

~~Private~~  
Organization  
GCMB  
(dissolution)

January 13, 1928

My dear Mr. Greene:

There was a meeting yesterday at luncheon of the Foundation Committee which has been appointed to consider the future of the Peking Union Medical College. There were present the Committee, composed of Mr. Raymond B. Fosdick, chairman, Dr. Flexner, Dr. Edsall, and by invitation Mr. Vincent, Mr. Debevoise and myself. A report on the agreements reached will be drawn up by Mr. Fosdick and submitted to each member of the Committee, after which the Committee members will be asked to give their comments and another meeting will be held.

Mr. Vincent presented a general history of the Peking Union Medical College and the aims of the Foundation in establishing it. He drew an analogy between this institution and the institute of hygiene at Johns Hopkins, which so long as it had an open-ended budget and could refer to the Foundation continued to expand without any limit, but, as soon as the Foundation indicated the maximum aid they might expect, was able to effect economies not previously visible. Mr. Vincent also drew attention to the situation in the University of Chicago, where he himself saw the salary scale reduced by the process of appointing new staff members on a lower scale when Mr. Rockefeller made a definite statement as to the maximum amount that could be expected from him. Dr. Flexner then said that the situation was not quite the same in the Peking Union Medical College as in these other institutions.

They had excellent sources of funds which they were able to tap. The Peking Union Medical College, on the other hand, presumably would not be able to secure very much from other sources for some time to come. Dr. Flexner said then, and reiterated later, that when the Foundation makes a final gift to the Peking Union Medical College, the needs of the institution should be so studied, and the gift should be so adequate that there should be no possibility of a further request from the College to the Foundation. If the College should ever be in a position to make a reasonable request once, the separation of the two institutions would from that time on be incomplete. This point was well received by the Committee, and I think will form part of the report.

Mr. Debevoise presented a statement concerning the plans that have been made for securing a new provisional charter for the College which will make the present board self-perpetuating. He added that probably some of the British members of the board will soon be succeeded, since the new organization will involve a great deal more intimate knowledge by the Trustees of the work in Peking, and particularly of the budget, which will necessarily mean more frequent meetings. It was agreed that a new organization should be incorporated under the name of the China Medical Board, and that the property now in the name of the China Medical Board should be transferred to this board. The new board will be much smaller than the present, and probably its only function will be holding these funds and endowment for the College. There was talk as to whether the China Medical Board should exercise an actual supervision of the expenditures of the College with the purpose of effecting all economies. On the whole I think the sentiment was against this, but I do not think the question was settled. Dr. Flexner inquired whether this board would be made up of officers of the Rockefeller Foundation, since he feared that such action



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could be considered as retaining a closer relation with the College than was desirable. It was agreed that probably the board would be made up in part of persons who have had relations with the College from the beginning and possibly of others, but that these should not be <sup>usually</sup> ~~be~~ officers of the Foundation. The question as to when funds might be turned over to the Board of Trustees of the Peking Union Medical College was raised, but no one was prepared to offer even a guess as to the probable date.

In all the discussion, it seemed to be assumed that probably the Trustees would remain for a reasonably indefinite length of time as a board composed of foreigners and Chinese and meeting in the United States. The assumption seemed to have been that there will be at least a long delay in transferring the responsibility for the College to a local board. Dr. Edsall spoke feelingly of what he felt to be a lack of responsibility on the part of the Advisory Council, <sup>though</sup> and I am not sure that this was quite a fair comment, since the Council has not been asked to take great responsibility

The point which interested me most, naturally, was the amount of the funds to be turned over to the College for running expenses. The general agreement is that a sum of \$10,000,000 should be paid to the China Medical Board to be used for aid to education in the Far East, with the understanding that the Peking Union Medical College will be the first beneficiary if it is in existence. The purpose in drawing the deed in this way is to make it possible to use the funds to good advantage if the College should for any reason be obliged to close its doors. It was agreed that we could hardly expect the College to run under any circumstances on a budget of less than \$500,000 gold a year. Mr. Vincent proposed a plan of ten years' cooperation with the College during which time the Foundation would supplement the

