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COLLEGE FILES
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Huachung
Corres.
Wei, Francis C.M.
1940 Jan - May

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January 9, 1940

President Francis C. M. Wei
c/o American Express Co.
4 Des Voeux Road Central
Hong Kong, China

Dear Dr. Wei:

I wish to thank you for your letters of November 20 and November 25. Also please allow me to thank you for the very understanding way you have interpreted our letters regarding the plans for our campaign for this year.

You have in Mr. Oliver S. Lyford, Treasurer of the Board of Founders, a discerning and active representative of your interests in America. Mr. Lyford has been very cooperative, and has enabled us to get a very clear picture of your needs. We are keeping in touch with him constantly, so that we may be sure to give the maximum consideration possible to the interests of Hua Chung College.

The Christmas greetings have been very much appreciated by all of us here in the New York office, and we have shared them with as wide a range of our friends and your friends as possible. They have also been used in a number of publications, as well as being presented at public gatherings.

Sincerely yours,

Secretary

JIP:VW

Via S.S. "Pres. Garfield"
from San Francisco, Calif.

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O.S.L. Letter No. 7.

230 Park Avenue, New York City
January 12, 1940

#7

My dear Dr.Wei:

I received on January 2nd your letters N.Y. 3 of November 20th and N.Y. 4 of December 2nd; with the enclosures. -- Numbers N.Y. 1 and 2 had already been received. -- I also received on January 2nd a copy of the Christmas Message. -- This, coming at the same time as the record of overrun in expenses of moving, stirred me very deeply. The overrun did not disturb me, but it was one more of the trials of administration to which you have been subjected during the last year and the Message showed such an unconquerable spirit of yourself and Dr. Kunckle! It personifies the spirit of Christ so completely and it increases my faith in the Chinese temperament and power to win over all obstacles.

The long delayed meeting of our Executive Committee will occur on January 20th. I shall have much more to say after that, but will clear up some of the matters herewith.

I assume that you have received my No. 4 of Nov. 13 and I hope it arrived before the arrival of Dr. Lobenstine at Hsichow, which was expected on Jan. 9th. -- The budget which will be presented to our Executive Committee is the one given in my No. 4 although there will be a slight change which will appear when you receive my No. 5 of November 27, which was sent by regular mail because bulky, but probably will not have been received by you until after this week. -- The proposed budget will total U.S. $22,400 and N.C.$170,719 as compared with U.S. $21,400 and N.C. $147,739 in your original budget of June 1939. This does not provide for the overrun in the cost of moving which will be discussed next.

The statement of moving expense from Feb. 1 to Nov. 15 is rather hard to interpret, but I analyze it as follows: -- The available emergency funds, amounting to U.S. $12,796, correspond with my previous understanding. -- I do not understand why the bus is charged to the power plant. -- I judge from the credit "Sale of Bus, N.C.$6,000" that this is the bus purchased early in the year and which with the truck and spare parts cost U.S. $4,475.85. -- I assume that the latter figure is included in the expense item No. 3 amounting to N.C. $76,845.12. -- I assume that the bus charged to the power plant is a new one purchased with the proceeds from selling the old one, but realize that both the debit and the credit may be simply bookkeeping entries for which the purpose is not clear to me. -- What reason is there for crediting N.C. $1,800 to the College for kerosene and not crediting the entire cost of power plant to the College in this report of moving costs -- will the College budget be sufficient to carry this item? -- I note that the acting treasurer proposes to charge only 1/3 of the power plant cost to the cost of moving.-- This is all right with me except that I would like to know how the other two-thirds are to be handled. -- One third would have to be in the budget for 1939-'40 and one-third in 1940-'41 and the budget for 1939-'40 does not include such an item. -- Also I would like to know whether all the cost of Item 4 -- "Power Plant" has been paid and if so what funds were used. -- If not paid, what was the total of your accounts payable on Nov.15? -- If all this cost was paid out of the emergency funds, the total of U.S. $12,796 must be practically exhausted after your estimated additional cost of U.S. $500 is incurred. -- This leaves the 2nd, 3rd, 4th, 5th and 6th items in your cabled estimated of March 20 unprovided for. -- The resolution embodied in Action #9 of your Executive Committee apparently relates to these items and I appreciate its firmness which is absolutely necessary. -- Your Action #13 shows that additional cost of housing and remodelling is contemplated. -- This is not surprising. -- The remarkable thing is how you have got along with so little.-- Most of the increases involved in the other actions of November 10 and 14 appear to be within the limits of additional Chinese funds made available by the present high rate of exchange, our budget for 1939-'40 being figured on a basis of exchange at 6¢ to 1 the same as the actual exchange of 1938-'39. -- Our budget required only U.S. $7,000 from the Associated Boards. -- This seemed to meet all your requirements until your letters

