

Report  
of the  
Commission Sent by The Rockefeller Foundation to China  
to Study the Problem of  
the Development of Medicine and Public Health

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At the meeting of the Trustees of The Rockefeller Foundation on the 3rd of April 1946, the following action was taken:

RESOLVED that the Chairman be, and he hereby is, authorized to appoint a Commission of three or more to proceed to China and study on the ground the problem of the development of medicine and public health, reporting its findings and recommendations at a subsequent meeting of the Board of Trustees or of the Executive Committee, and that the sum of Fifteen thousand dollars (\$15,000), or as much thereof as may be necessary, be, and it hereby is, appropriated to cover expenses of the Commission.

As a result of the above authorization, Mr. Walter W. Stewart, Chairman of the Board of Trustees of The Rockefeller Foundation, appointed a Commission consisting of Dr. C. Sidney Burwell, Dean of Harvard Medical School, Dr. Harold H. Loucks of the China Medical Board and formerly Professor of Surgery at the Peiping Union Medical College, and Dr. Alan Gregg of The Rockefeller Foundation to visit China and prepare, for the use of The Rockefeller Foundation and the China Medical Board, a report on the medical needs of China. The Commission was instructed to study the present situation in broad terms, not limited to the Peiping Union Medical College, nor to medical education exclusively, in order to present the needs of China that might properly be the concern of The Rockefeller Foundation and the China Medical Board and to aid in the formulation of an effective program for the future.

The Commission arrived in Shanghai by air from San Francisco on May 15, 1946. Visits were made to Shanghai, Nanking, Peking, Kalgan, Chengtu, Chungking and, on return, Nanking and Shanghai. From Shanghai on July 22, the Commission returned to the United States. A narrative account of the visit appears in Dr. Gregg's diary. Thanks to the constant help and hospitality of Chinese authorities, and with aid from General Marshall's Executive Headquarters, the time available was well employed and a number of otherwise inaccessible places were visited.

This report will present (1) our estimate of the present situation in China and the major needs of that country, (2) general considerations bearing on the formulation of a program, and (3) specific measures which we recommend, including certain changes in the relationship of The Rockefeller Foundation, China Medical Board and Peiping Union Medical College. It should be noted that in August 1946, after the Commission had returned from China and written the first draft of the report, the official exchange rate was changed from CMC \$2,020 to CMC \$3,500. This is noted in Appendix 7.

Statistical support for some of the statements will be found in an appendix since we wish to present our impressions and conclusions in compact and conclusive form. For convenience we use the device of placing the key sentence at the beginning of each paragraph.

#### The Present Situation in China

Rapid, profound and continuing change marks the present situation in China - change in the material, economic, political and moral aspects of Chinese life. The final breakdown of 500 years of control by another race - the Manchus - took place only 34 years ago in 1912. Since that time China has been changing, at a pace of late greatly accelerated by the war with Japan. The rate of change now causes bewilderment and confusion as well as pride and hope. Although Nationalism and the desire to be independent of outside control increases, the greatest changes relate to the increasing knowledge and acceptance of modern inventions, ideas and values. Travel abroad has become the hall-mark of an educated person. Travel within China, especially the wartime displacement of probably 50,000,000 persons, has diminished regional provincialism. The use of Kuo Yu (National Language) as the medium of instruction

in all schools throughout the country is also of significance in breaking down regionalism, while English is the chief bridge to the rest of the world. Science, as contrasted with empiricism and superstition, has now so many converts that the major task is no longer that of demonstrating that science works but that of finding enough competent teachers to explain its nature to all who want to learn. The Western World is in China and China now becomes a tremendous factor in the future of the Western World. But the changes are much more complex than a mere increase of contacts and an enlargement of horizons.

What had been an agrarian feudal society could hardly avoid tremendous difficulties in its efforts to adjust to an industrial technology and a democratic ideal while overshadowed if not indeed threatened by foreign imperialism. The land-owning class competed with the government for any agrarian wealth or surpluses and foreign powers crowded in for revenues derived from customs and the management of state monopolies or new exploitation of national resources.

In these transitions and many others the greatest degree of change shows in the cities and among the educated Chinese. Change does not yet appear so clearly in the rural population, isolated as it is by illiteracy, poverty and lack of easy transport. Rural China contains an enormous population. But leadership comes often from the cities and the educated classes. If these are changing, rural China will eventually experience, even if it does not as yet show, the changes that are more evident elsewhere. The potentialities of such great change in so great an aggregate impressed us deeply. If China moves there can be no greater movement anywhere in quantity or quality. To expect profound changes to affect 450,000,000 people in a brief space of time would be unrealistic; orderly and dependable developments will require time.

Peacetime change can occur in a relatively orderly and predictable way; postwar change is all too often violent, unstable and unpredictable. Mankind is prone to expect that victory will solve all difficulties. China's newly won sovereignty from outside control is deeply satisfying, but faces the somewhat disconcerting realization of its own responsibility for domestic unity. It is easy - perhaps too easy - to place the blame for civil war on one party or the other, or on the intervention of world politics in Chinese domestic government. But to do so does not reduce the complexity or the unpredictability or the incessant change of postwar conditions.

Materially the war has left China horribly impoverished: Villages destroyed; the Yellow River inundating millions of acres; houses and public buildings in disrepair; railroads, bridges and rolling stock in bad condition; factories destroyed or worn out; equipment of every kind lost, exhausted, broken or otherwise useless. A frantic need exists for replacement of houses, of roads, of boats, of machinery, of coal and timber, of textiles and of food.

