

National Fund for Medical Education, Inc.
Minutes of Initial Meeting of the Trustees
held at the Cloud Club, New York, May 12, 1949

There were present in person 33 Trustees and three Trustees were represented by proxies. There were also present by invitation members of the University Presidents' Committee, members of the Executive Council of the Association of American Medical Colleges, members of the Council on Education and Hospitals of the American Medical Association and various University Trustees and Advisers, who during the past winter had kindly cooperated in the organization work leading to the formation of the Fund.

Mr. James B. Conant, President of Harvard University, presided as Temporary Chairman and called the meeting to order at 4 P. M.

Introductory Remarks by the Chairman:

The Chairman reviewed the work of the past year leading up to the calling of this meeting. He told of the studies and meetings conducted by the Council of the Association of American Medical Colleges together with the Council on Medical Education and Hospitals of the American Medical Association, who brought together a committee of laymen under the chairmanship of Mr. Earl Bunting.

He explained the studies and meetings of the voluntary committee of six University Presidents' comprised of Chancellor Chase, Mr. Conant, Dr. Day, General Eisenhower, Mr. Seymour and Governor Stassen, who had originally met with Mr. Albert D. Lasker and a group of laymen consisting of Trustees and Advisers of the six Universities.

The Chairman further told of the agreement early in February to unite all efforts and the decision to form the Fund, which was followed by the preparation of the Preliminary Statement and the sending of it and invitations to 116 men and women to join together as Trustees of the Fund. 61 Trustees accepted these invitations and Mr. Herbert Hoover graciously consented to act as Honorary Chairman. A temporary Steering Committee was formed in April whose members signed a Certificate of Incorporation pursuant to the Membership Corporations Law of the State of New York. This Certificate was duly approved and filed with the Secretary of New York State on May 9, 1949, thus incorporating the Fund.

The Chairman further told of the efforts in initiating a campaign to raise \$100,000 of seed-money; it was estimated this amount would be required for the organizing expenses and the

setting up of the Fund. The temporary Steering Committee at its meeting in April discussed the problems and policies of fund-raising and authorized the calling of this initial meeting of the Board of Trustees, as well as designating Messrs. Conant, Given and Stassen a Subcommittee to canvass the field for the selection of nominees for officers of the Fund.

The Chairman then invited Dr. Gregg to interpret the needs of medical education to the Trustees:

1. Address by Dr. Alan Gregg, Director for the Medical Sciences, The Rockefeller Foundation.

Dr. Gregg first turned to the historical background of medical teaching beginning with the Flexner Report of 1910 which, he said, had revolutionized the whole basis for the training of physicians in the United States. The tremendous forward strides achieved by the medical profession and the attainment of its present pre-eminence are the result of curricula then formulated and standards established; their adoption, he said, was made possible by the \$250,000,000 of gifts made over a period of years by the Carnegie, Rockefeller, some other foundations and many private donors. As a direct proof of the medical schools' advance, Dr. Gregg stated that it is possible in the United States to find a competently trained physician in almost any part of the country for the adequate care of any medical case arising by turning to a medical directory and ascertaining a doctor's school and the year of his graduation. Doctors graduating after the transformation of the schools may be assumed to be competently trained. This degree of change, he said, has not occurred in any other country in the world.

Dr. Gregg then explained that the great progress that had been made from 1910 until the coming of the depression in 1932 was halted by a chain of events and circumstances that threaten to have a disastrous effect upon the future quality of all medical education. These events were the following, he said:

The first blow was the depression which resulted in a loss of one-third in the income from the endowments of the medical schools and the cessation of further giving.

The second blow was the war which stopped the training of an adequate number of junior medical teachers and put pressure on the schools to expand their enrollments too rapidly and to institute accelerated courses without first being given the time to build up their teaching staffs. There is little doubt that the patriotic response of the

medical schools to the war emergency caused a lowering of teaching standards and a distinct deterioration in the quality of medical education.