\$500,000 by payments beginning at the rate of \$400,000 and decreasing annually to about \$200,000 or \$250,000. I protested against this, suggesting the various arguments which you have given. I mentioned to the Committee the fact that our isolation hospital and two other buildings are not yet running and that we shall need additional funds for staff and maintenance for them. I also said that while Chinese salary scales are lower than ours, the cost of living in Peking is increasing and customs duties are likely to mean an increase in cost for each member of the staff, and, unless we are fortunate in securing special arrangements, in the cost of our supplies. Dr. Flexner upheld me in this, reiterating the importance of placing the institution on a basis where it can do good work, and where it will not need to ask further funds from the Foundation in order to keep up approximately the present standard. Dr. Edsall raised the same point he had made earlier about the relative cost of the Peking Union Medical College and compared with his own budget at Harvard. Mr. Vincent pointed out that we are obliged to provide services which the city of Boston and Harvard University provide for the Harvard Medical School. As I understand it, the present plan is to provide the Peking Union Medical College through the China Medical Board with an endowment of \$10,000,000 and a supplementary fund of \$400,000 a year for ten years, after which a new ten-year agreement might be entered into, or, if I understand correctly, further endowment might be provided. On this last point I am not clear. It may be that the the Foundation expects eventually to provide no endowment but the \$10,000,000 and hopes that funds will be available from other sources to meet the deficit.

I was asked whether I thought we could get a budget for the home



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office out of this \$900,000 and I said I thought we could. Our present budget, which is of course rather imaginary than otherwise, is \$50,000. It was proposed that in the interests of persuading the staff that the College is no longer a part of the Rockefeller Foundation, and that all economies must be exerted, the office of the Peking Union Medical College should be moved uptown, and facetious suggestions were offered to the effect that it should be as shabby as possible. I was offered some excellent battered golden-oak furniture and frayed carpets from the various organizations there represented. I did not think it necessary to raise very serious questions about the importance of being near the files, accounting department, etc. It will be difficult to separate the records, but I think not wholly impossible, and if the most important points are acted on in a way that would be satisfactory to the College, I think we need not give ourselves much concern about the details. Mr. Vincent suggested the possibility of doing our purchasing through the purchasing organization started by the Near East Colleges, a proposal that would probably save us money. With exchange in its present position, I should think we could manage to get the cost of the home office out of \$900,000 without unfairness to the College. On the other hand, if it seems impossible, I think we could secure \$50,000 more. Dr. Edsall spoke again about the perfection of care given to the buildings of the College, and said he thought we ought to be able to make some economies there. The Committee is aware that every effort has been made to reduce the budget of the College for activities outside of its professional work, but I sometimes wonder if some further economies might not be practiced. Of course, I have not seen the College since 1921, and most of the economies have been put into effect since then.

Mr. Greene

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The Committee is to present its report to the Foundation at its May meeting for action. I do not know what your plans are for the spring. As far as I know now, the April board meeting is not going to have many matters of great importance to consider, but if this report goes to the May meeting of the Foundation, it seems to me that your presence here would be very important. I recognize the impracticability of your leaving Peking at this time, and yet nothing is likely to happen to the College in the next ten years that would make your presence in the United States so important. I am hoping therefore that you will find it somehow possible to come. Dr. Dunlap no doubt will be back in Peking and able to relieve you of a good deal of the routine.

Mr. Vincent tells me this morning that he is now preparing a statement for the Committee, and you will no doubt have a formal report very soon. I wanted you to have this early information however and so am sending this along informally. No doubt there will be more to add when Dr. Houghton arrives.

With warm regards to yourself and the family, I am

Sincerely yours,

Mr. Roger S. Greene,  
Peking Union Medical College,  
Peking, China.

MKE:HG

*mke Eggleston*



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P.S. Mr. Vincent said that ordinary exchange losses should be cared for by saving during years when exchange is favorable. He is taking up with Mr. Beal the possibility of some agreement whereby the Foundation would meet inordinate and extraordinary losses from exchange, but would not be expected to handle losses caused by ordinary fluctuations. I was very much pleased with the attitude of the meeting, and particularly Dr. Flexner's, and the conclusions reached. All the talk recently has been for tapering off the contributions of the Foundation, hoping for funds from other sources not merely for expansion but for carrying a budget on the present level. It was therefore very satisfactory to me to have an agreement made which will provide us with \$900,000 a year gold, and to have the Committee say, and Mr. Vincent reiterate later, that the Committee wanted to make sure that the College was amply provided for.

MKE:HG