Inflation has produced disastrous effects especially in the form of distress among salaried groups, particularly government employees, and in destroying the stability of the middle class. Personal fortunes are disappearing and malnutrition proves the degree of impoverishment even in previously wealthy families. The official exchange rate of CNC \$2020\* to U. S. \$1, which was adopted in April 1946 to favor manufacturers in their purchase of raw materials and machinery, places an almost impossible burden upon export business and upon American philanthropies whose dollar now does sixteen or twenty cents' worth of work in China. For most undertakings planning and budgeting

\* See Appendix 7.

has become a monthly affair. The basic salaries of 1939 for government employees that in May 1946 were multiplied by a factor of 160\* were for June multiplied by 300 (380 for Nanking and Shanghai). Marked regional differences in the cost of living further complicate the picture. But China is not industrialized as was Germany in 1923 so the inflation is not like a quick infection but more like a prolonged hemorrhage. The country areas are agricultural and there the losses are transmitted more slowly than in such nervous and sensitive centers as Shanghai. But the people on fixed income face a serious issue. To the salaried employees of an almost bankrupt government but few alternatives remain: multiple jobs on part time, graft or misuse of funds, desertion to some other occupation, or the sale of additional personal effects while they hang on in hope. In spite of this situation the loyalty and integrity of many a teacher deserves our unqualified admiration and respect.

Almost without exception the Chinese insist that the political situation underlies the economic instability. They say that if 84% of the government's expenditures were not on military upkeep (c.f. 4.5% for all forms of education), if railroads were allowed to carry the existing food and raw materials to and from all parts of the country, if civil justice and domestic peace and official honesty were at a satisfactory level, the country would right itself with surprising speed. If it be said, "Oh well, there has always been political unrest in China, so what of that?", we would reply that there has never been in peacetime so disastrous an economic effect as that which the present political turmoil is producing.

The political situation defies a brief and adequate formulation. The Revolution of 1911 was brought about by the Kuomintang in protest against the

\* See Appendix 7.

Manchu tradition of using public office for private aggrandizement. Since 1927, the Kuomintang Party has controlled the government. It started with a great deal of passionate patriotism and radical idealism, but it has been a one-party government in complete political control over a period of twenty years - with all which that implies. The Generalissimo is a soldier. He had his political as well as military rivals long before the Japanese in 1937 focussed the attention of warring Chinese factions on a common external enemy. And now that with American and Russian aid the Japanese have been driven out, a thoroughly impoverished set of lifelong enemies resume their resort to force. It is an old feud. The principals dislike and distrust each other. This struggle for power leads to division and civil conflict among a people who overwhelmingly desire and need unity and peace. The Chinese Communists have almost nothing to lose. They have announced principles and programs of land reform that attract the farmers' interest. Until the Kuomintang begins to utter and to enforce something of benefit to the agrarian proletariat and the dispossessed in cities, the Chinese Communists will prefer to fish in troubled waters, to bide their time and court the support of the farmers and factory workers. They form an armed minority in a republic whose government is a single party also armed and no longer free from the charge of corruption.

The Chinese army is another factor in the political situation. Its recent modernization may have created over-confidence and over-willingness to see China's internal difficulties settled by force. Conservative in leadership, it is one of the most important factors in hindering the government in reaching an understanding with its radical opponents.

International politics further complicate the situation. What is the role of Russia? Do the Russian Communists actually aid the Chinese Communists?

Do they do so to disturb the American government which has equipped and transported Nationalist troops and is attempting to compose the differences between warring factions? Certainly the political quarrels of the Chinese today have more implications than in earlier years.

The Communists are short of technically competent personnel - even shorter than the Kuomintang. They are short of money and equipment and foreign exchange to purchase what cannot be made in China. Furthermore, the Communists do not as yet attract the seekers after personal financial gain.

Morally postwar China offers a somber picture relieved by many admirable individual exceptions. The stimulus and the danger of war have gone. Many of the moral and intellectual leaders emerged from the war tired; some are ill and malnourished. The black market further discredits a government apparently powerless before inflation. In contrast to the reputed corruption and indifference of some members of the National government or the Kuomintang, the Chinese Communists have a reputation for honesty, high morale and relentless activity in behalf of a peasantry bowed down by impossible taxes and land rentals. We would add a doubt, however, as to how effectively the Communists would survive prolonged possession of power.

Criticism and recrimination alienate those who went to Free China during the war from those who stayed in Occupied China. The exact status of many an alleged collaborator is being settled with what is probably more emotion than justice or equanimity. Apprehension alternates with disillusionment and one marvels at the Chinese capacity to endure and to hope. There is a heroic quality in the character of the honest and public-spirited Chinese men and women who have come out of the war with unimpaired integrity and devotion to the welfare of their long suffering country.



### The Needs of China

The immediate and primary need of China is peace. Insofar as the American effort led by General Marshall and Ambassador Stuart contributes to this end, it is the best American contribution that could be made and the use of the Peiping Union Medical College buildings by Executive Headquarters may prove the most effective immediate use of China Medical Board resources that could be made.

Almost every forward step waits on currency stabilization, i. e. the arrest of inflation and the establishment of a stable rate of foreign exchange. On such certainly depends the effective use of China Medical Board funds in China. One of our advisers observed that a managed currency means business controlled by politicians, a laissez-faire policy would mean that government would be managed by business. The cost of living in China when reckoned in Chinese dollars has increased from 1,000 to 3,000 times over the period from June 1936 to June 1946.\* For Nanking and Shanghai the figure would be nearer 5,000, in remote country towns it might not exceed 1,000. When reckoned in U. S. dollars, the cost of living in China is from four to five times what it was in 1936. The present unpredictability of the extent and rapidity of inflation paralyzes planning as much as present costs hinder the execution of existing plans. There is talk of changing the U. S. dollar exchange rate to 3,000 or 4,000 or 5,000 or more, but when and if that change will come is pure guesswork. Meanwhile, U. S. greenbacks sold in exchange shops bring CNC \$2,500 in contrast with the official rate of \$2,020\*\*. Interest rates of 5 to 20% per month represent protection demanded against further inflation, as does the

\* See Appendix 4.

