

# The Business of

# Big Ideas

## Meet Roger Hertog, Winner of the 2010 William E. Simon Prize for Philanthropic Leadership

By Bret Stephens

### New York City

**O**N A SWELTERING AFTERNOON IN LATE JULY, I went in search of an address in the Bronx that no longer exists. According to my GPS, I should have found 1595 Macombs Road half a block north of the intersection with the Cross-Bronx Expressway. What I discovered instead was a vacant lot sandwiched between an auto-body shop and a run down apartment building. Of the childhood home of Roger Hertog, nothing remains.

From Macombs Road, I drove north to the borough's bustling Fordham Heights section to pay a visit to the Bronx Library Center, five stories of gleaming glass and sloping metal built largely thanks to a multimillion dollar gift from Hertog, vice chairman emeritus of investment giant AllianceBernstein. On the day I was there the library hummed with activity; the building's mechanic told me there had been more than 3,000 visitors on that day alone. The library's 78,000 square feet of space—ultra-modern, immaculately

maintained, and more than three times the size of the borough's old public library—contains some 200,000 books, periodicals, and recordings, as well as more than 150 computers. When it opened its doors in 2006, New York Public Library President Paul LeClerc rightly called it “one of the single most important and beautiful public libraries in all of urban America.”

As the crow flies, the Bronx Library stands about two miles from 1595 Macombs. For Hertog, the journey between the two places traces a steep and far more circuitous route. It begins in decidedly modest circumstances. It rises thanks to his role as a founding partner of one of the most admired financial research and asset management firms in the world. And it culminates in a philanthropic enterprise, unique in its purposes and methodology,

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*Photo courtesy of the New-York Historical Society*





“Swans, pigeons, and Orthodox Jews,” Hertog quips, “mate for life.” Roger married Susan in 1965 (inset); above is the painting commissioned for their 25th wedding anniversary; at right, the Hertogs at the New-York Historical Society in 2007. (Photos courtesy of the Hertog Foundation and N-YHS)

that so far has already given more than \$140 million and which Hertog is still scaling up.

Among Hertog’s beneficiaries—to name just a few—have been think tanks such as the American Enterprise Institute, the Manhattan Institute, the Council on Foreign Relations, and the Washington Institute for Near East Policy; cultural institutions such as the New-York Historical Society, the Metropolitan Museum of Art, and the New York Philharmonic; summer schools at Columbia and in Washington, D.C.; public libraries, Catholic schools, and university honors’ programs; individual scholars and authors; and an archeological dig in Israel. He has funded journalistic ventures such as *Commentary* and *National Affairs* (both non-profit) as well as profit-seeking—if often money-losing—ventures like the *New Republic* and the now-defunct *New York Sun*. And through the *Tikvah* Fund—a foundation created by his late business partner, Zalman Bernstein, and chaired today by Hertog—he has also given money to an astonishingly wide array of Jewish causes, a law center at New York University, a summer program at Princeton University, and the Shalem Center, and influential think tank in Jerusalem.

As the list suggests, Hertog is interested most of all in the power of ideas, the people who conceive them, the institutions that transmit them, the young minds that receive (and re-conceive) them, and the social capital they can generate. And, as he did in the business world, he’s willing to be patient with his money.

“Roger thinks of philanthropic endeavors as investments,” says Norman Podhoretz, the legendary former *Commentary* editor and longtime friend of Hertog. “The return he expects is long range.”

### “The Deepest Questions”

IDEAS HAVE ALWAYS PLAYED A DECISIVE ROLE IN Hertog’s life. It’s a story he recounts with disarming candor while smoking a cigar in the study of his weekend home in the Hamptons. Born in 1941, he was the only child of two secular German Jews who fled from the Nazis in 1938. “I had no siblings. My father had no relations. My mother had a sister in this country; I had a cousin. That was the extent of my family.” Nearly everyone else had perished in the Holocaust. Their absence, he has often said, caused him to ask “the deepest questions.”

One of those questions was why there was not one but two portraits of Franklin Roosevelt in

his family's one-bedroom apartment when, as he saw it, FDR had done nothing to stop the Holocaust. "It pushed me away from liberalism; made me distrustful of government," he says. It particularly upset him that he couldn't seem to find a book that had a bad word to say about Roosevelt, sparking a lifelong quest for alternative ideas that offered a richer, more persuasive account of historical, political, and economic phenomena. One early intellectual turning point came from reading Edmund Burke's *Reflections on the Revolution in France*. "It was a big idea," he says. "And it was the quintessential conservative idea: that there was something to respect and honor in tradition; that you just cannot destroy all that's come before you in the interests of starting anew because the result is anarchy."

Hertog's family life was not a happy one. Though the Bronx was not yet a synonym for urban decay, middle-class flight and lawlessness, his own family was something of a harbinger of the type that was soon to become depressingly common. "It was a really dysfunctional home," he recalls. "My father wasn't really a father. He never provided any real support. I never went to a ballgame with him, never went to a circus, never went to dinner." His mother, who would die when he was in his early 20s, earned a small living as a file clerk at a company that made contact lenses.

Indeed, one of the few places Hertog was able to find emotional and intellectual succor was the nearest public library. "The only place you could actually go and think, not that I pride myself on such great thinking, but you'd go to the library," he told the *Wall Street Journal* in a 2008 interview.

By the time he was 10 years old, he was delivering meat for a butcher shop and, later, working a newspaper route. He showed enough academic promise to win a spot at Manhattan's elite Stuyvesant High School, but he left after two years feeling overawed by his peers and exhausted by the long commute. His first real job was in the mail room of a small firm that provided technical financial analysis, where he worked while attending night school at City College ("the Harvard of the poor," as it was known at the time). Later, he got a clerical job at Oppenheimer & Company.

