

The Progressive Assault on American Philanthropy

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Robert H. Bremner began his 1960 history of American philanthropy by noting, “Ever since the seventeenth century . . . Americans have regarded themselves as an unusually philanthropic people,” and “voluntary benevolence has played a large role and performed important functions in American society.” Americans, Bremner concluded, “are all indebted to philanthropic reformers who have called attention to and agitated for abatement of the barbarities inflicted by society on its weaker members.”¹ The thousands of cultural, social, educational, and medical institutions funded by wealthy Americans reflect the ethnic and religious diversity of American life and a cultural mix not found elsewhere.

Arguably the most important philanthropic institutions in America are the thousands of privately funded colleges and universities, many originally established for religious reasons such as Baylor (Baptist), Georgetown and Notre Dame (Roman Catholic), Harvard and Yale (Congregationalist), Brigham Young (Mormon), Wesleyan (Methodist), Princeton (Presbyterian), St. Olaf (Lutheran), Swarthmore (Quaker), Columbia (Episcopalian), and Yeshiva (Jewish). These colleges and universities, along with privately funded hospitals and medical schools, rank among the finest in the world. Not surprisingly, philanthropists such as John D. Rockefeller, Andrew Carnegie, Henry Clay Frick, Julius Rosenwald, Jacob Schiff, Marshall Field, Andrew Mellon, Louis Bamberger, and Bill Gates are highly regarded by the American public.

1 Robert H. Bremner, *American Philanthropy* (Chicago: University of Chicago Press, 1960), 1-3.

But Bremner observed, too, that Americans have also viewed philanthropy and philanthropists with suspicion. They “question their motives, deplore the methods by which they obtained their abundance, and wonder whether their gifts will not do more harm than good.”² This distrust of giant philanthropy continues. Politicians on both the left and the right have for over a century accused wealthy donors of seeking to control public policy, opposed the tax exempt status of foundations, objected to the tax-exempt status of foundation bequests, censured foundations for encouraging un-American activities, accused tax-exempt foundations of ignoring the wishes of the original benefactors, and argued that American democracy is threatened by these wealthy private foundations which are not subject to public control. This suspicion of elite philanthropy has increased recently as the vast increase in private wealth has enabled individuals to make mega-gifts to various cultural, medical, and educational institutions.

Progressives, particularly those within academia, have accused philanthropists, including those who have taken the Bill Gates Giving Pledge, of providing superfluous funds to universities with already huge endowments, unfairly influencing public policy by endowing right-wing think tanks, being oblivious to economic inequality and social justice, and engaging in activities which should be the responsibility of democratically elected officials. American philanthropy, they claim, is now controlled by its wealthy benefactors who prioritize their interests at the expense of the public’s welfare. A recent example of such thinking is historian Lila Corwin Berman’s *The American Jewish Complex: The History of a Multibillion-Dollar Institution* (2020), a book which should be of interest to social scientists, public policymakers, and general readers curious as to contemporary academic progressive thinking.

Berman argues that capitalism and democracy are not complementary but rather opposing concepts, with the former looking to augment private wealth while the latter seeks to enhance the general welfare. Unfortunately, in her view, the American political

2 *Ibid.*, 2.

establishment has sought to increase capital growth through tax and regulatory policies, and this has weakened democratic oversight of the economy, drained the public sector of tax dollars, undermined the state's social welfare responsibilities, and fostered economic inequality. "The American Jewish philanthropic complex, like American philanthropy more generally and like the American state," Berman complains, has "entrusted democracy to capitalism, a far cry from efforts to balance the two." This has resulted in simultaneous increases in "public scarcity" and "private enrichment."³

The American Jewish Philanthropic Complex is not a history of American Jewish philanthropy. Rather, it is a story of the relationship between Jewish philanthropy and the neoliberal American state over the past century. The book does not discuss how Jewish philanthropic institutions have put charitable dollars to work, nor does it investigate the efficacy of programs addressing commonly perceived communal needs in such areas as Jewish education for the young, combatting antisemitism, fostering health care and vocational training, providing aid to the poor and elderly, among others. Berman's primary interest is instead on the accumulation of capital by the wealthy and the financial benefits which have accrued to them because of state policy regarding philanthropy.