\*\* See Appendix 7.

current demand that house rentals be paid a year in advance. Despite the disturbing economic conditions observed at the time of our visit, we are convinced that even though the short-term view of the economic future may be pessimistic the long-term view is rightly optimistic. After exhausting and destructive war, as experience has shown, the financial and economic structure in most countries reflects for a time the immense strain. Since the predominantly agricultural nature of China will protect and assist the country to a solid recovery, we are optimistic for "the long pull" even though the present situation is dark.

China has always needed better transportation - roads and railroads particularly - and wartime destruction followed by the interruptions effected by the Communists leave transportation as one of the greatest needs. The country is rich in resources but poor in the ways to distribute the mineral and agricultural products whose movement and exchange would prevent industrial paralysis, regional starvation and social disorder. The need for improved transportation in China far exceeds the power of any single foreign organization to help.

The most important long-term need of China is education - primary, secondary and university or professional. No country in the world could assure a greater scope to any organization in the field of education. It is reasonable to expect primary education to be an undertaking of the Chinese authorities, local, provincial and central. Primary education during the war suffered as much or more than the other forms of education. This was largely due to the disruption of schools (use of buildings for other purposes), and to the low salaries of teachers who had therefore to seek other occupations. This loss is fundamental and will have a deleterious effect on all forms of higher education

during the next two decades. Nevertheless we believe The Rockefeller Foundation has less to offer in primary education than at the university level - less qualitatively and certainly less in ratio to the quantity required. No foreign effort could be of quantitative significance where primary education involves at least 70 million pupils.

We would call attention to the reduction in birth rate that in other countries has accompanied the spread of modern education and the improvement of the standard of living. Perhaps an increasingly powerful argument for general education will be that it appears to diminish the birth rate and so reduce those population pressures which have served, at times as the cause and at times as the pretext, for civil as well as aggressive wars. Incidentally, no public health program can ignore the immediate effect of increased population growth as a result of its hygienic measures.

Secondary education in China affects as yet only a small number; 50,000 graduates a year from senior middle schools was given us as an approximate figure. Secondary schools are either private, municipal or provincial; they have suffered severely both directly and indirectly from the war. Adequately trained teachers especially for English and the natural sciences are rare. Persons possessing these abilities were all too often taken from the schools to assist in some more immediate part of the war effort. Middle schools today in China present an extremely wide range, from good to execrable, in part according to the wealth and tradition of the province or private agency supporting them. One curious feature of educational practice in China deserves mention: Only in the private middle schools are Chinese parents at present accustomed to paying for any serious fraction of the cost of education. Qualitative improvement in a few such middle schools may take place in the next few years, stimu-

lated in the main by the standards set by colleges and universities. No doubt assistance in the improvement of middle schools would produce valuable results especially if such schools could be enabled to accept on scholarships able children of loyal government servants whose increasing poverty precludes their giving their children a middle school education. We would regard the provision of English teachers to Chinese middle schools as an appropriate and relatively easy program for a temporary United States governmental agency, but not a program of equal importance to some in higher education.

College education of the preprofessional type offers an important field for aid. There are probably three times as many students in senior middle schools and colleges as there were before the war. What can be expected of students in the Peiping Union Medical College depends in considerable measure upon the quality of their premedical college training, and we would recommend attention to the present needs of such colleges as now contain any appreciable number of students preparing themselves to apply for admission to the Peiping Union Medical College.

Among the needs of China for professional education a good case can be made for research and education in agriculture. James Yen's insistence upon general education, government reform and public health as necessary concomitants of agricultural progress expresses the view of most persons who have studied the state of agriculture in China. They believe that a complete program of rural reconstruction includes and exceeds in importance mere agricultural education. Mr. Gunn's diversified program in this field reflected a similar conviction on his part. Genetics and the control of plant and animal disease offer immense and attractive opportunities. Agricultural bacteriology and agricultural economics might well provide great returns to this major "industry" of China. The

magnitude and variety of rural reconstruction in China exceed our competence to evaluate but will probably be well reported by the Commission led by C. B. Hutchison under the U. S. State Department and Department of Agriculture.

In a country so predominantly agricultural, the effort to provide higher education in engineering - civil, mechanical, chemical, electrical and biological - would be a sensible and a welcome undertaking. The Japanese in 1942 gave aid to China in agriculture but withheld it in all other forms of science. The Chinese know why Japan took this position; they know that in a world where engineering and technology play their present role China cannot afford to be incompetent in those fields. Engineering is presently the most sought after professional course in the universities. There are about twelve engineering schools with Tsing Hua in the lead, but no school in engineering compares in equipment or standards with that which the Peiping Union Medical College has offered in medicine.

Whether the universities could offer in government and political science a training of immediate value to reforming administration in China is open to doubt. No faintest doubt exists as to the need for trained and competent administrators whether in government or in private enterprise. The question is whether the inevitable political implications of such a school would leave it free from political interference. Hardly less dubious is the task of securing competent teachers and intelligent direction of so politically delicate an enterprise. Training in administration as such is needed and a contribution could be made by teaching administration in schools of business administration as an indirect help to the level in the political field.

Indeed attention must be drawn to the administrative instability of universities in China, their dependence upon politicians in the central govern-

ment, the intensely personal form of their administration, the frequent inexperience of their heads, the naivete of their professors vis à vis the duty of academic self government. Inevitably the presidents of most of the Chinese universities are finding their administrative way without the benefit of financial stability or freedom from political interference by government. They lack a long tradition of academic experience and popular support. A lot of Chinese come to the United States. Many of them later will hold academic positions in China. They ought to have opportunity for contact with the administrative machinery of American education as a part of their training.