It was at Oppenheimer in 1962 that Hertog met the man who would change his life. Sanford Charles ("Sandy") Bernstein had come to Oppenheimer by way of Harvard Business School and a stint working for the Marshall Plan in Europe, as

## The William E. Simon Prize for Philanthropic Leadership

The Philanthropy Roundtable is honored to have been asked by the William E. Simon Foundation to administer the William E. Simon Prize for Philanthropic Leadership. The foundation is named for its principal benefactor, the late financier, philanthropist, and Secretary of the Treasury, William E. Simon Sr.

The purpose of the William E. Simon Prize for Philanthropic Leadership is to highlight the power of philanthropy to promote positive change and to inspire others to support charities that achieve genuine results. The prize is intended to honor living philanthropists who have shown exemplary leadership through their own charitable giving, either directly or through foundations they have created.

The prize honors the ideals and principles which guided William E. Simon's many philanthropic initiatives, including personal responsibility, resourcefulness, volunteerism, scholarship, individual freedom, faith in God, and helping people to help themselves.

The Philanthropy Roundtable would like to thank the 2010 Selection Committee, composed of Kimberly O. Dennis, Betsy DeVos, Frank J. Hanna III, Adam Meyer-son, W. Fred Smith Jr., John M. Templeton Jr., M.D., J. Peter Simon, and William E. Simon Jr.

well as a couple of jobs that ended abruptly in dismissal. At 36, he was one of Oppenheimer's top producers and already a larger-than-life figure.

"I was 5'8" and weighed 130 pounds," Hertog would recall in his eulogy for Bernstein after his death in the winter of 1999. "He was 6 feet tall and weighed 210 pounds.... Besides his phys-





ical girth, he was the largest figure I had ever met—outrageously confident, bold, imposing. He was hungry for life and had a voracious appetite—for food, for sex, and for achievement.... [His] conversations, more like monologues, would be filled with a constant stream of sexual allusions and profanities. Need I say, I was shocked—so shocked, I was magnetized.”

Bernstein soon left Oppenheimer to become a partner at another firm, while Hertog remained and prospered. By the time he was 26 he was earning \$25,000 per year—\$170,000 in today’s dollars—and living on the Upper East Side of Manhattan with his wife Susan, whom he met at a mutual friend’s sweet 16 party and with whom he has had three children. (They remain married today: “Swans, pigeons, and Orthodox Jews,” he

quips, “mate for life.”) Professionally, however, Hertog was still looking for his main chance. On October 2, 1967, he saw it.

“It” was a full page ad in the *New York Times*. In large, bolded type it read, simply and almost preposterously:

**BERNSTEIN.** [square period]

At the foot of the page were added the words, “Specializing in discretionary accounts.” That was it.

### “This Is My Chance”

THE STORY OF SANFORD C. BERNSTEIN & CO. ranks among the great successes in the history of American finance. But its beginnings were nothing if not inauspicious. In the late 1960s, “discretionary” (or managed) accounts—in which clients surrender to their broker the right to buy and sell securities without their consent—were considered a dubious business by much of Wall Street. “The fear was that discretionary accounts opened the door to potential abuses,” says Marilyn Fedak, the vice chair of investment services at AllianceBernstein and a 26-year veteran of the company. “But Sandy felt very strongly it was the only way to do things.”

In fact, Bernstein felt strongly about many things and had no trouble expressing his opinions, often to the irritation and dismay of others. Within a few months of the company’s founding, all but one of his partners had abandoned him, and the one who remained was his brother. “He was totally alone,” says Hertog. “And so he came to me and a couple of others with an attractive offer. I went to Susan; told her there’s a good chance this will fail. But if I’m really good at business, then *this* is my chance.”

The early years of the firm were often difficult and in some respects downright strange. Staff turnover was high. The company’s research department was a mess. Among Bernstein’s more unusual corporate innovations was to hire a clinical psychiatrist to observe company executives. “With all that analysis going on, I began to think I was the one who was neurotic,” one former Bernstein research analyst told *Institutional Investor* in 1972. Bernstein’s management style could often seem unfathomable to his employees. In his own eulogy for Bernstein, Lewis Sanders, a young math prodigy who joined the company in 1968 and rose to become its CEO, described those methods thus:

“Working with Sandy required an ability to

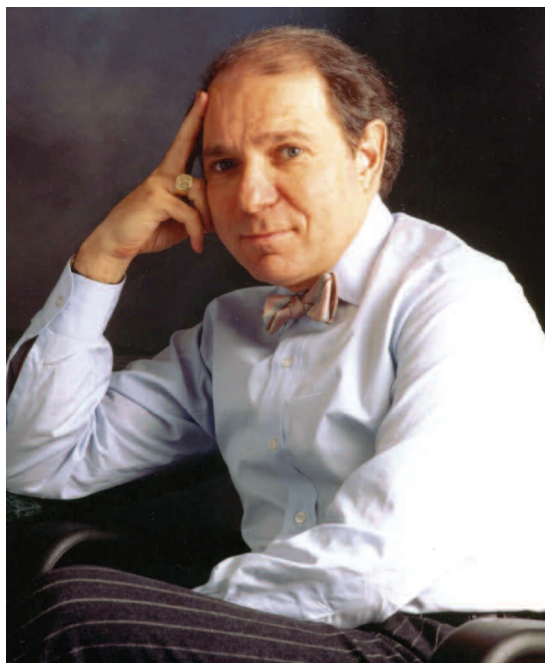
decipher [his] code. . . . First, his way of letting you know his point of view: ‘I’m just livid—this will happen over my dead body!’ What he really meant to say was: ‘I’m not sure I agree with you, I need to think about it, give me some time before you proceed.’ His evaluation of a new idea you’ve just come up with: ‘That’s just stupid.’ And for emphasis he liked to exaggerate the ‘t’ and the ‘u.’ ‘That’s just STTEWPID!’ What he really meant was: He really didn’t agree, would never agree—and you could do it anyway, but you’d better be right.”

