Philanthropy and Plutocracy

In response to Donald Trump's presidency, and the broader conditions that enabled it to happen, *October* has begun publishing historical and contemporary documents related to cultural activism aimed at creating spaces of progressive resistance to threats of authoritarianism and plutocracy (see, for instance, statements related to the J20 Art Strike in *October* 159). The texts that follow demonstrate how theory can work hand in hand with praxis. Andrea Fraser's "Trusteeship in the Age of Trump" makes a strong association between philanthropy and political power as wielded by a small elite of the super-wealthy. She demonstrates how the privatization of social services and the arts that philanthropy achieves is part of a larger withdrawal of government responsibility for the welfare of its citizens that Trump's administration has enthusiastically embraced. Accompanying her lecture is an open letter, drafted by Fraser and Eric Golo Stone and signed by dozens of art-world figures, demanding the resignation of Treasury Secretary Steven T. Mnuchin from the board of the Museum of Contemporary Art (MOCA), Los Angeles. The authors' introduction to this letter makes it clear that Mnuchin, who resigned from the board before the letter was released to the press, pursued values in his business dealings that were diametrically opposed to those that animate the mission of MOCA. As Fraser declares in her "Remarks": "We must send the message to art collectors and museum trustees that supporting modern and contemporary art and its institutions must mean more than giving donations of money or art. It must also mean defending the values and structures that enabled modernist and avant-garde culture to develop and thrive . . ."

David Joselit

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Trusteeship in the Age of Trump[1]

Andrea Fraser

Since the late 1960s, the art field has seen waves of concern over the influence of trustees and patrons on museum programs and collections. Unfortunately, these concerns often ignore the broader structural conditions and consequences of the US system, which places responsibility for cultural institutions—and also many educational and social-welfare functions—with philanthropic organizations. These organizations are plutocratic in the most basic sense of the word: institutions that are considered public and provide basic social functions, but are governed by a minority of the wealthiest citizens according to their own interests, with little or no democratic input or oversight. Like political plutocracies, they tend to exist as closed, self-perpetuating systems of privilege, access, and influence. Indeed, the American philanthropy sector itself is the product of policies put into place in past eras of American plutocracy: the late-nineteenth-century Gilded Age, when Andrew Carnegie spread his "Gospel of Wealth," and the 1920s, when art collector, philanthropist, and treasury secretary Andrew Mellon institutionalized the charitable deduction on income taxes while slashing top tax rates to spur economic growth and philanthropy—initiating a financial frenzy that came to an abrupt end with the Great Depression. Mellon's philosophy returned with the neoliberal economic policies pursued aggressively in the United States since the 1980s, leading to our most recent gilded age, museum boom, recession, and levels of economic inequality and wealth concentration not seen since the 1920s.

Politically, plutocracy thrives on a vicious cycle of economic inequality. High levels of wealth concentration buy access, influence, and authority, which are used to secure policies and establish practices that protect and increase that wealth, which in turn is used to buy more influence, and so on and so on, undermining democracy. In America, philanthropy not only serves to justify extreme concentrations of wealth and legitimize its influence but contributes to inequality directly by creating a vicious cycle of tax revenues lost to tax deductions and rate cuts, leading to cuts in public spending, leading to increased demands for private philanthropy to make up for the social spending lost, leading to calls for more tax incentives to increase charitable contributions, leading to further reductions of tax revenues and public spending, and so on and so on.

With the inauguration of Donald Trump and the confirmation of his cabinet, the United States has become a "really existing" plutocracy, led by ultra-wealthy

1. This text originated as a speech written to launch an "American Friends of"–type organization founded by the Museum Ludwig Cologne with my encouragement (I serve on the museum's board). The full text can be found as "Remarks for the Launch of the International Society of the Museum Ludwig Cologne" in Yilmaz Dziewior, ed., *We Call It Ludwig: The Museum Is Turning 40!*, (Cologne: Museum Ludwig and Verlag der Buchhandlung Walther König, 2017), pp. 318–30. This adapted excerpt was first prepared for the program "More Is Never Enough with A. L. Steiner," presented at the Museum of Contemporary Art, Chicago, on February 8, 2017.