When modern medicine is understood and accepted more widely in China, there will be an even greater demand for doctors than exists at the present time. Probably three or four times the present yearly number of graduates could be used now. The present ratio of 12,000 doctors to 450,000,000 people is the basis for various proposals for immediate mass production of medical personnel. To infer, however, that 37,500 Chinese are accessible to and clamoring for the services of a single doctor would ignore the ignorance, the geographical remoteness, the superstition and the abject poverty of millions of Chinese. None the less China could now use from two to four times the present number of young graduates. There are 34 medical schools in China, 12 of which are in universities maintained by the National Government. About 2,000 students enter these schools each year but not much more than 750 graduate. Obviously the number of newly trained doctors could be almost tripled without creating more schools.

War has destroyed the equipment of medical schools, allowed their buildings to deteriorate and shattered their organization. Medical students have been separated from parental support and their full or almost full mainte-

nance has been assumed by the impoverished school budgets. This is a policy immensely costly to the schools and wasteful since 75% of the entering students do not graduate. The premedical training of medical students will with few exceptions be poor for another two or three years, but the greatest limitation on the effectiveness of medical education in China is the dearth of competent teachers. In the official list of 28 schools there are reported to be 975 teachers, or 35 per school, a very inadequate ratio to the number of students.\* The shortage, already desperate, is made worse by salaries so slowly adjusted to rising costs that medical teachers must look elsewhere, or go elsewhere, for their livelihood.

To meet these needs the government supports its existent schools from inadequate allocations - which inflation spreads still thinner. The mission medical schools struggle on from month to month with few young teachers coming out from North America. One mission has found that it takes more American dollars to support 26 missionaries this year than 126 in 1936. The first need of medical education in China is to hold the existing teachers, the second to bring back Chinese qualified to teach who are still abroad, the third to start the recruitment and training of teachers for the future.

If we reflect upon the needs of China for peace, for economic stability, for better transportation and for all forms of education, we shall realize that all these needs act directly and intimately one upon the other, that anything which partly satisfies any one of them will aid the others.

#### General Considerations Regarding a Program in China

China's present needs for nearly every type of aid could exhaust the total resources of any private organization. Both in variety and in volume the

\* See Appendix 5.

needs of the 450,000,000 living in China under their present circumstances provide ample arguments for almost any kind of aid if one believes that there is need wherever there is lack. In the face of these almost infinite needs, the present inflation and arbitrary exchange rate reduce the obviously finite means of the China Medical Board to far below their previous effectiveness. Although the needs are more than numerous and more than great, only with selection and by emphasis can a limited sum of money accomplish results that will endure and multiply. Selection involves the rejection of a large number of alternatives not because they are not good but because any project will require emphasis and comprehensive support if it is to endure the handicaps of a pioneer environment.

A tangible example of how to conduct a good medical school is a more important contribution to medicine in China than its teaching alone. To raise the number of young doctors graduated each year in China by thirty or forty would not be of great significance.\* But to demonstrate how excellence in higher education may be obtained offers something to the Chinese which is of almost immeasurable value.

We may therefore say that a major consideration in selecting any project demands an answer to the question, "What influence will it have?" No more remarkable example of influence could be found in the Orient than the influence of the Peiping Union Medical College. With only some 500 (350 doctors, 178 nurses) graduates and some 3,000 who have done postgraduate study there its influence in the history of Chinese medicine is remarkable. But as an example its effect on higher education in other fields is quite as noteworthy. The

\* See Appendix 3.



Peiping Union Medical College has become the symbol and synonym for high quality in professional education. The example should continue to be one of scientific and personal quality. It is hardly less important that it also be one of integrity, social consciousness, wise administration, and economy of money and of time.

Good will plays a considerable part in the success of an enterprise in China. The connection between the name Rockefeller and medical education and preventive medicine in China already represents so large a measure of good will, understanding and appreciation that withdrawal or discontinuance of work in the medical field would produce a profound reaction. No Rockefeller enterprise in any other field could overcome the handicap of so deep a disillusionment. For this reason we would consider the substitution of a program in agriculture, engineering or government entirely impractical. Medical education, in which the China Medical Board has an unparalleled amount of good will, is one of the major needs of China, and we believe it is wiser and cheaper to concentrate effort there than to switch to any other equally pressing need. Medical education contributes to both industry and agriculture and indeed to all classes of the population. It has proved an ideal means of establishing in the Chinese mind the value of scientific method and inductive reasoning. Through the development of public health as a function of government, medical education has shown the Chinese politicians that the welfare of the masses can be advantageously one of the concerns of wise government. Medical education is no longer merely on trail - it is in demand; in this sense also it is greatly needed.

Let no one underestimate either the difficulty or the permanent value of transferring so complicated a series of functions and standards as find ex-

pression in a modern medical school, from one country or culture to another. Time is required as well as hard work, good sense, good faith and good will. The historic significance of the Peiping Union Medical College in offering perhaps the best that Americans could offer to the Chinese, equals if it does not surpass the accomplishments of the Foundation in any other country. Such a transfer cannot possibly be at the level of mere imitation. Adaptation and fresh pioneering have to accompany the task of recreating a function instead of copying a form. Such a transfer can be aided by a clarification of the relationships of The Rockefeller Foundation, China Medical Board and Peiping Union Medical College - a matter to be considered in a later section.

#### What is Worth Doing

Training of teachers of medicine is the most valuable, efficient and influential activity for the Peiping Union Medical College to discharge. For such a task we believe that the maintenance of a school of medicine, as well as graduate or advanced training, is essential. Medical education is fundamentally an educational procedure. Therefore, teachers of medicine need to participate in teaching medical students as one of the most important parts of their training. We know of no teacher training of the highest quality that is done outside faculties of medicine. Training in research can be and usually is performed in active teaching departments. The major product of the Peiping Union Medical College should be well trained teachers and prospective teachers in medicine for the schools of China (and occasionally other countries).