Yet for all that, the firm gradually began to right itself, thanks in no small part to the ways in which Hertog and Sanders anchored Bernstein’s battleship of a personality and helped to give structure and discipline to his creative genius. Sanders was cool and analytical, while Hertog had a keen grasp of how to motivate staff, cultivate talent, and reach out to clients. But the firm’s success was more than simply a matter of adjusting to individual styles. It was mainly about the culture that the three men instituted, and the seamless way in which their moral and intellectual values meshed with corporate strategy.

First among those values was the firm’s commitment to its clients. “It was the insight that if we focused on the clients and gave them financial success and peace of mind, we ultimately would succeed,” says Fedak. “There were no sales goals, revenue expectations, or profit targets. It was all about the clients.” The firm gained a reputation for probity, correcting errors even when the clients themselves hadn’t noticed them. Bernstein also took the step of giving all of its clients the same level of service, no matter whether they were \$100,000 or \$10,000,000 investors. “Nobody had ever done that before,” Hertog explains. “In brokerage firms, they still don’t.”

Besides treating clients ethically (and equitably), the company also went to enormous lengths to keep them engaged and in touch with what the firm was doing, even if the clients didn’t quite have their hands on the investment-making tiller. “[Hertog’s] credo,” noted a 2008 study of the firm by the *Harvard Business Review*, “was that good client relations are the key to a successful business—that it does not always matter if the investment performance is good or bad so long as the client receives a full explanation of what has happened.” Or, as Fedak succinctly puts it: “Total honesty is a very underrated marketing tool.”

Second, there was the way the firm treated its own staff. The work ethic at Bernstein was notoriously ferocious. Prospective employees were sometimes asked to come for their interviews on Sundays, just to underscore the kind of hours they would be



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*(Photo courtesy of the Hertog Foundation)*

expected to work if hired. Equally ferocious was the attention to detail. “Management, Roger-style,” explained one Bernstein employee at Hertog’s retirement party in 2006, “[meant] that the highest reaches of the company get involved in everything down to the color of the writing on the slides.”

But even as the firm expected much of its staff, it also went out of its way to give them something to be profoundly loyal to. The company cultivated its own talent, promoted from within, placed a premium on teamwork, and

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eschewed the usual Wall Street practice of poaching talent from other companies and allowing its various divisions to be run by financial princes operating in a loose confederation of states. “We said we’re not the German army, but we all sing from the same song sheet,” says Hertog. As a result, Bernstein was able to transform itself from a company that couldn’t retain its people to having one of the lowest turnover rates in the financial industry.

Finally, there was the premium the firm placed on intellectual independence. This took

two forms. Bernstein insisted on a value-based approach to stock-picking: Looking for bargains whose real worth would eventually be recognized by the market, he believed, was preferable to the “growth-based” strategy of most asset management firms which thrive in bull markets but suffer in downturns. The preference for value demanded a willingness to buck the popular trend and wait patiently for the expected returns to roll in. “We often were the voice of reason in a panic or a bubble,” explains Sanders.

Bernstein also prized (and was prized for) the independence of its research division. This, too, was a departure from the Wall Street norm. “From the start, Sandy Bernstein had understood that a well-balanced, conflict-free research envi-

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ronment would be a powerful competitive advantage,” noted the *Harvard Business Review*. “The firm sacrificed considerable revenue by refusing to participate in underwritings that might compromise its ‘top-notch independent research.’ But as a result, Bernstein analysts were much less confined than others in issuing honest recommendations. . . . Many clients believed that was precisely why [Bernstein] was worth their commission dollars.”

It took Bernstein more than a decade to implement the fundamentals of corporate strategy and its culture of honesty, loyalty and independence. Once it did, the growth was explosive. “In 1980, we had less than \$100 million under management,” recalls Hertog. “When we merged with Alliance Capital [in October 2000], we had \$90 billion. All without any acquisitions.” By the time Hertog retired six years later, total assets under management were approaching \$1 trillion.

Throughout his 38 years with the firm, Hertog played multiple and overlapping roles. Sallie Krawcheck, a former top Bernstein executive, once called Hertog the company’s “marketing genius;” Sanders describes him as its “editor-in-chief,” though he is quick to add that the designation “undersells Roger’s contribution. What he did was bring to life the real essence of what

we as a firm had to say—and we often had very important things to say.” Fedak emphasizes Hertog’s perfectionism: “Every time we’d go to clients we’d have a dress rehearsal. His hounding you to do things over and over could be very annoying. But in the end, you knew it was going to be a million times better.”

Hertog’s personal fortunes rose smartly with those of his firm. But Hertog wasn’t merely becoming a very wealthy man. He was also reflecting on the deeper lessons of the firm’s success.

### “So Ideas Became Increasingly Important”

THE CONVENTIONAL VIEW OF CAPITALISM HOLDS that it is a system based on individual greed, ethical corner-cutting, and zero-sum competition in which one man’s gain is inevitably another man’s loss. In this analysis, the best that can be said for capitalism is that it instills efficiencies in the market and creates prosperity, but that it needs to be tied down by regulation, bled by taxation, and otherwise offset by a countervailing moral code emphasizing charity and community.

For Hertog, what the Bernstein experience demonstrated was that all this was a load of rubbish. On the contrary, the more ethical a company’s behavior, the more it would attract and retain outstanding employees, the more trusted it would be by its customers, the greater the dividends it would yield for its partners and shareholders, and thus the more valued it would be by the market. Bernstein proved not only that it was possible to do well by doing good, as the old truism has it, but that one could also do good by doing well.