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N.Y. 3 and 4 were received. -- We have been urged to hold down our request to the Associated Boards because of the very serious circumstances of other colleges, but I shall now do my best to get the entire U.S. $10,000. -- This will only be possible if the entire campaign fund shall amount to U.S. $250,000. -- Any reduction will have to be distributed pro-rata. -- According to our budget, 83% of the income will come from Western Sources, -- Can you not get more support from Chinese Sources, particularly persons and the government in Yunnan Province? -- Please send us as soon as possible the minimum amount which you need to supplement the budget in my letter No. 4 -- I hope my No. 5 with its long report will reach you soon.

The National City Bank in New York reports that thus far only one check for $100 has been received against deposits totaling $9,000, being $1,000 from our treasury and $8,000 from your Hongkong account.

Your total expense per student is high because of low enrollment. I should think that if news of your present circumstances is sent to the various middle schools you could expect all the first class students you can accommodate. How many would that be?

Please understand that all these comments and questions are placed before you and the Executive Committee and the Senate simply in order that we can understand your circumstances and your thinking as clearly as possible. Our whole hope and purpose is that we shall be able to make life and the college work as comfortable and as successful as possible.

Dr. Lobenstine's report will of course be very helpful and probably answer some of my questions, but he will not reach New York until the middle of March.

My best regards to all our friends.

Yours very sincerely,

P.S. (1) With your next letter please send me an analysis of "Item 3 - Moving" which totals N.C. $76,845.12 as of Nov. 15. I do not mean a statement of each item of expense but one which shows enough classes of expense to explain the major costs. For instance, show the items in the expense side such as appear in your statement of receipts, also the first cost of trucks and buses, repairs, hotel and meals, etc.

(2) I think this letter will make clear to you why we must have a classified report of receipts and all disbursements for any period reported to us and a balance sheet at the end of the year showing how each regular and special fund stands.

(3) I note that the emergency fund of £250 from London Missionary Society has been received but the fund of £160-10-6 from the United Committee had not been received on Dec. 2nd. I am sure our Executive Committee will agree that these sums shall be used according to the judgment of your Executive Committee.

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Letter No. 8.
AIRMAIL AND YANKEE CLIPPER

230 Park Avenue, New York City
January 22, 1940
Letter No. 8.

My dear Dr. Wei:

At a special meeting of the Founders Executive Committee, called for the purpose, the members gave long and careful consideration to the financial problems of Hua Chung College and the other problems pertaining thereto which have been referred to in your letters. The minutes of the meeting will be sent to you by Mr. Smith by the clipper of next week. I am endeavoring to get this letter off to you today in order that you may be advised as soon as possible regarding the thinking which led to the actions taken. Some days before the meeting, the members of the Committee had been provided with copies of my report of November 18 (sent to you by regular mail with my letter No. 5 of November 27) and also a supplementary report based mainly on the information in your letters N. Y. 3 and 4.

In the first place I would like to outline the conditions which govern our actions in behalf of the College. These probably are already realized by you but may not be fully realized by all the members of the Executive Committee Pro-tem and by the Senate.