We would recommend a change of policy however in some aspects of the China Medical Board's work. Rather than exclusive allocation of its funds to the work of the Peiping Union Medical College the China Medical Board should

earmark from eight to ten per cent of its funds for strengthening other medical institutions in China by grants-in-aid of particularly effective departments. The Trustees of the Peiping Union Medical College might lend the services of Peiping Union Medical College professors to other medical schools upon their invitation, share where feasible the physical equipment - books, demonstration material, instruments - with other schools, continue the system of demonstratorships and research fellowships, and make grants to former research fellows or demonstrators after return to their own schools. In general, such change of policy should seek to multiply and tighten the bonds that tie the Peiping Union Medical College to the service of other medical schools in China. The administration of this part of China Medical Board income sets an interesting problem. It is suggested that the loan of Peiping Union Medical College professors, the sharing of facilities, the support of fellows and demonstrators and grants to these men after transfer from the Peiping Union Medical College should be under the administration of Peiping Union Medical College. The grants-in-aid to departments of other schools should not, however, be controlled by the Peiping Union Medical College Trustees. (See under Measures to be Taken, page 21)

In another direction the policy of the Peiping Union Medical College in the past few years should be confirmed. We believe that an entering class of forty with the probability of graduating thirty students should be accepted as the norm for student numbers.

The present policy of Chinese government universities is to provide practically free university education - nominal tuition, nominal room rent and nominal food costs. Bad results of this policy include diminished sense of responsibility for his own education on the part of the student, diminished

sense of responsibility for university education on the part of local communities, inadequate support of university education, wasteful indecision as to his career on the part of the student (50 to 75% of the entering class in medical school may shift to something else). Its only good result is that it makes university education available to the able student who has no money.

Modest charges for tuition, room and board would tend to increase the sense of responsibility of student and community and to prevent the entrance of students on the basis that they might want to study medicine and it did not cost anything. The danger of closing off opportunity to the able and honest but impecunious student can be avoided by an adequate system of scholarships financed at first by a part of the increased tuition. These charges, even moderate, should also in the long run add to the financial resources of medical schools. The current custom of Chinese medical schools of providing virtually free education makes an elastic scholarship program at the Peiping Union Medical College more important lest young men of the highest ability but no financial resources be drawn elsewhere.

We would insist that thoroughness and quality of work are more important than large classes or the rapidity of training. Entering students over the next few years may show the effects of the war in the quality of their preparation and their resistance to disease, but they should be retained or dismissed on the basis of character and competence. Students may fairly be expected to match in character and ability the quality of the opportunity offered them.

We believe that in the Peiping Union Medical College the teachers both preclinical and clinical should be on full time. By this term, we mean they would not engage outside the hospital in the practice of medicine pri-

vately or receive fees personally for services rendered to individuals in the hospital. Only such a policy will give enough time for adequate contacts between teachers and students. Part-time private practice would dissuade clinical teachers from leaving Peiping for academic posts elsewhere and thus tend to narrow the influence of the college as a source of teachers and to lead to "inbreeding" at the Peiping Union Medical College. And only full time encourages research and the scholarly example a teacher should set. The Peiping Union Medical College was perhaps the only medical school to operate on the full-time principle over a long period of years, and there is reason to believe that this was one of the major reasons for its influence. Before the war, over 95% of its graduates had gone into governmental and institutional work.

It would be useful for the Trustees of the College to bring out every year one or more experienced medical educator to the Peiping Union Medical College for a visit of at least six months as "visiting professor." The comments and counsel of such visitors could prove a very substantial help to the Peiping Union Medical College and the needs of Chinese fellowship holders.

One other strategic point deserves emphasis - the peculiar importance of public health and preventive medicine for China.\* Somewhat illogically the National Health Administration pushes curative medicine by the maintenance of "central hospitals", thus making a demand for clinicians when they are scarce and when an equal expenditure and equal personnel could prevent much more illness and death by preventive measures. We were much impressed by the economy and practicality of preventive medicine including the use of public health nurses and sanitary inspectors. The pressure of immediate and urgent illness

\* See Appendix 3.

absorbs the attention of the medical officer of health to the detriment of his preventive work. As an example, the inclination of the Health Center personnel in Peiping to develop a hospital of its own for curative work seemed to us unsound; close collaboration with the admitting office of the Hospital of the Peiping Union Medical College would be far better for all concerned. The training and use of auxiliary personnel, nurses, attendants, inspectors, clerks, secretaries and technicians all to work harmoniously under doctors' supervision seems to us a more economical and exemplary contribution to the shortage of doctors than the dubious schemes of shortened and cheapened medical education to produce a large number of deliberately inferior practitioners. Particular care should be given to the example set by the Peiping Union Medical College Department of Public Health and Preventive Medicine in training teachers and leaders of public health whose contribution under Dr. J. B. Grant has already achieved such remarkable results for all China.

#### Measures to be Taken

The step recommended as the first to be taken after this report has been presented to those principally concerned is definitive action by the Trustees of The Rockefeller Foundation in transferring to the China Medical Board, Inc., such capital or other grants as will provide the China Medical Board and the Trustees of the Peiping Union Medical College a clear idea of the income in U. S. dollars on which they may count in the future. In the light of administrative measures already urgently needing consistent and prompt attention it would be highly desirable for the Trustees of the Peiping Union Medical College to be urged to name a Chinese director even before The Rockefeller Trustees take any action, and even though such administrative procedure

could be based on nothing more definite than the assumption that the Peiping Union Medical College Trustees have existent obligations calling for efficient management. Such obligations include operation and management of the School of Nursing, the First Health Station, the Library and the physical plant. The choice of an American vice director with administrative experience and the highest professional qualifications could be left for subsequent decision.

A definite decision that the school and the hospital will be opened should be made and if possible the date determined. This should be announced and notice given to Executive Headquarters as to the time when they would be expected to vacate the premises. We believe that September 15, 1947 is the earliest practicable date for opening the school and the hospital.

Staff appointments should be under study during the autumn and appointments made when the resources of the school are assured. Where indicated, refresher fellowships for future staff members should be made since such preparation is of great value after the isolation and interruptions of the war.