What’s more, Hertog saw Bernstein’s success within the larger framework of what America was really about. Visiting with many executives at some of the largest companies, he recalls, “I would meet with chairmen of the boards—very smart men. But they didn’t see their business in relation to a larger set of ideas. I saw the parallels. I saw business, entrepreneurship, liberty, how the system worked and why capitalism is something to be really enamored with.”

Hertog speaks of his interest in ideas as following a sort of natural progression: As a young man, he says, he was interested in money, girls, and ideas—in that order. “I married the right girl. I made some money. That checked those off the list. So ideas became increasingly important.” The truth is that he was far more intellectually inclined as a young man than he usually lets on. A college



professor awakened his interest in the *Federalist*, from which he says he learned lessons in how people come together, how governments are formed, and whether men in government could be trusted to make sound decisions. Even more revelatory was his discovery of a quarterly journal of ideas, minuscule in its circulation but hugely consequential in its influence, called the *Public Interest*.

“It was like a sex novel to me,” Hertog confesses. “Nathan Glazer, Pat Moynihan, Martin Diamond: Reading these guys, I learned how to think.”

The *Public Interest* first appeared in 1965, at the high-water mark of Lyndon Johnson’s Great Society. While the journal was not initially considered a conservative publication (much less a “neoconservative” one, given that the label had not even been coined yet), it immediately struck a skeptical note about the prevailing faith in the government’s ability to fine-tune society and cure its assorted ills through technocratic and redistributionist means. It was a skepticism to which Hertog felt powerfully drawn as he watched New York City crumble under the tenure of Mayor John Lindsay. “They were doing things that violated human nature,” he says of Lindsay and his lieutenants.

Equally clear to Hertog was that the problem with Great Society programs wasn’t (or wasn’t only) that they were badly organized and incompetently managed. It was the poverty of the Great Society’s underlying assumptions about the sources of crime, the uses of welfare, the importance of public order, the purpose of public education, the aesthetics of public places, and so on. For any of that to change, a better set of ideas would have to be found, championed, disseminated, and put into practice.

Symphony orchestras, medical centers, art museums, and private universities all could rely on a steady stream of philanthropic largesse. But where were the angel investors when it came to the making of great ideas? “Philanthropists are too business-oriented: They’re looking for something that’s self-sustaining,” Hertog argues. “But was the *Public Interest* ‘self-sustaining’? No. If you want excellence, you have to pay for it.”

Throughout the 1970s, Hertog had given money to charities—mainly synagogues or Israel-related causes—but, he admits, “I was very unimaginative.” Yet his sense of what was possible began to change in the early 1980s, when Chuck Brunie (another friend from his Oppenheimer days who had stayed with the firm and gone on to a legendary career) invited him to join the board of the Manhattan Institute, a think tank specializing in economic,



“Irving Kristol, Nathan Glazer, Pat Moynihan, Martin Diamond: Reading these guys, I learned how to think,” says Hertog, pictured here with Kristol’s son William, editor of the *Weekly Standard*

(Photo courtesy of the American Enterprise Institute)

social, and urban policy. It was at the Manhattan Institute that Hertog discovered that “there were other business guys who really cared about the city, about ideas, and that you could have a real interaction with some serious scholars.” Among those scholars, Hertog was particularly taken with Charles Murray, whose 1984 book *Losing Ground* established the intellectual foundations for “ending welfare as we know it” 12 years later, Peter Huber, who laid out a powerful case for legal-liability reform in a series of

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books on the abuses of the tort bar, and Myron Magnet, the author of *The Dream and the Nightmare*, which addresses the intersection of culture and dependency and the breakdown of minority families.

To illustrate the influence the Manhattan Institute had on public policy in general and New York City politics in particular, Hertog tells the story of how, as a member of its board, he called for a conference shortly after David Dinkins’ election as mayor in 1989, at a time when the crack epidemic was at its apogee, the murder rate was five times what it is today, and the economy was moving toward recession. The purpose of the conference was to put together a set of practical ideas





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about how to tackle crime, welfare, and everything else that ailed the city. “We put a whole bunch of people together,” says Hertog. “And in the corner of that conference was [future New York City Mayor] Rudy Giuliani, scribbling on a yellow pad, taking notes through this whole thing.”

But even as Hertog was learning from the scholars whose work he funded, he was also applying his business smarts to improve the

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Manhattan Institute’s effectiveness. It helped that he had the likes of former Citibank chairman Walter Wriston, Peter Flanigan, Walter Mintz, and investor Richard Gilder as philanthropic mentors. “Gilder told me, ‘We know what the world is like; most scholars have no idea.’ You bring something valuable to the table and they can bring something valuable and somewhere in between there is a synthesis.” So Hertog went about applying the same principles

at the institute and other think tanks that he had used to help shape Bernstein’s research department. He insisted that “money follows ideas,” rather than the other way around. He also insisted on cultivating the right people rather than looking for the hot topics. “It’s exactly what you do in business.”

From the Manhattan Institute, whose board he would chair for a decade, Hertog’s involvement in other idea factories—not just think tanks, but also journals of opinion, specialized cultural institutions, newspapers, and universities—only multiplied. The institutions he generally favored tended to lean politically to the right, but not exclusively, and by no means in doctrinaire ways.

“He’s definitely not a partisan in a blind sense,” says Betsy McCaughey, the former lieutenant governor of New York who came to know Hertog when she was a scholar at the Manhattan Institute. “It doesn’t matter to him whether an idea is labeled Democratic or Republican.” McCaughey points to Hertog’s brief ownership stake in the traditionally liberal *New Republic*, whose editorial independence he never interfered with. During the weekend I spent with him in his home in the Hamptons, he invited a prominent left-leaning foreign policy expert to lunch to debate Middle East policy with a former Bush administration official. Hertog clearly has his political views. But he also believes in the inherent value of debate and the ferment of ideas.