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people with few qualifications for government. However, social scientists have established that America became a plutocracy long before Trump was elected president.[2] Over half of all contributions to the recent presidential campaign came from just three hundred and fifty American families and their companies—the vast majority backing conservative candidates who champion policies that would protect their wealth and the profitability of their businesses by cutting taxes and eliminating financial, environmental, consumer, and labor regulations.[3]

Many of those families also have members who sit on museum boards. As an article in *Forbes* put it, the "real plutocrats" not only "make Presidents [and] defeat or pass special legislation" but also "build hospitals, museum wings, endow universities, libraries, music halls and more," thus "overshadowing" (or making up for?) the "corruption of the political process" with "philanthropy . . . and support of good works."[4] In the American model, however, one can say that philanthropy itself always has been a corruption of the political process: It is part of a system in which public resources (that is, foregone tax revenues) are channeled to privately controlled organizations that operate free of public accountability and oversight—a system that, despite the billions poured into art, education, health care, and other "good works," has served to perpetuate and legitimize the extreme inequality that underlies so many of the social problems philanthropic organizations would alleviate.

It is likely that art-museum trustees who make political contributions are more likely to contribute to progressive than conservative candidates and organizations. However, there are still many museum trustees and art collectors who have provided financial support for politicians who would rob people of freedom and dignity because of their origin, religious faith, or sexual orientation, who have preached hate and threatened censorship, and who have worked to restrict voting rights. There are even museum trustees who have supported Trump directly. One of Trump's most prominent supporters, the finance chairman of his campaign and now his treasury secretary, Steven T. Mnuchin, stepped down from the board of the Museum of Contemporary Art, Los Angeles, only after concerted pressure from the art community.

I doubt that many patrons of contemporary art personally subscribe to the Islamophobic, homophobic, anti-immigrant, misogynist, and racist positions and policies advocated by the politicians they sometimes support. Nevertheless, many

2. See Martin Gilens and Benjamin I. Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens," *Perspectives on Politics*, 12(3) (2014), pp. 564–81; Martin Gilens, *Affluence & Influence: Economic Inequality and Political Power in America* (Princeton: Princeton University Press, 2012).

3. Nicholas Confessore, Sarah Cohen, and Karen Yourish, "The Families Funding the 2016 Presidential Election," *New York Times*, October 10, 2015.

4. Robert Lenzner, "We Are Becoming a Plutocracy No Matter What Obama Proposes Tomorrow," January 26, 2014, *Forbes,* http://www.forbes.com/sites/robertlenzner/2014/01/26/those-with-affluence-have-all-the-influence-in-america/#2748579b3b6d.

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do appear willing to overlook such attacks on democratic, civil, and human rights because these politicians further their professional and financial interests. To a very large extent, artists, curators, and museum directors similarly have been willing to overlook the political and economic agendas of art patrons because those patrons further their own professional and financial interests or the specific interests of their institutions.

The time has come for that to change. With the rise of plutocrats and oligarchs who mobilize nationalism and preach hate to secure consent to corrupt governance and who are intent on undermining whatever stands in their way—including democratic institutions and elections, science, and even the most basic criteria of verifiable fact—we have to recognize that there is much more at stake than funding our shows and acquisitions.

We must send the message to art collectors and museum trustees that supporting modern and contemporary art and its institutions now must mean more than giving donations of money or art. It also must mean defending the values and structures that enabled modernist and avant-garde culture to develop and thrive and that enable universities and museums to teach, study, and present that culture with autonomy and integrity. It means defending these principles not just in the artistic field but in political and economic fields as well.

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The Case of Steve Mnuchin

Andrea Fraser and Eric Golo Stone

Steven T. Mnuchin joined the board of the Museum of Contemporary Art, Los Angeles, in December 2009. The son of art dealer Robert Mnuchin, Steven Mnuchin spent seventeen years at Goldman Sachs before establishing his own hedge fund, Dune Capital Management, with Daniel Neidich in 2004. In 2009, the same year he joined MOCA's board, he took advantage of the subprime-mortgage crisis by assembling a group of investors to purchase the residential lender IndyMac from the FDIC at a 20 percent discount. The FDIC also agreed to cover all the bank's loan losses over the first 20 percent.[5] Renamed OneWest, the lender bought up other failing banks and pursued foreclosure practices so aggressive that Mnuchin was later dubbed the "foreclosure king." According to the California Reinvestment Coalition, OneWest foreclosed on more than thirty-six thousand homeowners, concentrated in communities of color. The bank accounted for 39 percent of all foreclosures on federally insured reverse mortgages, products targeting homeowners over the age of sixty-two, despite servicing only 17 percent of that market.[6] OneWest was sold to the CIT Group in 2015, earning Mnuchin an estimated $380 million in sale proceeds and dividends. Soon after the sale, the US Department of Housing and Urban Development opened an investigation into the bank's foreclosure practices.[7] Following the sale of OneWest, Mnuchin began financing film production.