Government tax policy, Berman says, has encouraged the establishment of anti-democratic charitable foundations, endowments, and donor-advised funds (DAFs), which, in turn, has led to government outsourcing to private philanthropy various functions best left to government. This threatens democracy since super-wealthy philanthropists have used their "capital power" to serve their own interests. Developments in American philanthropy, she charges, are part of a multi-faceted campaign, which has included the propagation of "trickle-down" economics and the emergence of privately-funded right-wing think tanks.⁴

While the focus of her book is on American Jewish philanthropy, Berman's real target is broader. She believes that the American

3 In the introduction to *The American Jewish Philanthropic Complex* Berman thanks her left-wing parents for teaching her about the inequities of capitalism. Her distorted understanding of capitalism is perhaps best revealed in chapter eight of her book where she argues that Bernard Madoff personified the ethos of capitalism.

4 Berman in interview with Andrew Silow-Carroll, "The Triumph of Jewish Philanthropy, and How to Fix It," *Jewish Week*, September 30, 2020.

neoliberal state and the capitalist economy have sacrificed the public good to private gain and have encouraged the concentration of wealth and growing economic inequality. She sees a fundamental conflict between democracy and equality on the one hand and capitalism and inequality on the other, and she longs for a social welfare state along the lines of those in Europe where economic growth and the accumulation of wealth have been sacrificed for greater economic equality and increased state control. Ironically, Berman attacks the politicization of American Jewish philanthropy by figures such as Sheldon Adelson and Max Fisher, even though she advocates her own political agenda vis-à-vis philanthropy throughout her book.

Berman favors a radical transformation of contemporary American philanthropy by eliminating the tax benefits accorded foundations and donor-advised funds, forbidding these foundations and funds to exist in perpetuity, giving a vote to the recipients of philanthropy in the allocation and administration of funds, and increasing public control over philanthropy. These democratic reforms, she believes, will diminish the power exercised by the rich over America's philanthropic institutions, strengthen democratic values and practices, and impress upon Americans that "the American public is the biggest single shareholder in all philanthropic wealth."

The reforms suggested by Berman are staples of academic progressive thinking. What makes her book different is its focus on American Jewish philanthropy. She notes that at one time American Jewish philanthropy "bolstered public life and fostered democratic reform in myriad ways." But over the past half-century it has helped perpetuate the concentration of wealth and the dissemination of conservative programming, evidenced by the influence of Adelson and other right-wing Jewish philanthropists. It is now imperative, she asserts, for American Jewish philanthropy to "to steer its course toward the democratic values and practices essential for a healthier America for all." Berman seems unperturbed by the possibility that reprioritizing philanthropy along the lines of progressive ideology will reduce philanthropic funding altogether and put at risk various programs and institutions.

“Unfortunately,” she writes, “in the case of Jewish philanthropy, much like American philanthropy more generally, its knowledge has tended to be driven by practical and applied questions, such as whether a program is achieving desired ends.” Why “unfortunately”? Shouldn’t the effectiveness of any philanthropic undertaking be the primary concern of its donors, administrators, and the general public? Berman prefers to view philanthropy as a “fundamentally political creature” rather than a voluntary effort to reduce ignorance, poverty, and prejudice, improve medical conditions, encourage the fine arts, and spread knowledge, and she ignores the likelihood that increasing government’s role would crowd out the voluntarism which is the very life-blood of philanthropy.

A key figure for Berman is Norman Sugarman, an prominent tax attorney who was active in Jewish communal life in Cleveland as well as nationally. Sugarman was influential in the passage of the Tax Reform Act of 1969 which legalized donor advised funds. Congress believed such funds would serve a public purpose by supporting worthwhile causes beyond the scope and ability of government. Berman, however, claims they have blurred the hitherto sharp division between government and the private sector. By the 1970s, she writes, this shift in tax policy had “created a new imbalance in public-private partnerships, tipping the scale toward private power in multiple realms, including the philanthropic.” This was paralleled by an “expansion of private property rights and power at the expense of welfare state protections,” the transformation of “capitalist value into democratic virtue,” a receding of state power, and a dismantling of the welfare state. By “outsourcing the public good to private entities and enriching those entities with capitalist benefits,” she laments, “the American state placed itself and its public in the trust of private wealth.”