### “Ted Williams Hit .400”

MUCH MORE FIRMLY SETTLED ARE HERTOG’S ideas about how great philanthropies ought to be run. For starters, he insists that he has no interest in starting a family foundation and intends that all his philanthropic funds should be given away within 20 years of his death. Money, he says, “can do wonderful things, but it can also poison relations.” He contends that the best philanthropic investments take the form of seed capital in projects that can entice other philanthropists to join: Excessively large donations, he warns, are “dangerous because too many people will say, ‘he’ll do it for us.’” He believes that philanthropy is not a social or moral vanity, and that philanthropists, like businessmen, need to be careful stewards of their investments, and be willing to cut off funding if their projects are not succeeding. “Roger

spends a lot of time researching the projects he might wish to support,” says Podhoretz. “He interviews people, he makes on-site visits, sometimes he even selects the furniture.”

Hertog has also studied and adapted the insights of others, particularly Gilder, investor Michael Steinhardt, and, not least, Bernstein himself. “Gilder and Steinhardt—they were speculators,” he says, speaking not of their business careers but of their philanthropic endeavors. Gilder was the moving force behind a once-unthinkable idea. He believed that private philanthropy could help recapture Central Park from vagrants and criminals and restore it to its proper owners: New York City’s law-abiding citizens, who deserved a magnificent green space in the heart of their crowded city.

Steinhardt, meanwhile, conceptualized “Birthright Israel,” an equally improbable idea. He thought that, with a free plane ticket and 10-day tour, young Jewish adults would form a life-long attachment to Israel. So far, 260,000 Jews from around the world have taken the trip.

As for Bernstein, he understood that the missing component in Jewish philanthropy—lavishly funded when it came to hospitals, cultural institutions, or charitable causes—was an investment in Jewish ideas, Jewish religious beliefs, and Jewish education. For this, Bernstein established not only

Tikvah (about which more below) but also Avi Chai (which means, “My Father Lives”), another sunsetted foundation that aims to encourage Jews to become more knowledgeable about, and committed to, their faith.

But the largest insight—what Hertog calls his “big epiphany”—is his conviction that philanthropists tend to be far too cautious when it comes to giving away their money. “This is ironic,” he notes wryly. “In order to make their money, phil-

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anthropists take incredible risks. In their philanthropy, they’re incredibly risk-averse.” How much risk is Hertog willing to accept? “Ted Williams hit .400,” he says. “In business, if you’re right 55 to 60 percent of the time you’re a genius, so long as you don’t get obliterated when you’re wrong.”

Hertog has certainly funded his share of failures. He has ambivalent feelings about the Bronx library, which he had hoped could become a place



*“The only place you could actually go and think, not that I pride myself on such great thinking, but you’d go to the library,” says Hertog. He was the lead private funder of the Bronx Library Center, which opened in 2006. (Photo courtesy of the New York Public Library)*





*“Dick and I would email all day long,” says Louise Mirrer, president of the New-York Historical Society. “I’d come in on a Saturday and send him an email saying, ‘We’re crowded,’ and he’d email me back, ‘I’m coming over,’ because he wanted to savor that amazing excitement that people were feeling.” Mirrer, left, joins Laura Bush, Thomas Bernstein, and Gilder at a 2005 gala. (Photo courtesy of the New-York Historical Society)*

where neighborhood youngsters could get the kind of supplementary tutoring they probably weren’t getting in their local schools. The obstructionist politics of public education got in the way of that ambition. Some of his investments in for-profit idea-generating enterprises

closed its doors six years later after a heroic, if chaotic, run. That investment cost him more than a few million. Yet Hertog has no regrets about the financial losses he sustained. “If you’re investing in ideas, you shouldn’t necessarily restrict yourself to the tax deductibility of something,” he says. “If I found another vehicle like that, I’d do it again.”

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Yet, just as at Bernstein, Hertog’s philanthropic successes have easily outnumbered the failures. Some raw numbers help make the point.

have likewise not panned out. With Steinhardt, he took a controlling interest in the *New Republic* in 2002—an investment, as Seth Lipsky put it at the time, in the “depressed stock” that was the “right-wing of the Democratic Party”—only to sell their stake to a Canadian media company a few years later after losing a couple of million dollars.

Take primary education: In the 1990s, Hertog joined investors Peter Flanigan, Bruce Kovner, Tom Tisch, and Richard Gilder to launch one of the first privately funded school-voucher programs, in which they funded 1,000 scholarships annually for poor families seeking to enroll their children in private (mainly Catholic) schools. Some 25,000 students applied, demonstrating just how much hunger there was among minority parents for better educational choices for their children. More recently, Hertog has commissioned a study of charter schools in New York to see whether there are smarter ways to invest in the charter movement: “Can you go for a market share play?” he wonders. “Can you put your money in a single borough? Because once you have a critical mass, then the parents could become a positive political force.”

That same year, he was a major investor in the (Lipsky-edited) *New York Sun*, the city’s first new daily newspaper in more than half a century, which



Or take cultural institutions: Hertog has given generously to the Metropolitan Museum of Art and the New York Philharmonic, saying “it’s a privilege to give money to them.” A greater passion is the 206-year-old New-York Historical Society—where Hertog serves as chairman and which he sees as an opportune place in which “to address the big questions in American history”—he alighted on the idea of using the society’s resources to educate New York’s social science teachers. “Roger sets goals,” explains Louise Mirrer, the society’s president. “We had a discussion: How many teachers in New York’s public schools teach history? He thought we should have them all come through and be involved in some way.” The number, it turned out, was about 4,000, and sure enough, all 4,000 have attended the society’s professional development workshops. For the bicentennial last year of Abraham Lincoln’s birth, Hertog also urged the society to put together an exhibit on the subject of Lincoln in New York. It was a blockbuster, attracting 200,000 visitors, half of them schoolchildren.

