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Organization

THE ROCKEFELLER FOUNDATION
61 BROADWAY, NEW YORK

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May 24, 1926.

My dear Mr. Fosdick:

Enclosed you will find a memorandum which I have prepared upon some of the questions which are receiving consideration from your Committee. I have purposely made this statement as succinct and summary as possible. If the Committee desires to talk with me about any of the points raised in my memorandum or upon any other questions which are receiving attention from the Committee, I shall be glad to respond to any summons that you may send me.

Yours sincerely,

George E. Vincent.

Raymond B. Fosdick, Esq.,
Chairman of the Committee on Organization
of the Rockefeller Foundation,
61 Broadway,
New York City.

GEV:DSB

Enclosure.

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Organization

THE ORGANIZATION OF THE FOUNDATION

Memorandum for the Special Committee of the Trustees, by George E. Vincent, President

May 19, 1926

I. The practical question which has given rise to the present consideration of organization is this: What are or should be the relations of the International Health Board and the China Medical Board to the Trustees of the Foundation and to their designated executives: the President and the Secretary?

(In Exhibit A I have outlined my interpretation of the existing constitution and by-laws. In essence I believe that the final authority of the Foundation Trustees and the ranking powers and responsibilities of the President are by implication as well as in many cases explicitly established, but that the complex form of organization obscures the facts, suggests an autonomy which is not really warranted, and hampers effective unity of administration.)

II. On the assumption that no consideration is being given to a policy of decentralization by which either through separate charters and a division of endowment funds or the unrestricted assignment of a given income over a period of years to each Board and Division, the Foundation as an administrative unit would disappear or become merely an automatic appropriating agency, the following possibilities are presented:

1. An authoritative interpretation of existing regulations. Such an interpretation drawn up with advice of Counsel and officially approved by the Trustees ought to provide an unequivocal basis for administration, clear the air, and promote institutional unity. Such procedure would seem to be the minimum of action that could be expected to improve the situation.

(Note) Would it not be well also to simplify the unnecessarily complex

(Note - continued -

machinery by creating : (a) a single executive committee which would act upon proposals made by the various directors; (b) a single set of minutes; (c) a unified system of accounts (the acting comptroller should be consulted on this point); and (d) by granting of larger discretion with respect to purely routine budget items to executive officers to relieve the agenda of the Executive Committee?)

2. The complete unification of the Foundation. If all thought of separation into autonomous agencies has been abandoned, has the time not come for an organization which would call for:

- (a) a single authoritative Board of Trustees
- (b) a staff of executive officers directly responsible to the Trustees
- (c) Standing Committees of the Trustees which would replace existing Boards and act in an advisory capacity to the Directors with respect to the various activities of the Foundation.

(Note. Such a change need involve almost no embarrassment. Certain Board Members might be elected Trustees of the Foundation; others could be attached to the Standing Committees as associate members.)

Considerations Against This Unification

- (1) The prestige already gained by the Boards as distinct entities might be sacrificed.
- (2) The esprit de corps developed over a period of years, especially in the International Health Board, would be impaired to the detriment of the work.
- (3) If the positions of General Directors of apparently autonomous Boards were abolished, it might be more difficult to secure able executives who work best under conditions of relative independence.

Considerations in Favor of Unification

- (1) As a matter of fact the Boards are very generally now merged in public estimation in the Rockefeller Foundation. Even officially the International Health Board's representatives in Brazil and Colombia are known as the "Commission Rockefeller". Negotiations with Turkey were delayed a year because

the officials thought the International Health Board had some connection with the United States Government.

(2) There is reason to believe that some men in the field even now prefer the distinction which the name Rockefeller confers, and it is probable that all would readily adjust themselves to the change.

(3) Universities have no difficulty in securing executives of individuality and capacity as Deans of Law Schools and Engineering Schools, positions corresponding in opportunities for initiative and responsibility to Directorships of Divisions of the Foundation.

(4) If the principle of flexibility is to be maintained the sooner the pseudo-independent Boards with the vested interests of their professional staffs are brought under the direct control of the Trustees the better.

It is a case of "if eventually why not now?"