The third blow came with the inflation which further reduced the purchasing power of endowment income to the point where today this source of income to the schools is half what it was prior to 1932. A further adverse effect of the inflation and the added strain it has placed upon medical school finances has been their consequent inability to pay attractive salaries to the teaching staffs in line with current living costs and thus to attract an inflow of able and desirable junior teachers in sufficient numbers. It is significant that today there are 139 full professors of anatomy in all medical schools taken together, while there are only 20 instructors; there should be of course at least three times as many of these juniors.

Dr. Gregg then told the meeting of the 78 medical colleges in the country of which 34 are publicly supported by the state while 44 are privately supported. He listed those states in which there are no medical schools and explained that the current annual operating expenses of all 78 schools totaled approximately \$51,000,000 with an enrollment of 22,000-odd students. He set forth the offsetting income to sustain these expenses under the following headings: From tuition \$12,800,000, or approximately 24%; from endowments \$7,000,000, or 14%; from other private sources \$13,700,000, or 27%; and finally from the taxpayers in the form of state aid \$17,500,000, or 35%.

These figures, he said, when broken down to a per-student basis, indicated an average tuition of \$550 against an average cost of \$2,200 a student per year; the actual tuitions varied between a low of \$250 and a high of \$800, and the annual cost per student, excluding the cost of research, between \$600 and above \$5,000.

In summing up these financial statistics of the medical schools, Dr. Gregg pointed out that in many instances those universities having such schools had been forced by their financial difficulties to choose between a reduction of their medical schools or a raid upon the endowment income of their other departments. It was fortunate for medical education, he remarked, that such raids had been carried out temporarily but this was not a practice that could be expected to be continued indefinitely.

After thus outlining the financial crisis of the medical schools, Dr. Gregg told briefly of the parallel situation existing in the cases of the dental and nursing schools. He stated that the shortage of nurses was acute and that the same adverse consequences caused by the depression, the war and inflation were likely to lead to an early deterioration in the standards and quality of teaching in these two important fields. A conservative estimate of students entering schools of nursing is 65,000 annually; for 1948 it was only 35,000. As it is with the medical schools, so it is with the dental and nursing schools; they are heading down-hill.

In closing, Dr. Gregg said it was clear that a National Fund for Medical Education is urgently needed to bring financial succor to all medical education. He expressed the belief that besides calling upon the corporations and labor unions to support the Fund, a special gifts campaign might well be set up in an attempt to collect annual donations of \$100 each from a large number of the 160,000 practicing physicians. He said he was well aware of their generous giving of free service in clinics and hospitals but he nevertheless expressed the belief that a large number would gladly contribute \$100 annually to this important effort to halt a further decline in the standards of the profession - a decline that is inevitable unless the medical schools soon receive sufficient added income with which to augment the salaries of their teaching staffs. Dr. Gregg emphasized that good health for the nation was obtainable by an application of intelligence and money for medical education.

The Chairman thereupon thanked Dr. Gregg for his most interesting address and stated that the meeting would then consider the next items on the agenda.

2. Discussion and consideration of suggestions for officers of the Fund.

The Chairman reported on the findings of the Subcommittee for the selection of nominees for officers of the Fund and advised that certain difficulties had been encountered in persuading a suitable man to accept the active chairmanship of the Fund. He advised that there appeared to be certain misgivings in some quarters as to the feasibility of obtaining substantial gifts from corporations and labor unions for the support of a Fund dedicated to relieve the present financial crises in medical education. He expressed the opinion that this challenge be accepted and proposed that the Fund be organized on a trial or exploratory basis to operate for a period from three to six months. He suggested the following program:

- A. The assembling of the facts and figures regarding medical education with the help of two Medical Councils and others.
- B. The setting up of a small staff with an Executive Director, under the direction of an Executive Committee, who with the aid of legal and professional advice will prepare a comprehensive plan for fund-raising on an adequate scale with particular emphasis on corporation and labor union gifts.
- C. The institution of a sample fund-raising campaign with a small but selected group of leading corporations in an attempt to obtain pledges totaling a substantial sum such as \$1,000,000, and thus to prove the feasibility of securing corporation gifts for medical education.
- D. Finally, upon the conclusion of this trial period, to submit the results to the Board of Trustees for their final decision and the setting up of a permanent organization for the Fund.