Now the New-York Historical Society, with its choice Central Park West address, is in the midst of a \$60 million facelift that would have been inconceivable only a few years ago, when the organization nearly went bankrupt. “It was Roger’s idea to renovate the building,” says Mirrer. “He saw the building as an asset, and that meant it had to be modernized and made more permeable to the outside, which will enable us to earn admissions revenue. He has moved us in the direction of thinking about this institution as a business.”

Finally, take Hertog’s most recent venture: summer schools. He funds, through Tikvah, a two-week summer program at Princeton on “Jewish Thought and the Enduring Human Questions.” Three hundred undergraduate students applied; 60 were accepted. He has inaugurated the Hertog Political Studies Program in D.C., a six-week undergraduate program on political thought. More than 160 students applied for just 24 positions. At Columbia, he has established the 12-week Hertog Global Strategy initiative, focusing on questions of nuclear policy. Here, too, competition for the program is fierce, with 84 applicants from around the world vying for 21 slots.

The applicant/admitted ratio underscores the popular demand for what Hertog is offering. And no wonder: At Princeton, students “spend two weeks with the best peers thinking about the largest subjects, bringing Jewish texts and Western philosophy in a conversation with each other,” explains Eric Cohen, the executive director of the Tikvah Fund. At the Hertog Political Studies Program, students divide their time between studying statecraft and meeting with some of its actual practitioners of statecraft, including Henry Kissinger, Gen. Jack Keane, and Israeli ambassador to the United States Michael Oren, to name a few. (The program is run by John Walters, former president of The Philanthropy Roundtable and later Drug Czar under President George W. Bush.) At Columbia, the speakers’ list is a Who’s Who of nuclear experts, including former IAEA director Hans Blix, Deputy Secretary of State James Steinberg, and the 9/11 Commission Executive Director Phil Zelikow.

These investments in selective summer schools that draw students from across the country have enabled Hertog to provide outstanding educational opportunities without

having to make overhead investments in universities. “Philanthropists give a heck of a lot of money to universities, but how much influence do they have over it?” asks James Ceaser, a professor of politics at the University of Virginia who teaches at the D.C. program. “Roger doesn’t give for prestige or anything like that. He gives because he has a sense of what he wants to accomplish.”

### “A Supply-side Vision of Intellectual Capitalism”

SO WHAT DOES HERTOG WANT TO ACCOMPLISH? Here another of his educational ventures helps supply the answer. In September 2008, he paid a visit to a private club in New Haven, Connecticut, to meet with about 20 up-and-coming history and political science professors from universities across the country. For several years, Yale University had run a year-long program in Grand Strategy, which combines intensive studies in the theory and history of statecraft, crisis-simulation exercises, and placements in prestigious summer internships. The



*By the late 1990s, a dying Bernstein (above) had changed his first names from Sanford Charles to Zalman Chaim, bought a home in Jerusalem, and become a very observant Jew. “You will learn about being a Jew,” Bernstein said, asking Hertog to serve as chairman of the Tikvah Fund. (Photo courtesy of the Hertog Foundation)*



“What was consequential for me was the whole idea of seeing the Bible as a piece of history,” says Hertog of his support for the dig that may have found King David’s palace (above). “Investing in archeology is like drilling for oil: There are many more dry holes than big bits. But while there isn’t a sign on it, there really is a high probability that this is, in fact, David’s palace.”  
(Public domain photo by Deror Avi)

highly selective program had quickly become legendary for its high-powered workshops—a 2008 *Wall Street Journal* story described then-Deputy Secretary of State John Negroponte meeting the group as “helicopters circled above the restaurant while the participants ate”—and for the quality of its graduates, many of whom take positions of influence in Washington.

Deeply impressed, Hertog saw an opportunity to expand the Grand Strategy franchise to other universities and was willing to spend millions to do so—provided the assembled professors could prove to him they had the intellectual chops. “Grand Strategy was another way to think about how you influence the next generation of leaders,” says Hertog. The program, he adds, “doesn’t necessarily produce conservatives. But if you allow the free market of ideas to work, you’ll win your share of debates.”

The question of how to educate the next generation of conservative leaders (particularly thought leaders) is clearly one of Hertog’s central preoccupations. He worries that conservatives “haven’t really invested in the creation of new leaders at the intellectual source, which is the university—and not just any universities, but the great universities.” Without such leaders, he fears, foundational conservative ideas about private property and markets, responsibility, and risk-taking, tradition and innovation, and America’s purposes in the world are doomed to seem antiquated, stale, and thus politically moot—much as they were when Lionel Trilling could say, mid-century, that there were no serious conservative ideas to speak of, only “irritable mental gestures which seek to resemble ideas.”

Avoiding a reprise of that situation—the immediate prelude, historically speaking, to the policy excesses and failures of the 1960s and ’70s—is what much of Hertog’s philanthropy is ultimately about. This certainly explains his funding for *National Affairs*, which began publishing last year and is effectively the successor to the *Public Interest*. “When [the *Public Interest*] was formed, it brought together a remarkable group of thinkers to tackle a series of very big questions, that at the time were being contested by the Great Society,” says Hertog. “In 2009, a number of us thought this was another moment like that.”