We are a Board of Trustees, now acting as a Board of Directors, and we all realize that, although we have to take the responsibilities which go with such boards, we consider that our function is to dictate as little as possible and to accept the recommendations of the Executive Committee Pro-tem whenever our best judgment will permit us to do so. We know that the Executive Committee Pro-tem will, in turn, give careful consideration to recommendations of the Senate before making decisions which come to us for approval. However, neither we of the Board nor you of the Executive Committee Pro-tem can escape the responsibility of applying our best thought to the problems as they arise and acting according to our best judgment. These are simply the fundamentals of good representative government.

As Trustees we are also definitely responsible to the associations and individuals who provide the funds on which the College absolutely depends for its existence. We must be able to assure these donors that the College is doing a good job in education and character building and is making each dollar as effective as possible to this end. We must also be in position to convince the Associated Boards as to the amount of the general funds of that association which our College is entitled to. This in turn means that we must have convincing reports from you.

We are deeply conscious of the very great strain and hardships under which the two moves of the College have been made and which still continue to a considerable extent. We greatly admire the courage and fortitude which are evident in all the reports from you and others. We are not at all surprised that the nerves of some have been severely strained at times. We marvel at the way you all have carried on under all these strains of body and spirit. We are particularly impressed by the report of the happy times at the celebration of Founders Day. We hope that this celebration gave a real respite to you all and a new faith that our College has a great future ahead of it. You have added greatly to our faith that such will be its history.

But now we must face, with you, the practical details of the financial job in which Trustees, Directors and Executive Committee Pro-tem are involved.

In my letter No. 4 of November 13, 1939 I summarized your budget for 1939-'40 sent with your letter of August 16, and, in comparative columns, gave a revised budget with additions to cover, as nearly as I could, the supplemental requirements indicated in your letters received up to that time. My letter was made as brief as possible and was sent by clipper. It was followed by my letter No. 5 of November 27 with a copy of my report of November 18 to our Executive Committee, and being rather bulky was sent as regular mail. I feel practically certain that my No. 4 has reached you before this but cannot be sure that my No. 5 has arrived yet. My No. 4 should have been received before Dr. Lobenstine arrived at Hsichow and I hope you discussed the financial problem with him quite fully. We now understand that he may not leave China until the last of March and therefore whatever advice he may want to give may not reach us until late in April or too late to affect our financial procedure for the College year. We hope, therefore, that even before this reaches you, we shall receive from you a full statement showing how you will proceed under the budget and how you will propose to meet the emergency needs for which this budget apparently will not be sufficient.

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Before the receipt of your letters Nos. N.Y. 3 and 4 we were fairly certain that in our revised income budget we had provided for all your needs except those resulting from the increased cost of living and that such increase would be covered by the surplus resulting from the higher exchange. Now we kmow of the heavy overrun in the cost of moving, which upsets all our calculations and which we simply do not know how to meet until we can receive more information from you. We must have a more complete report from you regarding the costs of moving from Kweilin to Hsichow and a statement of any resources in China from which you may be able to secure funds to apply on the deficit. It will be necessary for you to do what you can towards securing Chinese assistance, if the budget is to be balanced. We shall do what we can after we know more about the cause of the overrun in moving expense. The best possibility we know of at present is that we may secure from the Associated Boards the full amount of U.S. $10,000 which we asked for last Spring. I am on the Executive Committee of the Associated Boards and can be sure that we shall receive our fair proportion of the total fund which the Associated Boards shall receive, but I have grave misgivings regarding this total amount and the needs of other colleges are very pressing.

I hope you will receive within the next few days my clipper letter No. 7 of January 12. This letter may be hard for you to study as it is in telegraph form in order to reduce weight. In fact, it is just an experiment in the use of this form. I find that we can use four sheets of onion skin paper without exceeding the allowed weight of one-half ounce, but five sheets may result in over-weight.

