

The Role of the Non-State Actor in Sino-American Relations: An Analysis Based on the Rockefeller Foundation and the Peking Union Medical College

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Abstract: Founded in 1913, the Rockefeller Foundation has played a major role in US cultural diplomacy. The RF has implemented various philanthropic programs to export a perception of “American values”, including freedom and democracy, with the aim of eliminating local vigilance and misunderstanding, improving its international reputation, and advancing US foreign policy. In particular, the RF has made significant investments in China. From 1909 to 1949, the RF consistently invested in the medicine, health, culture and education of China. The RF exerted an incalculable influence on China’s modernization for half a century. One of its most significant and influential investments was the establishment of the Peking Union Medical College (PUMC). Accordingly, this essay seeks to analyse the RF’s largest overseas investment, the establishment of the Peking Union Medical College, to evaluate its specific practices and influence, as well as to explore the role of the RF in Sino-American relations and America’s overseas expansion.

Keywords: public welfare foundations, the Rockefeller Foundation, the Peking Union Medical College, Sino-American relations

1. Introduction

The Foundation, as a charitable institution, occupies a distinct place in American society. The Rockefeller Foundation (hereinafter referred to as “RF”), along with the Ford Foundation and the Carnegie Foundation of the same period, was the earliest form of the “Family Foundation” [1]. Since its inception, the RF has been historically significant for its pioneering efforts. The organization has invested in many areas around the world, including education, medical care, and public health. In particular, China has been an important actor in its international business. This occurrence calls for the attention of scholars concerned with modern Sino-American relations since 1900, prompting questions as to the reason why China was chosen by the RF, the way to “transform” China, the objective results, and the impact on Sino-American cultural relations. These all require further study.

Existing research reveals variable levels of scholars’ focus on US foundations and their activities in China. The American scholar Andrews’ definition of a “foundation” characterizes it as a non-governmental and non-profit organization with substantial funds, a board of directors, and a management structure that works to promote social, educational, charitable, and other public welfare [2]. Most academic evaluations of foundations and philanthropy can be divided into three viewpoints.

The first view asserts that the foundation has a beneficial impact and that its establishment is a result of American Christian culture or volunteerism, which is associated with notions of selflessness, aiding the disadvantaged, charitable giving, and philanthropy. For instance, “British cultural and religious traditions that promote generosity and condemn greed motivate these millionaires to establish charitable foundations,” says Tao Li [3]. Zhongyun Zi believes that “when individuals get rich, they donate part of their assets to public welfare”, and “these foundation elites all have faith in this system and devote themselves into this cause with great enthusiasm” [4]. Elizabeth Boris also pointed out that “philanthropy is the core idea of the foundation, and it is because of this idea that the foundation has been able to proliferate” [5].

The second view, presented by Ferdinand Lundberg, recognizes that the essence of foundations is an integral part of the American power group, whose goal is to maintain the rule of the bourgeoisie, help them evade taxes, and to embellish the public image [6]. Other studies also emphasize the foundation’s close relationship with the government. Frances Saunders claims that foundations facilitated the exportation of American culture, ideology, and values, which “not only inoculates the world against communism but also paves the way for the benefits of American foreign policy abroad [7].”

Moreover, the neutral third perspective argues that there is no such thing as pure altruism. While founders of foundations acted in their self-interest, they objectively promoted the development of society. Qiusha Ma affirms the positive impact of modern foundations in improving the lives of the less privileged through public welfare and funding the spread of culture and knowledge while acknowledging that foundations have established “intellectual and cultural hegemony” [8]. In addition, Li Shidong states that modern foundations have contributed to education, science, technology, and humanities, but also inevitably with the notion of serving the interests of the bourgeoisie and the motive of bringing benefits [9].

As for the study of American philanthropic foundations in Chinese academia, one of the most specialized and in-depth is by Zhongyun Zi, an American history expert. Her dissertation, *The Rockefeller Foundation and China*, and the monograph, *Fortunes on the Road: Review of the Modern American Charity Foundations*, are both classics with unique perspectives. Professor Zi introduced and evaluated the origins, development, and characteristics of philanthropy in the US and compared the philanthropy of China and the US to guide the development of charity in China, which has prompted many Chinese scholars to concentrate on examining American foundations and their historical operations in China [4,10].