A clear-cut policy on staff salaries, foreign and Chinese, senior and junior, must be determined to meet the completely changed conditions of living costs and exchange rates.

Inventories of present equipment and supplies will probably be completed by October. Ordering of essential equipment for opening the school and hospital will properly fall in the winter months since delivery may be delayed. Further ordering should await appointments of department heads.

Measures for the training of technicians could well be taken especially during the spring and summer months of 1947. This would greatly improve the effectiveness of departmental work if such training is completed before the school opens.

The Trustees of the Peiping Union Medical College will doubtless wish to establish the most friendly and effective relationships with other Chinese medical schools, especially with the Medical School of Peita University. Direct control in the hands of Peiping Union Medical College Trustees of institutional grants to other medical schools would prove embarrassing. Since the American Bureau for Medical Aid to China will be in large measure meeting this need in the next two years we recommend that the arrangements for grants to other institutions be left for future settlement after the administration of the Peiping Union Medical College has found its way in the numerous other problems confronting it.

The Rockefeller Foundation - China Medical Board - Peiping Union Medical College Relationships

Perhaps the major consideration to bear in mind at this decisive point in the history of the Peiping Union Medical College and the China Medical Board relates to the immense improvement that would attend a final clarification of the question of how much income the China Medical Board can count upon to support the Peiping Union Medical College. Uncertainty always strains human relationships. The Peiping Union Medical College Directors and Trustees have never known how much to ask The Rockefeller Foundation for. Nothing would so greatly help the task of administering the Peiping Union Medical College as settling a stipulated and final capital amount and transferring it from the Foundation to the China Medical Board, Inc.

There has been no time since the idea of the Peiping Union Medical College was conceived that great faith has not been necessary. Without it, the College could never have carried on, and without it, there is no hope for



the future. If The Rockefeller Foundation Trustees are prepared to believe that medical education in China continues to be a field with immense potentialities despite present unfavorable conditions then the most important action they can take is the creation of an organization able to deal with the Peiping Union Medical College in the future.

The preceding pages have made it abundantly clear that exceptional strains are now imposed on any American organization supporting work in China. In our opinion, the relationships of The Rockefeller Foundation - China Medical Board - Peiping Union Medical College must be radically and promptly changed if The Rockefeller Foundation status and past accomplishments in China are to survive the present strains. In the light of the confusion and near disasters inherent in The Rockefeller Foundation - China Medical Board - Peiping Union Medical College relationships an appraisal of long-term policy would indicate that the major responsibility of The Rockefeller Foundation Trustees is to establish the China Medical Board as an agency capable of independent and responsible action.

In 1940, in an address to the Trustees of The Rockefeller Foundation at the time of his retirement as their Chairman, Mr. John D. Rockefeller, Jr. said, "Before expiration of the five-year period covered by the \$2,000,000 grant for current deficit made by the Foundation and included in the operating budgets mentioned above, the question of the relation of the Foundation to the future of the College will come up. It is the hope of your Chairman that if at that time world conditions justify, the Trustees will see fit to add to the present \$12,000,000 endowment fund of the China Medical Board with the statement that that was its final gift and that the China Medical Board and the College must so plan the future as to operate on a self-supporting basis." It has

long been the expectation of the China Medical Board and the Peiping Union Medical College that such a terminal grant would be given. Not to make it would be considered a clear breach of faith both in China and in the United States.

The question would appear to be, "When can The Rockefeller Foundation best grant independence and responsibility to the China Medical Board?" Our conviction is that this should be done now, without further recourse to the system of annual supplementary grants.

The alternatives to our recommendations may be mentioned but with our explicit disapproval of each. They are: (1) The abandonment of any further support for the Peiping Union Medical College, (2) The elimination of the China Medical Board with the administration of the Peiping Union Medical College returned to The Rockefeller Foundation, (3) Resumption of annual, or triennial, or cinquiennial grants to the China Medical Board by The Rockefeller Foundation. Only the third is likely to find any measure of support. We are opposed to it because it has proven confusing, expensive, unwieldy and inefficient; it postpones if it does not extinguish the chance of Chinese support to the Peiping Union Medical College; it concentrates power over the conduct of the Peiping Union Medical College inevitably in the hands of too few officers of The Rockefeller Foundation; it discourages the Chinese Trustees of the College and deprives them of their rightful responsibilities; more than any other circumstance among many that have been difficult it divides responsibility and exhausts the patience and enthusiasm of all concerned.

We recommend that The Rockefeller Foundation make a capital grant to the China Medical Board, Inc. which will be sufficient to allow the China Medical Board to carry on its program of medical work in China without further recourse to the Foundation for financial aid. We regard the future role of the

China Medical Board as being most wisely that of financing the work of the Peiping Union Medical College or other institutions of medical education in China, but not as assuming or accepting educational or administrative duties in the field of medical education. We suggest that the appointment of a Chinese to membership on the China Medical Board would provide a wise element of partnership and mutual confidence. The obvious change in responsibility of both the China Medical Board members and Peiping Union Medical College Trustees will in our opinion focus increased attention upon any measures that improve the effectiveness of their work and their availability and usefulness for their tasks. We would call attention to the known advantages in similar organizations of providing that no Trustee or Board Member be re-elected to succeed himself except after the lapse of one year. Such an arrangement could sensibly be adopted at the time when the new responsibilities come into effect, i. e. after January 1, 1947. The function of the China Medical Board would be the guardianship of funds and, as has been the case in the past, the ownership of the buildings of the Peiping Union Medical College.

The China Medical Board should transfer to the Trustees of the Peiping Union Medical College all responsibility for educational policy and academic administration. As a result of final and definitive separation from the China Medical Board, The Rockefeller Foundation would then be free to regard the Peiping Union Medical College as it regards the University of Chicago, i. e. on precisely the same footing as any other medical school.