The further information which I need is a careful analysis of all the costs which have been incurred in connection with the second move and the establishment of the College at Hsichow. May I suggest the following: - Do not attempt to determine how much should be written off this year as part of cost of moving and how much is value which may be spread over three or more years. Simply provide an analysis of the total expenses of administration, operation, maintenance, new plant and actual moving costs for the period since the second move started and show how much of this corresponds with the normal expense of administration operation and maintenance and how much is extra due to the moving. You will note in my analysis of expense budget I have divided the total into four groups: 1. Total for Regular Operations, 2. Items directly related to Regular Operations but causing a deficit, 3. Additional Imperative Needs, 4. Supplement to Tuition Income necessary because of small enrollment. I find that this grouping aids materially in my negotiations with the Associated Boards for our part of the emergency funds. The statement which I am asking for now does not include Group 4 but does include the other three.

This statement involves the subdivision of expenses in each group such as you provided and which I regrouped and increased in the list of extraordinary expenses given on Page 4 of my letter No. 4. It will require subdivision of Expenditure Item No. 3 in the statement of the Acting Treasurer which accompanied your letter of December 2nd. I will be glad to have your opinion as to where, if any, there are expenses which, with closer supervision, might have been saved.

I believe such an analysis will be of value to you personally as well as to us. Again I want to assure you that we want this information simply to enable us to sustain a request for more funds by proof that even under the great stress of physical and mental strain, these wholesale moves have been made without too great waste. In other words, we want the kind of evidence which we should have to justify our confidence in you and your associates.

Our Executive Committee highly commended the action of the Executive Committee Pro-tem in the steps taken to stop all expense not previously authorized by your Committee.

The report of the Associate Secretary Mr. Smith will acquaint you with all the actions taken at our meeting.

I am sending to you today a cablegram reading as follows: "FOUNDERS SATURDAY APPROVED REVISED BUDGET MY LETTER FOUR. BUDGETED INCOME LIMITED TO GOLD TWENTY TWO THOUSAND FOUR HUNDRED NATIONAL HUNDRED SEVENTY ONE THOUSAND UNLESS ASSOCIATED BOARDS CAN PROVIDE OVER SEVEN THOUSAND GOLD WHICH UNCERTAIN. LYFORD."

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This will have to be the understanding until we hear further from you and from the Associated Boards.

I expect to deposit about U. S. $3,000 in your account in National City Bank in New York within a few days which will make a total of U. S. $4,000 in emergency funds in that account. This will all be a part of the budgeted item of U.S. $7,000 from the Associated Boards until I have evidence that the total from that source will exceed U. S. $7,000.

Yours very sincerely,

Oliver S. Lyford

Dr. Francis C. M. Wei
Hua Chung College
Hsiehow, Tali
Yunnan, China

cc to Dr. A. M. Sherman
cc to Mr. R. A. Smith

Duplicate copy by regular Mail

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230 Park Avenue, New York City
January 22, 1940

Personal -- not numbered

My dear Dr. Wei:

You know that I am an engineer by instinct and nearly 50 years of experience in handling practical matters. A lot of faith is involved in engineering and construction work, but it is mostly faith in the laws of nature which have been thoroughly demonstrated, and faith in ourselves and our ability to complete what we have started.

In this work which I am now doing for Hua Chung and the Associated Boards, in cooperation with you and with a number of thoroughly consecrated men and women of our Board and the Associated Boards, I am becoming more and more conscious of a close cooperation of a higher force which we call God and which is working through us in marvelous ways.

The move to Kweilin and Hsichow was made against your personal judgment and my availability for the work which I am doing is contrary to what I would have wished most a couple of years ago, viz. enough engineering work to keep me busy and provide enough money to enable us to continue to live in our beautiful home which now we shall probably have to give up. Now, if the joy which I am getting out of this work is paralleled by a similar thrill which you must have after moving out of the severe storm into the quieter waters of Hsichow, it must be because we are conforming to the Will of God and we individually as well as our associates may have faith that our College will become great in its influence on the reconstruction of China. I have such faith, stronger than ever before.