In recent years, considerable attention has been paid to the role of the RF and other philanthropic organizations in the promotion of modern medicine and the public welfare in the early 20th century. Objective assessments of the RF’s activities in China state that “no other institution has contributed so much to (China’s) medical education and had such a profound impact on (China’s) modern medicine [11].” “The creation of the PUMC makes us appear smarter than we are. From here, the ideas of modern medicine flowed into China and there is no conflict of ideas here. Modern medicine is the link that binds humanity together without regard to differences of perception and is the cornerstone of social harmony [12].” However, the discussion remains unresolved, as it has not accounted for the possibility of funding received by some of the researchers from the RF, which may have impacted the objectivity of their conclusions.

In conclusion, scholars have devoted a certain attention to researching the RF and its charitable endeavors. However, most of their work has entailed systematic analysis, with less thematic consideration of the PUMC in the early 20th century, and further historical background analysis should be included. Drawing on the factors that prompted the creation of the RF and China’s historical incorporation of western medicine, this essay will examine the establishment of PUMC from a broader perspective, aiming to provide an objective evaluation of the RF’s philanthropic initiatives

in China at this specific juncture as well as explore the significance of this development for Sino-American relations.

2. History of the Rockefeller Foundation

2.1. The Founding: Managing Wealth and Avoiding Taxes

John D. Rockefeller invested £100 million over two years in the development of the RF, which was formally established in New York in 1913. Later in 1928, the RF merged with the Laura Spelman Rockefeller Memorial, which was established in 1918. By 1951 the capital had grown to £345,397,663 with John's new donation of £242,222,560 worth of stock. [4]. The RF's preparation and initial development relied on Fredrick Gates's influence on John. Rockefeller met Gates during an early donation to build the University of Chicago. Gates had repeatedly advised Rockefeller to take proper measures with his large estate. He said: "Your fortune is growing like a snowball, and there is a danger of an avalanche if you accumulate too much. You must spread it out faster than it accumulates, or you and your children will be crushed [13]." Gates's advice is representative of one of the fundamental reasons why the super-rich favored philanthropy at that time: to manage considerable money properly. Rockefeller's assets multiplied from \$200 million in 1900 to \$900 million in 1913 [4]. As a result, dealing with the enormous wealth concentrated in the hands of a few people became a concern for a billionaire like Rockefeller.

At the same time, with changes to the tax code, canny capitalists discovered that foundations suddenly become as adequate tax shelters as trusts. In 1910, most states in the US began to impose a progressive income tax, and the RF undoubtedly became the focus. In 1913, the US Congress passed the *Revenue Act of 1913*, which included charitable organizations such as foundations as exempt from tax [14]. Accordingly, the establishment of the RF could legally and reasonably avoid progressive income tax. In 1935, tax breaks were also given to companies that made charitable donations. In the process, the Rockefeller consortium had carefully managed to transfer its wealth into different levels of foundations to avoid income and estate taxes. In other words, "non-profit" was essential "non-taxation". This situation lasted until 1969 when the US Congress passed the *Tax Reform Act*, which stipulated that foundations must pay a 6% income tax for their investment income [14]. It is not hard to explain why the RF even managed to increase its wealth through philanthropy.

2.2. The Development: Resolving Social Conflicts and Preserving Class Dominance

The original mission of the RF, at its inception, was to promote the acquisition and diffusion of knowledge, to alleviate and reduce suffering, and to advance the elements of human progress for the betterment of the US and all peoples, and the advancement of civilization [4]. This ambitious foundation has developed a more profound goal than traditional charities of the past. Vast sums of money poured into health care, education, natural sciences, and the arts. Soon, the RF programs were spread across the globe.

This change can be attributed mainly to the intensification of social conflicts in the US then and the urgent need of the big capitalists to maintain the class order. An the beginning of the 20th century, due to the problem of unequal distribution, the social divide between the rich and the poor was intensified, social problems were severe, including frequent strikes and a rapidly growing slum population, and the bottom society was full of disease and crime. The American conglomerates, represented by the Rockefeller family, had become the subject of a public and government crusade. Under pressure from both the government and the public, the monopolies had to consider giving back their money to society to protect the long-term development of their vast business empires.

Thus, the big capitalists had to regard philanthropy as a guarantee of maintaining class status and social order rather than a private hobby due to religious belief or moral sense. As Carnegie argued in

his “Gospel of Wealth”, the proper management and use of wealth are essential to resolving the conflict between the rich and the poor. The most constructive way to do so is for the rich to give away their wealth for the benefit of society [8]. Therefore, philanthropy should be operated like a business. With efficiency, capitalists planned to develop large-scale social transformation projects, thus helping to solve social problems caused by industrialization and urbanization. Gates agreed, attributing the root cause of social poverty and hardship to disease: “Disease is the root cause of all ills, physical, economic, spiritual, moral, social Disease with its attendant misfortunes is undoubtedly the main source of human misery [15].” This explains why the RF invested vast sums of money in developing medicine, education, and public health at its inception. Under his leadership, in 1913, the RF funded the establishment of the International Health Commission to plan the elimination of various diseases. The foundation also closely integrated its funding in the field of education with medicine, setting up medical schools at more than 20 high-level institutions, including the University of Chicago, Columbia University, and the University of Iowa. These projects have promoted medical and public health progress, narrowed the health gap between the rich and the poor, and increased public awareness and attention to medicine.