The Chairman then called upon Mr. Given and Governor Stassen to comment upon his report of the Subcommittee and his recommendations. These recommendations were thereupon approved by Messrs. Given and Stassen and after discussion by the Trustees were unanimously adopted.

3. Resolutions concerning the By-Laws and other organization matters:

- A. Judge Robert P. Patterson presented the following resolution:

"Resolved, that the By-Laws as prepared and submitted to each of the Trustees be and hereby are adopted as the By-Laws of the National Fund for Medical Education, Inc."

Mrs. Anna M. Rosenberg seconded the resolution which was submitted to a vote by the Trustees and unanimously adopted.

- B. Mr. Samuel D. Leidesdorf presented the following resolution:

"Resolved, that Mr. Henry C. Brunie and Mr. S. Sloan Colt be and they hereby are elected as Trustees of the Fund, to serve until the next annual meeting of the Fund or until their successors are duly elected and qualify."

Mr. Earl Bunting seconded the resolution which was submitted to a vote by the Trustees and unanimously adopted.

- C. Mr. Devereux C. Josephs presented the following resolution:

"Resolved, that pursuant to Article V, Section I, of the By-Laws of this Corporation, Messrs. Donald Balfour, Earl Bunting, Henry C. Brunie, William E. Cotter, Victor Emanuel, Theodore R. Gamble, William B. Given, Jr., William Green, Samuel D. Leidesdorf, George W. Merck and Philip Murray be and they hereby are appointed an Executive Committee to hold office commencing on the 12th day of May 1949, until their successors are appointed."

Mr. Eustace Seligman seconded the resolution which was submitted to a vote by the Trustees and unanimously adopted.

- D. Mr. William B. Given presented the following resolution:

"Resolved, that pursuant to Article VI, Section I, of the By-Laws, Messrs. Harry W. Chase, James B. Conant, Edmund E. Day, Dwight D. Eisenhower, Charles Seymour, Harold E. Stassen, Doctors Joseph C. Hinsey, Donald G. Anderson, Arthur C. Bachmeyer, Walter Bloedorn, Victor Johnson and H. G. Weiskotten, be and they hereby are elected members of the Medical, Educational and Scientific Advisory Council of the Fund."

Mr. Devereux C. Josephs seconded the resolution which was submitted to a vote by the Trustees and unanimously adopted.

- E. Mr. William E. Cotter presented the following resolution:

"Resolved, that pursuant to Article VII, Section I, of the By-Laws, Mr. Chase Mellen, Jr. be and hereby is elected the Executive Director of the Fund at a salary to be fixed by the Executive Committee.

Mr. Ralph Lowell seconded the resolution which was submitted to a vote by the Trustees and unanimously adopted.

4. Reports.

The Chairman thereupon submitted the following report concerning the seed-money campaign:

The following Foundations and others have graciously approved gifts to the Fund:

Albert and Mary Lasker Foundation	\$10,000
Rockefeller Foundation	10,000
Carnegie Corporation of New York	10,000
Commonwealth Fund	10,000
Eli Lilly and Company	10,000
George F. Baker Trust	10,000
John and Mary R. Markle Foundation	10,000
Davella Mills Foundation	<u>5,000</u>
Total	\$75,000

The following Foundations have similar gifts under consideration but their trustees have not as yet taken action thereon:

New York Foundation
 Kresge Foundation
 Dorothy H. and Lewis S. Rosenstiel Foundation
 Altman Foundation
 Bulova Foundation
 Doughnut Foundation
 Irving Geist Foundation
 Lillia Babbitt Hyde Foundation
 Felix M. and Frieda Schiff Warburg Foundation

The Chairman then called upon Governor Harold E. Stassen to discuss with the Trustees certain phases of corporation and labor union gifts.

5. Address by Hon. Harold E. Stassen, President of University of Pennsylvania.

Mr. Stassen stated that he would be very brief in covering the few points he wished to discuss in regard to the Fund.

