important role in preserving and sharing the knowledge and wisdom of art. How many of us learned of Egypt or ancient Greece by visiting museums? It is important to see African art or Chinese art to understand the modern United States.

The fallout from the pandemic and the social awakening across the country represent a unique opportunity to reinvigorate philanthropy. Now is the time for donors to evaluate their philanthropic goals and make strategic adjustments as necessary. The donor's legacy and the institution's survival depend on that analysis.

About the Author

Charles A Lowenhaupt is Chairman & Partner of Lowenhaupt & Chasnoff, a law firm providing counsel to families of substantial wealth since it was founded by Abraham Lowenhaupt in 1908. A globally recognized expert in working with wealth creators, wealth holders and wealth inheritors, he is the author of two books, *The Wise Inheritor's Guide to Freedom From Wealth* and *Freedom From Wealth* with co-author Don Trone. He is also a long-time art collector and serves as President of the governing body overseeing the Saint Louis Art Museum.