It’s Time for US Museums to Divest From Immoral Industries

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Tom Finkelpearl October 2, 2022

It is a time of deep reflection and change in American museums. In recent years, they have come under attack for their colonial legacy, their exclusive, largely White staff and collections, their labor practices, their ableism in program and architecture, and what has come to be known as “toxic philanthropy,” the financial contributions they receive from donors who made their wealth through munitions, fossil fuels, or opioids, just to name a few examples.

But the link between North American museums and unseemly fortunes is nothing new. It's in their DNA. Many of the largest art museums across the country were founded during the Gilded Age, with the support of the so-called "robber barons." There was a lot of money in the hands of the ultra-rich in the late 19th century — a division of wealth that has not been seen again in America until now! And some of the money made its way to grand new museums from Boston to New York and Chicago.

As we face a man-made climate crisis, we can see roots in the men who fueled the growth of our beloved museums: fossil fuel giants like John D. Rockefeller (whose wealth helped MoMA get off the ground) and J. Paul Getty whose billions endow his self-named museum, the richest in the world. Meanwhile, the Guggenheim family's mining and smelting wealth came with large-scale environmental damage in the US and Latin America. Other vast fortunes were tied to industrialists who fought brutally against unions (Henry Clay Frick) or developed "trickle-down" economics (Andrew Mellon). These names are synonymous with arts and culture in the United States.

But that is all history, and their bequests are being put to good use now, right? Wrong. This wealth seeded legacy organizations that cumulatively hold billions of dollars in their endowments which are invested for the most part with only one goal in mind: the maximization of financial return. "Cultural Capital: The state of museums and their investing," is a recent study from Upstart Co-Lab (a non-profit that advises socially-responsible investors on the creative economy), the Association of Art Museum Directors, and the Black Trustee Alliance for Art Museums. It says that nearly 7 in 10 museums have no policies to guide their investments toward environmental, socialand corporate governance(ESG) goals or to ensure the fund managers they hire include women and people of color. So, most museums that make broad statements about sustainability, social justice, or diversity fall far short in action with an enormous asset, their endowment. Unless you hear otherwise, it is a safe bet that their endowments are invested in fossil fuels, big pharma, and the like.

Isn't this at least as important an issue as taking new money from the Koch brothers or the Sackler family? As a museum director or trustee, you could tell yourself that your institution needs new contributions to do good. But endowments are funds you already have. You decide where to invest them. If your endowment's financial great grandfather was John D. Rockefeller, who amassed a staggering fortune through his monopoly on oil, that's in the past, more than 100 years ago. But if you are still investing in ExxonMobil (an offshoot of Rockefeller's Standard Oil and the largest private contributor in the US to greenhouse gasses) that's in the present, and you have the power to make a change. This is not particularly radical. Even the Rockefeller Foundation has committed to divesting from fossil fuels, and MoMA has quietly wound down its investments in fossil fuels to almost nothing, while implementing "meaningful ESG principles to guide the review and management of its endowment investments," as first reported here.

And, importantly, the economic defense of amoralinvesting appears to be false. The Upstart Co-Lab study (aimed at museum leadership and investment committees) cites strong evidence that investing that considers the welfare of workers, communities and the planet can produce financial results on par with or even better than conventional investing.

What would it look like if museums turned their billions toward positive good instead of amoral investment simply for profit? They could invest their endowments in taxable municipal bonds, helping build new public schools, hospitals, and libraries. They could make it a priority to invest in areas of their cities that have for too long been starved of access to capital. What if they looked at their mission and invested in businesses that employ artists, designers, and other creative people? What if they helped support green alternatives to our reliance on fossil fuels? Museums urgently need to be more thoughtful about where they put their money. The proposition, cogently argued in the Upstart Co-Lab report that you can do good without sacrificing return on your investment begs the question: Why on earth would you not make this change?

Tom Finkelpearl and Pablo Helguera are co-authors of an upcoming book on the challenges facing American art museums. Finkelpearl was an unpaid advisor to the Upstart Co-Lab report.