Without the least doubt this change of status of the China Medical Board will place a much more direct responsibility upon the Trustees and Executive Officers of the Peiping Union Medical College than they have had in the past. At the same time it simplifies the lines of responsibility and shortens

the lines of communication. The Trustees of the Peiping Union Medical College are busy men and not easily assembled for frequent meetings. As a result, the roles and work of director and associate director will remain, as they have been in the past, decisive for the future of the school.

In order to provide assurance to the China Medical Board of the wise and effective use of the funds granted to the Peiping Union Medical College, it might be desirable for a member of the China Medical Board to visit China at intervals of not more than two years.

We are convinced that a continuation of the administrative set-up and the arrangements used in the past as between The Rockefeller Foundation, the China Medical Board and the Peiping Union Medical College would not meet the now changed conditions of medical education in China, nor would they contribute in the least to eliciting the interest or support of the Chinese for the Peiping Union Medical College. We consequently strongly urge the present legal separation of the China Medical Board from The Rockefeller Foundation be translated into unmistakable fact, and we would add that unless the capital transferred is considerable the separation will not occur psychologically or morally.

#### Financial Problems and Recommendations

The greatest general difficulty in the administration of the Peiping Union Medical College has been that in a land where large fortunes are rare a foreign philanthropic organization, The Rockefeller Foundation, greatly expanded and maintained an institution without ever defining the extent to which it would support it permanently. Since actions speak louder than words the continuation of essential supplements to the budget of the China Medical Board has main-

tained the impression that no Chinese support need be secured, that potentially there is no limit to the schools' resources, and that not much Chinese control is desired. If a clear separation of The Rockefeller Foundation can be effected these major inferences will be finally refuted - by an independent China Medical Board with known and limited resources and a Peiping Union Medical College Board of Trustees with adequate freedom and responsibility.

The greatest specific difficulty in the administration of the Peiping Union Medical College has been a variant, and widely variant, exchange rate. When the school was being built, eighty five Chinese cents bought one U. S. dollar. Today somewhere around two thousand four hundred and eighty Chinese dollars buy one U. S. dollar. Secondary difficulties have attended budget making that involved expenses in two currencies, for types of expense unknown in American medical education and under circumstances where charges of unfair discrimination and unnecessary luxury easily arose. Without any fear of contradiction we would say that the budget of no other medical school in the world presented and still presents so complicated relationships and considerations as that of the Peiping Union Medical College.

Not only is exchange the controlling factor in financing any enterprise in China from American sources, but also the present extreme price rises in China render the task much more difficult. The present official rate of U. S. \$1 = CNC \$2,020 finds a counterpart in a permissive, non-official sort in the rate of U. S. \$1 = CNC \$2,480 (or \$2,640 a few weeks ago). The general impression is that the official rate may be changed substantially - but when and to what figure no one knows. December 1st ?, to CNC \$3,000 ?, or to CNC \$5,000? On every side we found proof that our visit to China came when

inflation and rising prices were certainly actively operative even if they may not have reached the uncontrollable stage.\*

We cannot assume that the cost in American dollars will soon return to the levels of 1938 or 1939 even though it might descend substantially with a revaluation of the Chinese currency and the end of the present inflation and a reduction of living costs.

Two purposes should be served by any plan of financing the Peiping Union Medical College in the future: The Trustees and the Administrators of the Peiping Union Medical College should know well in advance what minimum sum they can plan upon having as income for a year's operations; and the Peiping Union Medical College Trustees and Directors must have freedom, responsibility, familiarity and interest in managing the operating funds of the college. To reach these ends, the China Medical Board should be enabled to guarantee before January 1, 1947 a fixed operating income in U. S. dollars for each of five successive years to the Peiping Union Medical College Trustees. Such a procedure would give the Peiping Union Medical College Trustees an immediate and clear view of what annual support from the China Medical Board they may count on during a five-year period. Before January 1, 1948, the China Medical Board should inform the Peiping Union Medical College Trustees what they can count upon for the sixth year (1951-1952), basing this declaration on the dollar income from capital received during the year 1947. Similarly before January 1, 1949, the China Medical Board investment income of 1948 would be announced to the Peiping Union Medical College for their use in the seventh year (1952-1953) and so on, always so far in advance that no serious surprises, defaults on

\* See Appendix 4.

teaching contracts, or unforeseen stringencies would arise. This plan is in highly effective operation in the Nutrition Foundation of New York and has entirely obviated the uncertainties of future support to research and teaching from a series of supporting companies.

But a further arrangement should be made to mitigate exchange fluctuations. Since about half of the Peiping Union Medical College expenditures are in Chinese currency the Peiping Union Medical College Trustees should take the responsibility of holding and investing until it is needed one half of the yearly allotments by the China Medical Board, the other half being held in dollars by the China Medical Board until called for. Each half would amount to U. S. \$300,000 annually. Obviously a holding period of some months offers opportunities to increase the original allotment by interest earned, and these earnings could be expected to protect the school from unfavorable exchange rates.

But by all odds the most important and valuable purpose served by this plan is the foreknowledge it gives the administration of the school of what it must plan for well in advance, and the responsibility, familiarity and interest in school finance which it would give the Peiping Union Medical College Trustees.

The Peiping Union Medical College costs more to run than medical schools in the United States and for a variety of reasons:

(1) The tuition charges have been hardly more than nominal and although they should be increased could not possibly be raised to a point of providing any large fraction of the college's income.

(2) Similar comment can be made on the charges for board and lodging of students as compared with charges in the United States.

(3) Health services to students and staff is supplied free or at minimal cost. This service should not be omitted.

(4) No important share of hospital costs is borne by the Peiping community except that received as income from patients, amounting to about \$100,000 a year. No large private gifts or subscriptions to the hospital. No hospital endowment.

(5) A sum of U. S. \$20-30,000 yearly has been required to provide periodic repatriations and study furloughs for the staff.