The results proved that the RF’s large-scale philanthropy brought many additional benefits to the capitalists. On the one hand, philanthropic projects promoted social reforms and improved the public image of capitalists. On the other hand, big capitalists controlled the knowledge and culture of the whole society and even gained the power to participate in politics through the foundation’s funding. In the post-industrial era, knowledge, like land and capital, became a powerful resource for the state. At that time, the survival of research institutions depended more on the support of large private foundations, so whether or not to grant research funds became an essential means to manage knowledge development. This applies to the RF’s concentration on healthcare. By the 1930s, the RF was attributed to the breakthroughs in medical research regarding the successful management of hookworm disease, malaria, and typhoid. The research outcomes, which relied on funding from the RF, produced outstanding researchers and progressively reinforced the RF’s credibility within academia. Consequently, foundations collaborated with academic elites to steer and oversee the production and spread of new knowledge, creating an undocumented “cultural hegemony” through their financial power.

Moreover, with many private funds flowing into the public sphere, foundations played an increasingly important role in promoting social reform. To some extent, foundations had entered the national power system, and their power in cultural expression was no less potent than that of the state. Especially in the 20th century, when the country still lacked resources and control in the development of culture and public services, foundations could not only make up for part of the lack of government functions through huge funds but also lead the direction of policies by relying on academic authority. When this powerful actor extended its tentacles to overseas regions, it can be said that the foundation was the country: its overseas projects carried the expression of values and the pursuit of the interests of American elites.

3. The Foundation’s Entry into China: Peking Union Medical College

The RF’s most influential project in China was the establishment of the Peking Union Medical College Hospital, which was designed to cultivate a pyramidal medical system for China and to serve as the commanding headquarters of the Chinese medical system. This project typified the values pursued by the RF’s early overseas philanthropic programs. Under the influence of liberal development, which had become a part of the mainstream culture in the US, American elites hoped to transform the world with the American model. They were convinced that they had the ability and responsibility to improve and perfect other cultures and were willing to use progressive principles to improve those in the “lower class” society [8]. China in the first half of the 20th century provided the

perfect testing ground for such ambitions. It had these characteristics: a big country in the geographical sense, poverty, an ancient civilization during profound social change, and a group of intellectuals who were highly eager to learn new things from the West [10].

The attraction of China to the RF was vividly illustrated in a letter to the head of the New York mission by Ernest Johnstone, an American who taught at Peking Medical College (the predecessor of the PUMC): “..... The time has come for us to help China, for she has recognized her need. Her youth are eager to learn Western medicine. What we can do now is much more than lay the foundation of medicine for this great nation. The opportunity is much greater than that: we can shape the character of Chinese doctors of the future. We want them to be inspired by the ideals of Christ [10].” He added this to his letter six months later: “This is still the time when we can influence China, while in many fields China is still willing to listen to us, to be influenced by us, and to act under the guidance of the theories we teach [10].” The mission’s self-imposed cultural and educational messengers had a compassionate view of China’s poverty and suffering. They saw hope in China’s dizzying turmoil--the hope for the renaissance of China and that Americans could exert influence. They had a largely condescending attitude toward China while at the same time feeling Chinese national pride and a strong desire for independence, which they respected to a certain extent. This strong ideological motivation led Rockefeller and his foundation to China. Therefore, after determining the medical field as the primary investment direction in China, the RF sent three medical missions to China, and their achievements led to the establishment of PUMC.