Yours with deep conviction,

Dr. Francis C. M. Wei
Hua Chung College
Hsichow, Tali
Yunnan, China

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AIR MAIL TO HONGKONG - CLIPPER MAIL TO U.S.
REGISTERED

Hua Chung College,
Hsichow, Tali,
Yunnan, China,
January 25, 1940.

Mr. Robert A. Smith, Associate Secretary,
Hua Chung College Board of Founders,
905-A Yale Station,
New Haven, Conn., U.S.A.

N.H.6

Dear Mr. Smith:

I was very much annoyed to hear from Mr. Lyford in his letter of November 27, received last week-end, that up to that time he had received no word from me after my last letter of September 2. I am enclosing you a list of letters which I sent to you and Mr. Lyford ever since my return to Hsichow on November 3. Will you please check over your letters, as well as Mr. Lyford's to see whether any has miscarried. They were all sent by air mail and Clipper. The postage has been so heavy that I am afraid it may have been a temptation to the Post Office people. To safeguard this, we are registering every air mail to you and to Mr. Lyford.

I am sending you enclosed herewith the minutes of the Eleventh Meeting of the Executive Committee Pro-tem of the Directors, which was held on January 15. Enclosed please find a copy of our food price allowance for the low-salaried members of the Faculty and Staff, which was adopted by action of the Executive Committee Pro-tem, Ex. 82.

Action Ex.83 requires some explanation. We are running our Power Plant with charcoal, which is an experiment and about which we had had no experience. After three months we have found that it will be more economical to enlarge a part of the plant so as to have one charge of charcoal a day instead of two, so that we may have light for ten hours in a stretch if necessary instead of having four hours. It is more convenient for our work and saves charcoal as well.

We had a very pleasant visit from Dr. Lobenstine and felt sorry that he could stay only for two days. He arrived here Wednesday night and we had a very crowded program for him for the two days. He spent the whole Thursday morning and part of the afternoon with me, and then he spent part of the afternoon and the evening with Mr. Tan Jeni-i, our Acting Treasurer, taking up some of the financial problems based on Mr. Lyford's letter of November 27, which he received by air mail whereas my copy arrived much later via Hanoi. If Mr. Lyford also send a copy by Clipper mail it must have been lost, which, if true, would be the first time in my correspondence with Mr. Lyford. Dr. Lobenstine met with the Canton Union Theological College Faculty Thursday afternoon at tea. Unfortunately, Dr. Kunkle, the Head of the Theological College, could not wait for Dr. Lobenstine because he had already booked his plane to fly from Kunming to Hongkong. On Friday morning, Dr. Lobenstine interviewed four of our Faculty members, namely, Dean Pau Hwang of the School of Education, Dean T. W. Zee of the Yale-in-China School of Science, Professor Richard P. Bien, Head of the Department of Physics and lately Dean of the School of Science, and the Rev. L. Constantine, M.A., Head of the Department of History and Sociology. He had lunch with Assistant Professor David F. Anderson, Secretary of the Executive Committee Pro-tem of the Directors. In the afternoon he met for an hour with the whole Yale-in-China School of Science Faculty and then addressed a meeting of the Faculty of Hua Chung College and of the Union Theological College before he addressed at 4:50 at the Prayer Meeting, which was one of the series of meetings for the week of Universal Prayers in the College. In the evening he had dinner at the Bachelors' Mess, of which I am a member, and Dr. Wesley Wan was invited to dine with him and to talk to him afterwards.

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He stayed with Dr. Paul V. Taylor, Dean of the Faculty, and had plenty of opportunity to talk things over with him.

As far as I can see, Dr. Lobenstine inspected our work quite thoroughly and carried away with him a favorable impression. I have written him a letter covering the substance of my conversation with him, which was largely on College policies, and I am enclosing you a copy of this letter, which you may share with members of the Board of Founders.

I am writing to Mr. Lyford in reply to his letter of November 27 and enclosed I am sending you a copy of this letter, whereas the original is being sent to him direct.

We are in our winter vacation which lasts from January 18 for a whole month. Students taking science courses are making up their laboratory work, whereas other students are reading mostly by themselves. I am giving a series of meetings for Parliamentary Drill. Some fifty students are attending them. I take it as my recreation and the students seem to enjoy it.