In backing *National Affairs*, funders—including Hertog, Bruce Kovner, and Paul Singer, as well as the Lynde and Harry Bradley Foundation, the Searle Freedom Trust, and the William



E. Simon Foundation—were fortunate to find Yuval Levin. At the time, Levin was a 32-year-old think-tank scholar and former White House aide. Hertog considers Levin the “intellectual heir to Irving Kristol.” (The respect is clearly mutual; Levin credits Hertog as the “visionary” and “driving force” behind the creation of *National Affairs*.) Indeed, it is no stretch to say that Hertog’s investment in the journal is really an investment in Levin himself, consistent with Hertog’s belief that what matters when it comes to investing in ideas is finding the right people first. Only then does the question arise of creating the right vehicle to put their minds to work.

Much the same can be said for Hertog’s backing of the James Madison Program in American Ideals and Institutions at Princeton, which awards fellowships and hosts seminars for visiting scholars and students on the “enduring questions of American constitutional law and Western political thought.” The Madison program is the brainchild of Robert P. George, a grandson of West Virginia coal miners who currently occupies the same academic chair at Princeton once held by Woodrow Wilson. “He’s another one of these rare intellectual entrepreneurs,” says Hertog of George. Others certainly share Hertog’s estimate. George has been described by the *New York Times* as “the reigning brain of the Christian right,” and he’s earned kudos from Supreme Court Justice Elena Kagan for his “sheer brilliance.”

Hertog has similar feelings for—and has given similar support to—Leon Kass, a medical doctor, longtime professor of social thought at the University of Chicago, and Hertog Fellow at the American Enterprise Institute who has also served as the chairman of President George W. Bush’s bioethics council. “The two legs of Leon Kass are Athens and Jerusalem, and what he has written has been enormously influential to me,” Hertog says, adding that Kass’ exegetical book on Genesis, *The Beginning of Wisdom*, “is probably one of the great books.”

So it is with many of the other individual scholars Hertog has supported: thinkers with the intellect and temperament to look past the next political corner and address fundamental questions about democracy, culture, and human nature itself. And Hertog has done this while providing not only his fortune but also his business acumen to create a network of innovative institutions through which the most innovative conservative ideas can take root.

And it’s just getting started: “As you do more of this kind of philanthropy, the more things come to you,” Hertog says. “It’s a supply-side vision of intellectual capitalism.”



*Leon Kass guides a seminar at the Tikvah Fund’s summer school at Princeton. “The two legs of Leon Kass are Athens and Jerusalem,” says Hertog, “and what he has written has been enormously influential to me.” (Photo courtesy of the Tikvah Fund)*

### “You Will Learn about Being a Jew”

STILL, THAT’S NOT ALL THAT HERTOG WANTS TO accomplish. Not by a long shot.

In the late 1990s, Hertog took a phone call from Bernstein. There was bad news: Bernstein had been diagnosed with the lymphoma that would ultimately claim his life. There was also a request: Bernstein wanted Hertog to become chairman of the Tikvah Fund—tikvah is Hebrew for “hope”—a \$200 million philanthropic fund established by Bernstein and dedicated to Jewish causes. By then, Bernstein had changed his first names from Sanford Charles to Zalman Chaim, bought a home in Jerusalem, and become a very observant Jew. Not so Hertog.

“I told him I didn’t know enough about Judaism,” Hertog recalls. “He said: ‘I know the one thing in life you’re most sorry about is that you didn’t say *Kaddish* [the Jewish memorial prayer] for your mother. You will learn about being a Jew. And you will learn about understanding religion and about how much it has contributed to your life. And you will honor her.’”





Students discuss Jewish thought at Tikvah's Princeton summer school.  
(Photo courtesy of the Tikvah Fund)

"What was I going to say?" Hertog continues. "The guy really knew how to tug on your heartstrings."

For most of its history, Tikvah's major function was serving as the principal funder of the Jerusalem-based Shalem Center, founded by Israeli-American political theorist Yoram Hazony for the purpose of creating a center of serious research and scholarship about the nature, breadth, influence, and trajectory of Jewish civilization. In just 16 years, it has provided an academic home to the likes of historian (now ambassador) Michael Oren and Soviet dissident (later Israeli cabinet minister) Natan Sharansky; published the quarterly journal *Azure* (a magazine on Jewish political thought); and established a scholarly press to bring out Hebrew translations of the Western classics that have never been published in Israel. It is now in the process of being accredited as Israel's first true liberal-arts college.

Shalem has even sponsored a major archeological dig, personally funded by Hertog, that may have now discovered King David's palace. "What was consequential for me, besides the thrill of looking back 3,000 years," says Hertog, "was the whole idea of seeing the Bible as a piece of history. Investing in archeology is like drilling for oil: There are many more dry holes than big hits. But while there isn't a sign on it, there really is a high probability that this is, in fact, David's palace."

In its early years, Shalem became something of a lightning rod for its skepticism about the

then-extant Oslo peace process, as well as Hazony's blistering attack, in his book *The Jewish State*, on the "post-Zionist" trend in Israeli academia. Since then, the quality and breadth of Shalem's scholarship, along with the shift to the center-right in Israeli politics, have made its ideas directly relevant to every issue under debate in Israeli intellectual life.

Shalem is very much a model Hertog philanthropic venture: It has engaged big ideas, provoked debate, produced important thought leaders, and shifted public thinking. It has also succeeded in attracting other major donors, including casino mogul Sheldon Adelson and investor Seth Klarman, making it an increasingly self-sustaining venture. And as that has happened, Hertog has begun to widen Tikvah's focus.

The challenge for "start-up" Jewish philanthropy is that it's a crowded field. If the cause is pro-Israel political advocacy, there's AIPAC; if it's poor Jews in Russia, there's the Joint Distribution Committee; if it's Jewish life on campus, there's Hillel; if it's Jewish charitable work in the U.S. and Israel, there's the Jewish Federation; if it's the fight against anti-Semitism, there are the Anti-Defamation League and the Simon Wiesenthal Center. And so on.

