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Organization

Memorandum on the Organization of the Rockefeller Foundation

(Preliminary Draft, December 7, 1925)

The experience of the President of the Foundation in attempting to administer the institution as a unified and correlated agency which carries on its activities through two Boards and two Divisions convinces him that the time has come for an interpretation and possibly for a revision of the Constitution, By-Laws and Rules which are now in force.

Two Basic Questions

1. What is the actual character and status of a Board of the Rockefeller Foundation?
2. What are the duties and responsibilities of the President of the Rockefeller Foundation?

The President has based his administration on the theory that:

A Board of the Rockefeller Foundation is - in spite of superficial appearances of autonomy - essentially a subordinate administrative agency with an advisory committee, which considers the suggestions of an executive officer and recommends projects to the Trustees or Executive Committee of the Foundation for approval or rejection, and, if approved, for the provision of funds.

This view is supported by the following facts:

1. A Board, like a Division, has no legal status independent of the Foundation and cannot enter into contracts or own property.
2. A Board cannot select its own members. There is no provision even for recommendation by a Board. The Executive Committee (as a body, not as individuals) forms the nucleus of the Board. Other members are appointed by the Foundation. (Rules Secs. I and II).
3. A Board cannot select its own officers. Its Chairman and Secretary are ex officio the President and Secretary of the Foundation; its executive is appointed by the Foundation without any provision even for a recommendation from the Board (Rules Secs. V and VI).

4. A Board cannot choose its own Executive Committee, but must accept the Executive Committee of the Foundation. (Rules Sec. IV).
5. A Board cannot secure the disbursement of funds until estimates have been submitted to the Budget Committee of the Foundation (By-Laws Art. IV), money has been appropriated by the Foundation or its Executive Committee, the voucher approved by the Secretary of the Foundation, and the transaction completed by its Comptroller and Treasurer. (Rules Secs. XI, XII and XIII).
6. A Board cannot adopt or amend its own Rules. These, without any provision for recommendation from a Board, are formulated and enacted by resolutions of the Foundation. (Rules Sec. XIV).
7. A Board cannot adopt regulations or authorize work except in conformity with the Charter, Constitution and By-Laws of the Rockefeller Foundation. (Rules Secs. XI and XIII).
8. If a Division were to have an advisory committee which passed upon the proposals of its Director and made recommendations to the Trustees of the Foundation it would be essentially in the same position as a Board.

(Note: When the Division of Medical Education was created, the idea of appointing an Advisory Committee was seriously considered. The Director finally recommended that no such committee be set up. He said that the men likely to be selected would be connected with medical schools, that it might prove embarrassing to have the group pass upon projects in which members were personally interested, and that he could ask these persons as individuals for advice at any time. The advantage of having the backing of a group of specialists in presenting projects to the Trustees was consciously foregone.)

Duties and Responsibilities of the President

The acceptance of the above interpretation of the existing Constitution, By-Laws and Rules involves the further theory that

The President of the Foundation as the executive representative of the Corporation and Trustees (Const. Art. VI, Rules V) is charged with responsibility, not for the direct administration of the work of the Boards and Divisions, but for supervision of these activities as a whole *, for their correlation, for common

* The relation to the Divisions is direct and clear. As to the Boards the President's personal identity as both President and Chairman seems, on any theory, to fix his responsibility. The relation of Chairman, as defined in Art. V of the Constitution, presumably holds good for the Chairman of the Boards: "The Chairman of the Board of Trustees shall sustain an advisory relation to the work and policies of the Corporation similar to that usually sustained by the Chairman of the board of directors of business corporations."

what is the relation?

budget making, for the provision of common services, and for official representation of the Foundation as a unified institution.

Proper discharge of each responsibility calls for:

1. Current familiarity with the work of the Boards and Divisions and foreknowledge of new projects.
2. Maintenance of coordinated, and when feasible, cooperative policies and programs.
3. Reports to Trustees about questions raised, variations of policy, and, on occasion, expression of judgment.
4. Preparation and current scrutiny of a comprehensive Foundation budget.
5. General supervision of common office services.
6. Responsibility for correspondence which concerns the Foundation as a whole.
7. Official representation of the Foundation in certain public relations, as host, etc.

Need for an Authoritative Interpretation

The questions outlined above are raised at this time because the General Director of the International Health Board, it is believed, puts a different interpretation upon the relation of the Boards to the Foundation. He has been requested to prepare a statement of his view. It is proposed to ask for an authoritative interpretation because any fundamental divergence as to basic principles of organization tends to result in misunderstandings, tension, loss of efficiency and impairment of morale.

Possible Courses of Action

1. Procedure upon the basis of an opinion by the Counsel of the Foundation as to the actual status of the Boards and the duties and responsibilities of the Central Administration.
2. Appeal to the Trustees of the Foundation for decision as to whether the existing organization, as interpreted by counsel, represents the present ideas of the Board.
3. If not, a revision of the By-Laws and Rules in the direction of either:
 - a. Greater autonomy for the International Health Board. The present organization probably records an earlier idea of sometime making

the Boards separate entities, possibly with their own endowment funds or annual lump sum appropriations.

Or, if this idea has been abandoned,

- b. Simplification and unification, with emphasis upon the central control of the Foundation Trustees; One Executive Committee, a single budget and system of accounts, an explicit recognition of an Advisory Board, if this seems desirable, the General Director directly responsible to the Foundation, etc.
4. The dissolution of the China Medical Board and the turning over of its functions to the Division of Medical Education. This Board, organized on a geographic basis, has always been an anomaly, has served its temporary purpose, and with the completion of the Peking Union Medical College can be dispensed with. The question as to whether the moment is auspicious for announcing such a plan deserves consideration.

George E. Kinnear.

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