In April 2016, Mnuchin became the finance chairman of Donald Trump's presidential campaign. Rather than build a fund-raising apparatus from scratch (since the Trump campaign had none), Mnuchin made a deal with the Republican National Committee to outsource fund-raising in exchange for a percentage of the take.[8] He also leveraged his hedge fund and Goldman Sachs connections to bring in big-money donors, enabling the Trump campaign to compete with Hillary Clinton's enormously successful fund-raising machine.[9]

5. "F.D.I.C. Closes Sale of IndyMac," "Dealbook," *New York Times*, March 20, 2009, https://dealbook.nytimes.com/2009/03/20/fdic-closes-sale-of-indymac-to-onewest/?_r=0; Zachary Mider, "Nominating Mnuchin for Treasury Will Dredge Up Mortgage Meltdown Controversies," Bloomberg, November 21, 2016, https://www.bloomberg.com/news/articles/2016-11-22/trump-treasury-contender-mnuchin-found-profits-in-mortgage-mess.

6. California Reinvestment Coalition, "California Reinvestment Coalition Responds to Steve Mnuchin's Likely Nomination for Treasury Secretary," calreinvest.com, November 30, 2016, http://www.calreinvest.org/news/california-reinvestment-coalition-responds-to-steve-mnuchins-likely-nomination-for-treasury-secretary.

7. Zachary Mider and Saleha Mohsin, "Trump's Treasury Pick Has a $230 Million Blemish on His Record," Bloomberg, December 13, 2016, https://www.bloomberg.com/news/articles/2016-12-13/mnuchin-s-reverse-mortgage-woes-blemish-record-of-treasury-pick.

8. Max Abelson and Zachary Mider, "Trump's Top Fundraiser Eyes the Deal of a Lifetime," Bloomberg, August 31, 2016, https://www.bloomberg.com/news/articles/2016-08-31/steven-mnuchin-businessweek.

9. Matthew Goldstein and Alexandra Stevenson, "Trump's Treasury Pick Moves in Secretive Hedge Fund Circles," *New York Times*, December 19, 2016, https://www.nytimes.com/2016/12/19/business/dealbook/steven-mnuchin-trump-treasury-hedge-funds.html.

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Soon after Mnuchin joined the Trump campaign, members of the Los Angeles art community, including some with close ties to MOCA, began urging the museum to remove him from the board. These efforts intensified after Election Day, with a petition online and leafletting in front of the museum. In late November, we drafted an open letter to MOCA demanding that Mnuchin be removed from the board. On December 1, we began circulating the letter to collect signatures. MOCA senior staff were aware that we planned to release the letter to the press the following day. On the morning of December 2, before the letter was released, we were notified by the museum that Mnuchin had stepped down from the board and that his name had been removed from its website. On December 3, the *Los Angeles Times* reported that Mnuchin had left the MOCA board, as well as the boards of the CIT Group and Sears Holdings, citing "new workload as the reason for his resignation."

Mnuchin is not unique among trustees of major museums in joining the Trump campaign or in serving his administration. MOCA's board also includes Carla Sands and Steven A. Cohen. Sands was an active fund-raiser for Trump, served on his economic advisory committee, and contributed $100,000 to his inauguration.[10] Cohen contributed $1,000,000 to Trump's inauguration. Cohen also sits on the board of the Museum of Modern Art in New York, together with Larry Fink, who served on Trump's Strategic and Policy Forum until it disbanded in the wake of Trump's defense of neo-Nazi demonstrators in Charlottesville. (Fink did not resign or publicly criticize Trump prior to the disbanding of the forum.) Henry Kravis, the husband of MoMA president Marie-Josée Kravis, also contributed $1,000,000 to Trump's inauguration. Kenneth Griffin, who serves on the boards of the Whitney Museum, the Museum of Contemporary Art Chicago, and the Art Institute of Chicago, gave $100,000.[11]

Mnuchin stood next to Trump during the August 15, 2017, press conference at which Trump defended neo-Nazis, and he continued to stand by Trump while other advisors from the business world resigned in protest. Defending Trump in response to a call to resign as treasury secretary signed by over three hundred members of his Yale class of 1985, Mnuchin made it clear that, for him, the financial goals of tax cuts and deregulation outweighed the threat of far-right bigotry, anti-Semitism, and authoritarianism.[12]

The open letter to MOCA is reprinted here with the signatures collected in the brief twenty-four hours it was in circulation. While demanding action by MOCA on

10. Imogen Rose-Smith, "From Socialite to Donald Trump Adviser: The Rise of Carla Sands," *Institutional Investor*, September 6, 2016, http://www.institutionalinvestor.com/article/3582970/asset-management-hedge-funds-and-alternatives/from-socialite-to-donald-trump-adviser-the-rise-of-carla-sands.html#/.WZssTbQ7P4o.