He said there was no doubt in his mind and he believed in the minds of the distinguished men and women, who had thoughtfully joined together to make up the Board of Trustees, but that there was a real need for this Fund.

The plan to explore the possibilities of corporation and labor union gifts seemed sound to Mr. Stassen. He pointed out that in our competitive economy there was a growing realization that the opportunity for corporations

and labor unions freely to garner gains carried with it the responsibility to aid in the support, for example, of our privately maintained institutions of higher education and similar endeavors that were vital to the progress of the nation. He emphasized that the private medical schools were guardians of medical and academic freedom and accepted the responsibility to maintain the highest possible standards of learning in that specialized and important field of education.

In conclusion Mr. Stassen explained that the burden to give to medical education as proposed by the Fund would not fall too heavily on any single corporation or labor union, since the requests for gifts would be widely spread and, it was hoped, made by many.

The Chairman then thanked Mr. Stassen and invited Mr. Hoover to address the Trustees.

6. Address by Hon. Herbert Hoover, Honorary Chairman of the Fund:

Mr. Hoover expressed his pleasure in being present and spoke of his personal interest in the National Fund for Medical Education.

He said it was recognized by all thoughtful persons that there was a serious shortage of physicians in the United States and he cited the recommendation of the Commission On Organization Of The Executive Branch Of The Government that had felt obliged to oppose the spending of \$500,000,000 by the Federal government for the building of much needed hospitals. Mr. Hoover stated that this decision was made for the simple reason that today there were not available enough doctors and other trained personnel adequately to man such a greatly expanded hospital plant.

A system of Federal scholarships was not the answer to this problem, he said, because the medical and allied schools did not have presently the capacity to properly train an enlarged student body. He then pointed out that one was led to the conclusion that a determined effort should be made to bring adequate financial support to the medical colleges; such support was essential to augment their capacity for training an increasing number of highly qualified doctors and thus raise the national health standards.

Mr. Hoover concluded that there was a sound economic basis for the Fund which should energetically seek added private aid for medical education; clearly the Fund deserved the backing of all.

7. Adjournment.

After thanking **Mr. Hoover** for his address and the Trustees and guests for their kindness in attending, the Chairman declared the meeting adjourned.

Respectfully submitted by

Chase Mellen, Jr.

Acting Secretary of the Meeting

Dated: May 12, 1949

(Attached hereto is a list of the Trustees of the Fund.)

TRUSTEES

NATIONAL FUND FOR MEDICAL EDUCATION, INC.

Herbert Hoover, Honorary Chairman

Winthrop W. Aldrich	*Samuel D. Leidesdorf
*Donald Balfour, M.D.	M. Albert Linton
William B. Bell	Robert A. Lovett
Mary McLeod Bethune	Ralph Lowell
Elmer H. Bobst	Benjamin E. Mays
*Henry C. Brunie	*George W. Merck
*Earl Bunting	Michael A. Morrissey
Carl Byoir	Seeley G. Mudd, M.D.
S. Sloan Colt	*Philip Murray
*William E. Cotter	Edward J. Noble
Howard S. Cullman	William S. Paley
Walter J. Cummings	F. D. Patterson
Raoul E. Desvernine	Robert P. Patterson
Michael F. Doyle	Joseph M. Proskauer
*Victor Emanuel	Owen J. Roberts
James V. Forrestal	Winthrop Rockefeller
*Theodore R. Gamble	Anna M. Rosenberg
Bernard F. Gimbel	Thomas J. Ross
*William B. Given, Jr.	Eustace Seligman
James A. Gray	Spyros P. Skouras
*William Green	Alfred P. Sloan, Jr.
Fred G. Gurley	Hermon D. Smith
Oveta Culp Hobby	E. Tappen Stannard
B. Brewster Jennings	John A. Stevenson
Eric A. Johnston	Thomas J. Watson
Devereux C. Josephs	Ernest T. Weir
Meyer Kestnbaum	Allen O. Whipple, M.D.
Edgar Kobak	Alexander F. Whitney
Frank H. Lahey, M.D.	George Whitney
Robert Lehman	John S. Zinsser

*Members of the Executive Committee