(Note. This plan is predicated upon the demobilizing of both Boards and the transfer of their work to either new or existing Divisions of the Foundation with standing committees for supervision and recommendation. Any attempt to deal with the Boards differently, i.e. to put an end to the China Medical Board and leave the International Health Board as it is, would be a serious mistake. It would aggravate rather than improve the situation.)

3. Plans for a unified organization. If the existing activities of the Boards were transferred to Divisions without other modification the division of labor would be as follows:

(a) Division of International Health

- (1) Field work in hookworm, malaria and yellow fever
- (2) County or rural health work
- (3) Aid to central health departments for laboratories, vital statistics, etc.
- (4) Public health education through fellowships, study leave, visiting officials. Includes at present graduate training of public health nurses

(a) Division of International Health (Continued)

- (5) Cooperation with schools of health and institutes for graduate teaching and research in public health and health

(b) Division of Medical Education

- (1) Cooperation with university medical schools (including undergraduate hygiene)
- (2) Education of personnel through fellowships, visiting professors and commissions. Interested in nurse training
- (3) Distribution of information through special bulletins and surveys by staff

(c) Division of Medicine in China

- (1) Peking Union Medical College, which includes nurse training
- (2) Aid to other medical schools
- (3) Cooperation with hospitals
- (4) Promotion of premedical education

(d) Division of Studies

- (1) Nurse training - bedside and public health combined
(see 3 a(4))
- (2) Aid to dispensary development
- (3) Human biology, including physiology, psychology, psychiatry, and anthropology

Comments and Queries

(1) It will be noted that nurse training appears in all four divisions. Does this suggest the concentration in one Division of responsibility for nurse education as distinguished from the employment of nurses in public health projects? Practical considerations would suggest keeping this responsibility in the Division of Studies.

(Note. The suggestion has been made that a service section of nurse training might be created. It may be urged in opposition to the idea that this would in reality distribute the responsibility for initiative in nurse training among three Divisions and the central administration and cause confusion.)

(2) Education in hygiene is divided between International Health and Medical Education on the basis of graduate and undergraduate teaching. Would there be an advantage in drawing a line between field and administrative work in public health on the one hand and public health education in schools of health on the other, and in transferring the latter to a Division to be renamed Division of Medical and Public Health Education?

(3) The Division of Medicine in China is an anomaly. Nowhere else in the Foundation is a distinction based not on function but on a geographical or national consideration. Should this organization be abolished and its functions transferred to the Division of Medical Education? And, if this be so, are there any peculiar conditions which would make it desirable to postpone action for a time?

(4) If nursing education were ultimately transferred to a Division of Education and if a later readjustment between all the Rockefeller Boards were to assign biology as a whole to the Foundation (see p 5 (c)), would it not be consistent to change the name of the Division of Studies to the Division of Biology? This is a field which has relations on the one hand to medicine and public health and on the other represents an important frontier for research into the physical, mental and social nature of man.

4. Increasing the responsibility of the President's functions of oversight, appraisal and coordination would naturally call for a larger personnel for central administration. The additional assistance would fall into three classes:

- (a) Men of special knowledge and wide experience to assume responsibilities as vice-presidents or understudies, so as to make sure of having one authoritative representative of the central administration always in the home office,

another at intervals in the Paris office, and a third in the field studying the Foundation's work as a whole in a given country or group of countries. It might seem wise to assign - possibly in rotation - a vice-president or other type of general officer to each Division or to a special field of work. e.g. the Far East

(b) Well-trained assistants of good judgment and critical ability to read correspondence, study reports, etc., to keep the President, the Vice-Presidents, and the Secretary currently informed

(c) The temporary enlistment of special representatives, members of the Board of Trustees, experts in various subjects to go into the field for a limited time to study some phase of the Foundation's work and to report through the central administration to the Board

(Note. The existence of a group of men concerned with the Foundation's entire program rather than anxious each to push one special phase of it ought to make for unity, balance and flexibility.)

5. The aim should be the team-play of able individuals of imagination and initiative, not the creation of a bureaucratic machine. While well-defined organization is necessary, dependence must be placed upon the character and spirit of the persons who work under it. Ideally they should respond not to dictation but to a call to formulate common plans for realizing a common purpose in which all believe.