Still, what Shalem was doing in Israel was unique, and Hertog believed there was more that could be done. So did Eric Cohen, a 1998 Williams College graduate who had worked at the *Public Interest* and then with Leon Kass on President Bush's Bioethics Commission, whom Hertog hired in 2007 to serve as Tikvah's executive director. Hertog calls Cohen "a wise old head on a young set of shoulders," a description that seems apt for the endeavor as a whole. For Tikvah, even more so than the rest of Hertog's philanthropic endeavors, is largely about putting old ideas in the minds of young people for the sake of giving those ideas—and Jewish civilization in general—a fresh lease on life.

Thus, in addition to the summer school in Princeton, Tikvah funds a scholars program for teenage students at seven leading Jewish day schools. There are Tikvah programs at the University of Toronto, Yeshiva University, and the Jewish Theological Seminary in New York. There is the Tikvah Center on Law and Jewish Civilization at New York University, which aims to explore the specifically Jewish contribution to the general study and practice of law. Tikvah also sponsors a summer program in political studies at the Interdisciplinary Center in Her-



“It’s about educating future Jewish leaders at the highest level,” says Eric Cohen of Tikvah’s programs for young Jewish scholars. “Whether you’re going to be a Strauss, a Ben Gurion, or a Soloveitchik, they are all formed by ideas and at various points in their lives read the same books. Their intellectual formation matters.” (Photo courtesy of the Tikvah Fund)

zliya, Israel, akin to the Hertog Political Studies Program in Washington but with a specifically Zionist orientation. In its first year, it took 20 students out of 400 applicants.

The emphasis on the university is no accident: as Cohen notes, “it is the only institution that every American Jew passes through. It isn’t the [Jewish] day schools. It isn’t the synagogue.” What he doesn’t say, though it is plainly on both his and Hertog’s mind, is that Tikvah is starting to make its mark on campuses at a moment when the political situation for Jewish students has become increasingly fraught amid the endless controversies over Israel and the resurgence of anti-Semitism. And while Tikvah isn’t in the business of minting pro-Israel advocates—plenty of other organizations do that job well—it is in the business of creating the next generation of Jewish leadership.

“It’s about educating future Jewish leaders at the highest level,” says Cohen. “Whether you’re going to be a [political philosopher Leo] Strauss, a Ben Gurion, or a [Rabbi Joseph] Soloveitchik, they are all formed by ideas and at various points in their lives read the same books. Their intellectual formation matters.”

Nor has Tikvah contented itself to act simply as a convener, bringing smart students together with smart professors and hoping some good

comes out of it. It has also put itself in the business of supplying the ideas themselves through a full-spectrum media enterprise. Hertog hired former *Commentary* editor Neal Kozodoy to oversee the publication a book series on Jewish ideas about—for example—love, death, humor, justice, mercy, and human nature, and to enlist some the best Jewish public intellectuals (Hillel Halkin and Har-


## Perhaps the most notable CENTER OF EXCELLENCE IS the James Madison Program AT PRINCETON UNIVERSITY.

vard professor Ruth Wisse among them) as authors. And mindful of the nearer term, Tikvah now publishes the quarterly *Jewish Review of Books*—modeled aesthetically on the *New York Review of Books*—as well as the website JewishIdeasDaily.com, which offers original feature pieces, along with a daily selection of some of the most interesting (or provoking) things said or done in (or to) the Jewish world.

Cohen and Hertog plan to broaden Tikvah’s programs in Israel while also expanding its ties to





 New-York  
Historical  
Society

The Chairman's Council

*"As you do more of this kind of philanthropy, the more things come to you," Hertog says. "It's a supply-side vision of intellectual capitalism."  
(Photo courtesy of the New-York Historical Society)*

rabbis in North America. And there will be still more to come: "You have to find the people you believe in," says Cohen, echoing Hertog's philanthropic principles. "You also have to be able to tack, to fail, to see that the side idea is really the big idea." So far, Tikvah has spent a modest portion of Bernstein's inheritance. Hertog means to spend it all within the next 20 years.

### Investing in Ideas

"I'M AN INCREDIBLY CONVENTIONAL PERSON," Hertog insists. He also insists that he is nobody's idea of an intellectual, much less a "world-class thinker." Those who know him well demur at that modest self-assessment. "What a lot of people don't know about Roger is that he reads everything" says Podhoretz. "He reads every biography, every history, every serious work of political theory."

What truly sets Hertog apart, however, is the distinctive intellectual contribution he has made to the understanding and practice of philanthropy itself. The National Endowment for the Humanities recognized his contributions in 2007, alongside the likes of Russian historian Richard Pipes and essayist and critic Cynthia Ozick. City University, his alma mater, awarded him an honorary doctor of letters two years after that.

This is not a matter of the amount of money he has given away, though the sums are hardly trivial. Nor is it a matter of the high-quality intellectual work his giving has made possible, or of the powerful impact that work has had in shaping key policy debates in the United States and Israel. Nor, finally, is it a matter of Hertog's unique methodology, which, taking its cue from the insights he gleaned over 38 years at Bernstein, treats philanthropy as a continuation of business by other means.

Rather, what Hertog has shown is how philanthropy can go beyond being merely tactical—the relief of immediate want; the provision of bricks and mortar—to become truly strategic. Paradoxically for a philanthropic enterprise that comes with firm sunset clauses attached, Hertog is funding people, causes and ideas that aim, in their value and effect, to be timeless.

Born to an address that no longer exists, Hertog created a fortune and decided to give it away. By sunseting his philanthropy, he has risked making his legacy as transitory as his birthplace. But in the end, Hertog sees it as a risk worth taking. He knows that what matters, what endures, is the world of ideas. **P**