Wealthy donors who do not share Berman’s politics are the *bête noire* of her book, none more so than the enormously wealthy Adelson who prior to his death was the largest donor to right-wing Republicans and a financial backer of a variety of right-wing causes in the United States and Israel. Individuals such as Adelson, Berman laments, have augmented their social standing through their

philanthropy at the same time they have lowered their taxes by parking vast sums of money in foundations and DAFs. This has diminished the assets subject to taxation and reduced the funding of various social welfare programs of an allegedly starved public sector.

Berman evidently believes that government officials are better equipped by experience, intellect, and vocation to be the custodians of the money now parked in foundations and DAFs. Those dubious of the good intentions of Washington or cognizant of the ambiguous history of federal and local social welfare programs in reducing crime, strengthening the family, reducing poverty, and increasing employment and educational opportunities for the poor will remain unconvinced, as will those familiar with James M. Buchanan and other public-choice economists who have shown how important the self-interest of government employees has been in the administration of government programs and have warned against the encroachment of centralized government into the private sector.

Not surprisingly, progressive academicians enthusiastically endorsed *The American Jewish Philanthropic Complex*. Raphael Magarik's lengthy review in the far-left magazine *Jewish Currents* is typical. Magarik, a professor of English at the University of Illinois at Chicago, claimed that American Jewish philanthropy, with its "massive concentrations of wealth" in DAFs, has had a "corrosive effect on contemporary Jewish life," has impeded "the possibilities of a genuine Jewish Left," and should be "scrapped, spent down, and liquidated" in order to bring forth "a new Jewish world." In place of current funding patterns, Magarik suggests funding labor unions and spending down funds annually. Why any Jewish philanthropist interested in the future of American Jewry would support such an agenda is left unexplained.⁵

Other left-of-center academicians also praised *The American Jewish Philanthropic Complex*. Mark Clegg, a Brandeis University historian, wrote that it is "a convincing and important narrative" and a "sterling example" of historical research. Kathleen D. McCarthy, a professor of history at the Graduate Center of the City University of New York and an authority on the history of American philanthropy,

5 Raphael Magarik, "Who Owns American Judaism?" *Jewish Currents*, June 1, 2021.

called it an “excellent study” and “a carefully detailed jeremiad” laying bare the neoliberal agenda infusing American Jewish philanthropy, especially its role in perpetuating inequality. Lily Geismer, a Claremont McKenna College historian, described the book as an “important, provocative, and paradigm-shifting intervention into the fields of American Jewish history and the history of philanthropy,” as well as “a very compelling and nuanced” analysis of the conflict between the neoliberalism of American Jewish philanthropy and the communitarian ideals of American Jewish life.⁶

The response of those involved in Jewish life to *The American Jewish Philanthropic Complex* is another story. Jack Wertheimer, an historian at the Jewish Theological Seminary and the leading authority on contemporary American Jewish philanthropy, wrote that American Jewish philanthropy is “a remarkably uplifting story.”⁷ For Wertheimer, the attack on American Jewish philanthropy by Berman and others was part of a “woke” campaign emanating from “the cloistered academy” which threatened Americans in general and American Jews in particular. In a November, 2021 *Commentary* essay co-authored with Samuel J. Abrams, a professor of politics at St. Lawrence College and a fellow at the American Enterprise Institute, Wertheimer claimed that Berman belonged to a “nihilistic” coterie of academics who sought to destroy the structure of contemporary American philanthropy.

The most important critique of *The American Jewish Philanthropic Complex* was Felicia Herman’s lengthy review essay, “Jews with Money: A New Book about Philanthropy in America Misses the Story of how Jewish Communal Life Was Built,” which appeared in July, 2021 on the Jewish website *Tablet*. Herman has worked for over two decades in the trenches of Jewish philanthropy and knows intimately its operations.

6 Michael Clegg, review of *The American Jewish Philanthropic Complex*, *American Jewish History*, 73, no. 1 (2021), 96-98; Kathleen D. McCarthy, review of *The American Jewish Philanthropic Complex*, *American Jewish History*, 105 (January, 2022), 81-83; and Lily Geismer, “Follow the Tax Incentive: Thoughts on Berman’s *The American Jewish Philanthropic Complex*,” histphil.org/December 2, 2020 (online).

7 Jack Wertheimer, “The Miracle of Jewish Pandemic Giving,” *Mosaic*, June 28, 2021. See also Jack Wertheimer, “Giving Jewish: How Big Funders Have Transformed American Jewish Philanthropy” (AVI CHAI Foundation, March, 2018, available online).