Unlike all previous church-run medical schools, the PUMC represented the most advanced standards in the US, which had just undergone a medical education reform. The principal planner of the PUMC, William H. Welch, was committed to “transplanting” the “Johns Hopkins model” to China so that, for the first time, China would have a world-class hospital and medical school [16]. With high standards, the hospital had one of the best medical faculties and students in China. It was also renowned for its advanced research. For instance, the PUMC played a pivotal role in the schistosomiasis prevention campaign in the Yangtze River basin. Furthermore, their research into Fasciolopsiasis, Kala-Azar, Duodenopathy, Malaria, and other related illnesses, established Asia as a prominent region for medical investigation [17]. However, building a “Chinese John Hopkins” was not the only purpose of the RF. The establishment of the PUMC embodies several specific ways of “transforming” and “influencing” China: health, spreading science, and education. More importantly, they hoped that the PUMC would leverage traditional Chinese culture by expanding a new class of intellectuals and promoting the scientific spirit and approach to shake up the old Chinese way of thinking and living. In the 1940s, the PUMC established a relatively comprehensive system of educational research, clinical practice and public health, with the aim of prioritizing quality over quantity. This culminated in its recognition as the leading medical centre in Asia [18].

3.1. The Evaluation of the PUMC: History, Politics and Culture

The RF’s investment in China to establish the PUMC was made in a unique historical context at the time. On the one hand, turbulent China allowed for the entry of Western culture. After the 1911 Revolution, China’s regime changed several times in just a few years, from establishing the Provisional Government in Nanjing to Yuan Shikai’s seizure of power and then to the warlord chaos. Those in power cared less about resisting foreign aggression and more about the stability of their political power. At the same time, Western cultural forces also took root in China. Western cultures fundamentally shook the feudal system that had ruled China for thousands of years and shook the position of traditional culture in the heart of the Chinese people. In this case, the foundation easily won the support and protection of the Chinese government with its muscular economic strength and advanced medical technology. Health care, in particular, was less likely to antagonize the government and was even warmly welcomed by everyone from the academic elite to the general public. On the

other hand, the RF regarded China as its “new frontier” in philanthropy. As America’s western frontier ended, politicians, social activists and adventurers, concerned about the limitations of the domestic market, turned to Japan and China in the Far East [19]. As a result, the “new frontier” of the US in the 20th century came to be embodied in overseas markets, resources, and the political and diplomatic spheres.

On the way into China, the RF always emphasized cooperation with the government because it is the government’s responsibility to promote public policy, and cooperation with the government can rapidly expand the influence of the foundation. There is no doubt that the practice of large foundations influencing or intervening in public policy is a sensitive and complex matter. Considering this, the RF still showed a tendency to influence or even control the public policy of the Chinese government in dealing with their relations. The RF first sent investigation missions to China and established an excellent consulting relationship with the government and academia. Later, it cooperated with the government to establish a complementary management and education system for PUMC. The former aimed to build consulting relationships to influence government decision-making, while the latter aimed to produce graduates to influence the whole country. The China Medical Foundation, for example, was established in 1914 when the RF decided to start a cutting-edge medical education program in China. It is responsible for the PUMC and other Rockefeller medical programs in China. The PUMC almost replicated the Johns Hopkins School of Medicine, even mandating English instruction [8].

Generally speaking, the RF’s project to build the PUMC presents as a unilateral forced cultural export. First of all, after the introduction of the Open Door principle, the US participated in many unequal treaties with China, which directly “opened the door” to China for the RF. Even if the Chinese government and social elites warmly welcomed Rockefeller’s philanthropic project, it did not mean it was an equal cultural exchange. After all, the entry of large sums of foreign money into any sovereign state is bound to be severely restricted. Secondly, the Rockefeller family developed its business in China shortly after the American colonists entered China. Before the RF, the family had set up bases in Shanghai and other Chinese port cities. Their staff also accompanied the RF during its visits to China. This means that the RF was trying to further develop the Chinese market with the foundation's influence. Third, due to the disparity in economic and diplomatic status, the RF had been given the title of “savior” for its charitable work to China, which is regarded as bringing the world’s most advanced and meaningful cause to China and cultivating useful talents for this suffering country. This series of factors also became the source of the PUMC criticism in the future. During this process, moral sense and profit coexisted, and private organizations coordinated the will of the state. These factors also became the root of criticism of the PUMC.

4. Conclusion

To summarize, the establishment of the PUMC is a result of the interaction of political and cultural factors between China and the US under a particular historical background. The Rockefeller Foundation was an enthusiastic spokesman for promoting American science, technology, and cultural concepts and a vital business actor in the period of American overseas expansion. It is notable that the Foundation, with its belief in the spread of civilization and the benefit of humanity, had been a donor to Chinese medical development for at least 70 years. When we look at the legacy of the Rockefeller Foundation in China, these contributions are evident. However, the Rockefeller Foundation also indirectly helped the US to exercise political control, gain trade privileges, and export Christianity and republican culture to China in the early 20th century, making it one of the most important non-state actors in US overseas expansion.

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