(6) Services such as water, electric current, gas, and fire protection must be provided by the college. They cost more than tax-free institutions in the United States have to pay for similar services.

(7) The municipality of Peiping contributes only a small part of the Health Station costs. This can be remedied with the passage of time but only so.

(8) Administration expenses which in the United States are carried as the expenses of the university (e.g. treasurer's office) appear in the Peiping Union Medical College budget as expenses of medical education.

(9) No medical school in the United States has a counterpart of the China Medical Board expenses nor exchange fluctuations to cover nor such costly and difficult repair problems.

(10) All American medical schools draw upon private practitioners in the community for a large amount of free clinical teaching. The Peiping Union Medical College possesses no such support from the medical profession in China; trained men are too few.

We believe that the China Medical Board should dispose of an income of at least U. S. \$780,000 annually, of which about \$90,000 should be devoted



to programs outside the Peiping Union Medical College and \$690,000 for the work of the Peiping Union Medical College. The cost of re-equipping the school and the permanently increased cost of living in China will reduce the purchasing power of the income to a degree far below that of 1941. The resultant expense level cannot possibly be luxurious nor even generous. It will impose the most thorough-going economies and indeed change in some particulars the range of the school's activities. But the finiteness of income, the cessation of an indefinite dependence on The Rockefeller Foundation and the greatly increased participation of the Trustees will provide a healthier and more hopeful environment for the school. For the first time, it might attract income from other sources than the hitherto unpredictable grants of The Rockefeller Foundation and China Medical Board.

To provide funds over a five-year period and thereafter, of approximately \$780,000 a year endowment income for the China Medical Board, the Foundation should transfer capital in the amount of \$6,000,000 which at 4% would yield \$240,000 additional to the present \$440,000 income of the China Medical Board. Further, The Rockefeller Foundation should make a supplementary grant of \$3,000,000 or as much thereof as shall be necessary to provide the China Medical Board for yearly transfer to the Peiping Union Medical College Trustees of \$600,000 at the beginning of each of the five fiscal years of 1947-1948 to 1951-1952 inclusive. The increased capital of the China Medical Board would accumulate during this five-year period to a fund presumably capable of supplying permanent income in the order of \$780,000 annually.

It will be objected that the total of \$9,000,000 is considerably larger than the \$6,000,000 that was at first contemplated as a reasonable sum for the final endowment of the China Medical Board. It is obviously a larger

amount. But it is for work in a country where the cost of living as expressed in American dollars is now 400 to 500% greater than before and as expressed in local currency 2,000% greater. As a result of our studies, we would regard this increase in capital funds as a minimum below which money invested in medical education in China would progressively lose its effectiveness. After all, the most important ends to be secured are a real separation of the China Medical Board from The Rockefeller Foundation, an arrangement by which the Peiping Union Medical College administration may know well in advance what income it will have to work with, and an increasing independence, familiarity and interest of the Peiping Union Medical College Trustees for the financial and academic future of the school.

### Summary

1. After a century of contact with Western knowledge and ideas, China is now in a decisive stage of transformation. Political, economic and cultural changes, already clearly manifest at the formation of the Republic, have been quickened by the war to a stage of extraordinary and critical fluidity. Because of this fluidity and the size of China and its politico-geographical position, the possibilities and the opportunities in that country today are extraordinary.
2. The major needs of China are peace, economic stability, better communications and the improvement and extension of education - primary, secondary, and professional. These needs act upon each other closely, and yet they are so vast and so pressing that probably no private organization could be of effective help if it undertook a diversified and widely spread program. Selective emphasis on some one field is essential.
3. The professional education of doctors especially for work in the field of public health and preventive medicine serves one of the most important needs of the Chinese people. It is of equal importance with higher education in agriculture, engineering or administration, and has the further advantage, already operative, of eager acceptance by the Chinese and a considerable part of its preliminary cost already paid in the form of buildings and experience at the Peiping Union Medical College. As a means of conveying humanitarian ideals as well as the methods of scientific thought, medical education compares favorably with any other form of professional education.
4. We recommend that The Rockefeller Foundation contribute to the support of medical education in China by further assistance to the China Medical Board, Inc.

5. We recommend that most of this support be directed toward re-establishing the Peiping Union Medical College and operating it as a medical school of high quality especially devoted to teacher training and the field of preventive medicine and public health; and that a definite proportion of this support be devoted to assisting other medical institutions in China.
6. We recommend that these general purposes be implemented by the following actions:
- a. Appropriation by The Rockefeller Foundation to the China Medical Board, Inc. of such funds as will enable the China Medical Board to support the work of the Peiping Union Medical College and aid for other medical institutions in China without further or subsequent recourse to The Rockefeller Foundation for such purposes, and in accordance with a schedule that will allow the China Medical Board to inform the Trustees of the Peiping Union Medical College five years in advance as to what funds they may expect from the China Medical Board for maintenance of the Peiping Union Medical College. The amounts we recommend are as follows:

For additional endowment of the China Medical Board, Inc. ....	\$6,000,000
For support during the first five years of operation of the Peiping Union Medical College in annual payments of \$600,000 .....	<u>3,000,000</u>
Total .....	\$9,000,000

- b. A reorganization of the China Medical Board - Peiping Union Medical College relationships such that (1) the Peiping Union Medical College Trustees shall have full responsibility for the academic administra-

tion, educational policy and the management of funds received from the China Medical Board and from other supporters; and (2) the China Medical Board continue its present responsibilities associated with the guardianship of its endowment funds and the ownership of the land and buildings to be used by the Peiping Union Medical College. We also recommend that in the interests of mutual understanding the China Medical Board contain always one Chinese member.

7. We record our conviction that the time has come in the development of the Peiping Union Medical College for the transfer of responsibility and control, as above described. We believe this to be in the interest of sound administration and further adaptation to the Chinese milieu of that exceedingly complicated but precious service, a medical school of highest scientific and moral integrity.