6. Any significant reorganization cannot begin de novo, but must take into account certain practical considerations, which have to do with individual and group interests. Here are some of them:

(a) The International Health Board officers would, I

believe, protest rather vigorously against transfer of schools and institutes of hygiene to the Division of Medical Education. The Hopkins School began as a central Foundation project but at Mr. Rose's request was transferred to the IHB as was the Harvard plan. It would also be urged that in its other work the IHB is in constant relations with the heads, professors and fellows of these institutions.

- (b) It has been pointed out by Mr. Greene (see summary sent to the Committee May 4) that the China Medical Board deals with a peculiar situation and that nothing is to be gained, but conceivably something may be lost, by merging of the CMB with the Division of Medical Education.
- (c) While a working division of labor between the General Education Board (including the International Education Board) and the Division of Studies with respect to biology may be temporarily worked out, it seems sound and logical to look forward to a time when all biology will be administered as a unity. The situation should be kept fluid enough to bring this about, possibly at the time Mr. Rose retires.

(Note. It is obvious that the functions of the Foundation in the coming year will depend to a considerable extent upon the future relations of all the Boards (except the Institute). Is it not conceivable that the charters of the GEB and the RF, with identical trustees and officers and appropriate transfer of funds, might be used to unify all activities in one well-organized scheme?)

- (d) It seems to be agreed that when Mr. Abraham Flexner retires all medical education should be transferred to the Foundation. Mr. Flexner and Doctor Pearce are working now in close cooperation.
- (e) Doctor Pearce's relation raises a question as to his appointment as vice-president and understudy. This proposal should receive careful consideration. Doctor Pearce is a man of unquestioned ability, integrity and honor. He has a clear, analytical mind, wide and accurate knowledge, and looks at the work of the Foundation as a co-ordinated whole. If his health permits and other officers would give his appointment hearty support, I personally would welcome him most warmly.
- (f) Mr. Greene in his letters of comment on plans of re-organization has questioned the need of any change and betrayed a little personal feeling about the proposals as reflecting upon his administration. He has even suggested that he sees no really satisfactory position available for him. (An associate directorship in the Division of Medical Education combined with the secretaryship of the Peking Union Medical College Trustees was tentatively suggested. He evidently regards this as a demotion.)

(Note. It would obviously be unfortunate to have Mr. Greene get the impression that he was being treated unjustly or even inconsiderately, especially in view of the circumstances which attended his brother's withdrawal from the secretaryship of the Foundation. This question arises: would Mr. Greene make a second vice-president, not specifically assigned to the Far East but with the idea of relying upon him a good deal to represent the central administration in the supervision of the Foundation's whole program in Japan, China and India? This matter should be considered on its merits and not as a means of escaping personal embarrassment. Again the estimate which his colleagues put upon

Mr. Greene would be an almost determining factor. So far as I am concerned he would be persona grata.)

(g) Doctor Heiser is something of a problem. He was deeply disappointed and chagrined at not being selected as General Director. He has ability and wide experience, but plays a lone hand; makes a biennial official progress through Japan, China, the Philippines, Straits Settlements, Java, Siam, India, Palestine. There is little effort on the part of the IHB administration to keep him in line or to check up his work and arrangements. If he were less individualistic, and, to put it quite frankly, more dependable for loyal cooperation, he has many qualities which would make him a useful central officer. I fear, however, that the consensus of opinion in the organization would be against appointing him to such a post.

(h) Doctor Houghton, Mr. Gunn, Doctor Smillie, Doctor Gregg and Doctor Sawyer are men of excellent training, wide experience, initiative and capacity. Doctor Houghton heads the Peking Union Medical College and is resident director of the CMB; Mr. Gunn occupies an important position as virtual Director of the IHB for Europe; Doctor Gregg fills a similar post for the DMB. It is a question, however, whether Doctors Smillie and Sawyer, especially the former, are being used to the greatest

advantage and in a way permanently to satisfy them.
One or more of all these men might be considered
for a central administrative position.

(Signed) George E. Vincent

May 19, 1926

Memorandum on the Organization of the Rockefeller Foundation

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

* (See last page)

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.

* 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 corporation."