11. Eileen Kinsella, "Which Art World Figures Funded Donald Trump's Inauguration?," Artnet, April 20, 2017, https://news.artnet.com/art-world/steve-cohen-1m-trump-donation-930890.

12. Maggie Haberman, "Steven Mnuchin Defends Trump's Reaction to Charlottesville Violence," *New York Times*, August 20, 2017.

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Mnuchin's board membership, it also aimed to mobilize the broader art community, including artists and curators on the MOCA board and staff with whom we share its principles. We hope that reprinting the letter here will support continuing efforts to challenge the trusteeship of patrons who support art institutions financially while also supporting politicians who undermine the values on which those institutions depend.

An Open Letter to the Museum of Contemporary Art, Los Angeles, from Members of the Art Community

December 1, 2016

Dear Museum of Contemporary Art:

The Museum of Contemporary Art, Los Angeles, defines its mission as that of "identifying and presenting the most significant and challenging art of our time." It has presented groundbreaking exhibitions of art that explore and challenge racism, sexism, heterosexism, xenophobia, and nationalism. With the support of the diverse Los Angeles art community, MOCA has weathered its own financial and institutional challenges.

Today, our national arts community is being challenged. Indeed, it is facing a dire threat. President-elect Donald Trump has repeatedly attacked the freedom of speech on which artistic expression depends. He has vilified journalism, even encouraging supporters to attack journalists physically. He has ranted against the cast of *Hamilton* for speaking out from the stage, while remaining silent on neo-Nazis celebrating his election win. He has threatened to jail people who desecrate the American flag, demonstrating either ignorance or disregard of the US Constitution and Supreme Court. He has disparaged and denigrated women, immigrants, people of color, and the differently abled, and has shown intolerance of difference of all kinds. He has consistently identified the Other as threatening, promising mass deportation, faith-based registries, and walls around our country. The policies advocated by Donald Trump and his supporters not only are antithetical to what the Museum of Contemporary Art represents, but also directly threaten cultural producers and the very existence of free expression—which the museum was founded to support and on which the museum itself depends.

We find it incomprehensible and unacceptable that the finance chair of Donald Trump's presidential campaign and nominee for treasury secretary sits on MOCA's board of trustees. Steven T. Mnuchin's prominent and active support for Donald Trump and his policies renders him unfit to serve as an officer of an art

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institution whose mission those policies threaten. We the undersigned demand that MOCA immediately ask Mr. Mnuchin to step down from the MOCA board.

As cultural producers, we must insist that the claims for justice we make in our work be reflected in our institutions. We must not allow our work and institutions to be used to legitimize Donald Trump, his supporters, their extremist policies, or the intolerance and violence they promulgate.

Sincerely,

Rhea Anastas
Edgar Arceneaux
George Baker
Judie Bamber
Scott Benzel
Jenn Bolande
Tom Burr
Luis Camnitzer
Phil Chang
Howie Chen
Tyler Coburn
Erin Cosgrove
Douglas Crimp
Moyra Davey
Leslie Dick
Mark Dion
Roy Dowell
Sam Durant
Shannon Ebner
Andrea Fraser
Charles Gaines
Liz Glynn
Ruth Estévez Gomez
Todd Gray
Wade Guyton
Hans Haacke
Karl Haendel
EJ Hill
Michael Ned Holte
Adrià Julià
Jeff Khonsary
Barbara Kruger
Suzanne Lacy
Louise Lawler
Pamela Lee
Zoe Leonard
Simon Leung
Monica Majoli
Anthony McCall
Allan McCollum
Rodney McMillian
Kate McNamara
Kimberli Meyer
John Miller
Ragen Moss
Fred Moten
Carlos Motta
Nikhil Murthy
Steven Nelson
Silke Otto-Knapp
Laura Owens
Hirsch Perlman
Renée Petropoulos
Adrian Piper
Lari Pittman
Vanessa Place
Ana Prvacki
R. H. Quaytman
Cameron Roland
Aura Rosenberg
Tracy Jeanne Rosenthal
Yuval Sharon
Jason Simon
Frances Stark
A. L. Steiner
Eric Golo Stone
Joanna Swan
Catherine Taft
Diana Thater
Erika Vogt
Noura Wedell
Carmen Winant
Bruce Yonemoto

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