Rather than denigrating its accomplishments, Herman argues, American Jews should be pleased with the hospitals, nursing homes, orphanages, synagogues, universities, summer camps, and myriad other civic and communal institutions which comprise the American Jewish philanthropic complex. But Berman's book instead ignores "nearly everything" which makes American Jewish philanthropy so effective and inspiring, including "the emotional, psychological, sociological, civic, and religious reasons" motivating the givers and those who have chosen careers in Jewish communal service. For Berman, Herman claims, Jewish philanthropy is all about "a desire for money and power."

Strangely enough, Herman notes, Berman is a feminist and yet her book ignores the significant contributions that women have made in American Jewish philanthropy since the nineteenth century, including those of Henrietta Szold, Lillian Wald, Florence Melton, Lynn Schusterman, and the members of Hadassah. This is particularly curious considering Berman's resentment of what she sees as the hostile treatment of women and women's issues in the Jewish communal world. Perhaps she thought this would detract from her negative portrait of American Jewish philanthropy.

Herman attributes Berman's truncated, distorted, and "tendentious" argument to her politics, the very thing which resonates so strongly among the book's admirers. Berman, Herman charges, believes American Jewish philanthropy to be "an elite, Western, neo-colonialist, white, money-laundering charade," an instrument used by a conspiratorial wealthy capitalist elite "to control society, pacify the powerless, and undemocratically shape public policy around private agendas." For Berman, "philanthropy is just another institution of alleged privilege that must be dismantled in the name of justice."

Herman is particularly critical of Berman's discussion of Birthright, a philanthropy partially funded by Adelson which has brought over three quarters of a million young Jews to visit Israel. While Berman alleges that Birthright has been supportive of expansionist right-wing governments in Israel and an expression of Adelson's support for them, Herman considers it to have been arguably the most important American Jewish philanthropic effort of the

twenty-first century. “As with so many other programs and people and phenomena touched on in this book,” Herman observes, “a genuinely interesting and complex idea is reduced to politics—and the real story, good and bad, fascinating and challenging, remains in the dark.” *The American Jewish Philanthropic Complex*, she concluded, is simply progressive activism posing as scholarship.

Herman’s most important criticism of Berman is noting the author’s ignorance of the way philanthropy operates in the real world and the unworkability of her recommendations. While philanthropists seek answers for problems, academic progressives such as Berman “don’t offer many solutions: their work is to take things apart, and they seldom suggest practical ideas for putting things back together.” They are part of “a culture of complaint and a sense of victimization.” If the foundations and donor advised funds are eliminated and if charitable funds are to be raised and disbursed annually, as Berman advises, then American Jewish philanthropy would likely dry up. These endowments “promote future sustainability, which the variable, even fickle nature of annual giving does not.”

Berman’s problem, Herman declares, is that she resides in an academic environment in which political activism has replaced scholarly objectivity, left-wing clichés are taken as gospel, and those who challenge the conventional leftist wisdom are scorned. *The American Jewish Philanthropic Complex*, Herman concludes, is “a sweeping indictment that aligns with contemporary academic trends yet fails to engage with nearly the entire history” it professes to examine. The book “distorts the extraordinarily complex and diverse story of American Jewish philanthropy,” a story that deserves better.

The cover of *The American Jewish Philanthropic Complex* states that the book “uncovers how capitalism and private interests came to command authority over the public good, in Jewish life and beyond.” It is this “beyond” which is Berman’s ultimate concern. The history of American Jewish philanthropy is for her a weapon to indict American Jews and, by implication, Americans in general for various sins real and imagined, including capitalism, gender discrepancies, racism, “middle-classness,” conservative influence, and the imbalanced distribution of wealth.

Berman is nevertheless hopeful that “democratic forms of governance” could win out over “capitalist practice.” This is highly unlikely since her dichotomy between capitalism and democracy is a myth. In fact, the most democratic countries in Europe, Asia, Africa, and the Americas have the freest markets, and the least democratic and most repressive regimes, such as Cuba, Venezuela, and North Korea, have the most extensive restrictions on private economic transactions. Not surprisingly, those countries with the freest economies also have the most vibrant philanthropic complexes. This is particularly evident in America where the rate of annual charitable giving far exceeds that of any other country.