I am very sorry to report that this week I sent away eleven of the men students who had come from Hongkong. It had been our observation much to our regret that some of these students had been spending far too much money, which was quite contrary to the Hua Chung spirit of simple living and high thinking. Our estimate has been that around NC$400.00 ought to be enough for all the expenses of a student even with the war prices, whereas in Wuchang the average total was around 300. These students from Hongkong had been spending, some of them, over a thousand dollars in four months. It might have seemed quite natural to them because they received Hongkong money from home, and a Hongkong dollar is Nc$4.00 here. I had a solemn talk with four of the students pointing out to them that they had no right to be so extravagant while China was in war and that at any rate young people should not spend too much money because they had made no contributio to society from which they got their money thru their parents. As a consequence of this talk, eleven students asked to be allowed to transfer. Permission was given them, and everybody, both Faculty and students, heaved a sigh of relief. It is a good thing that has happened, but it is not the best. Personally I consider it our failure to have to send the students away in that way instead of trying to transform them. But they may be too hard-boiled to transform. At least this has been the general feeling in the College. We must do everything possible to conserve our Hua Chung tradition, for which we have moved the College into the interior.

With kind regards,

Yours sincerely,

Francis C. M. Wei

President.

Enclosures 5

Copied 2-20-40
New Haven, Conn.

0952

AIR MAIL TO HONGKONG - CLIPPER MAIL TO U.S.
REGISTERED

Hua Chung College,
Hsichow, Tali,
Yunnan, China,
January 26, 1940.

Received at Daytona Feb 28

Mr. Oliver S. Lyford, Treasurer,
Hua Chung College Board of Founders,
230 Park Avenue,
New York City, N.Y.,
U. S. A.

N.Y.6

Regular mail

Dear Mr. Lyford,

Your letter of November 27 with enclosures reached my hand last weekend. I had seen it, however, before this when Dr. Lobenstine was visiting here January 10 to 13. He showed me the copy he had received.

I have already written you that I wrote a check for US$100.00 on our joint account in New York City on November 20, 1939. The following checks have also been issued:

Check No.	2	Jan. 9, 1940	US$ 100.00 ✓	
" "	3	" " "	1000.00 ✓	
" "	4	" " "	500.00 ✓	
" "	5	" " "	500.00 ✓	
" "	6	" " "	500.00 ✓	
" "	7	" 10, "	4.75	
" "	8	" 17, "	500.00	
" "	9	" 19, "	5.00	
" "	10	" 22, "	50.00	
" "	11	" " "	150.00	- Presented Apr 19
" "	12	" 25, "	150.00	
	13	Mar 2 "	3 cts.	

credited Feb 6

2600.00

- 859.75

3459.75

On January 22 I sent to the National City Bank of New York three crossed checks for US$5,000.00 to be credited to our joint account. The checks are on the First National City Bank and Trust Company in New Haven, issued by the Yale Mission and they are as follows:-

No.3370	US$2000.00
" 3372	" 1500.00
" 3373	" 1500.00

The first check is towards the Yale-in-China Association appropriation for the year 1939-'40, and the other two checks are towards the last year's appropriation to replace two checks lost in mail some time in April. It has taken some time to trace up the last two checks in a registered letter sent from Changsha to Kunming, but in vain.

With regard to your letter of November 27, I wish to answer certain points and leave the rest to the Executive Committee Pro-tem and the Treasurer's Office.

I have already written that we have not been able to send you a balance sheet of our financial operations, because we do not have the necessary data, which are still in the hands of our Treasurer, Mr. John L. Coe, who stays behind in Wuchang to look after the College property. Mr. Coe is

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going on furlough shortly and I have written to ask him to bring to Hsichow all the account books so as to clear up all our financial matters.

The Executive Committee Pro-tem did take action to invite Mr. Whitener of the Reformed Church Mission in Hunan to come at our expense and audit the books, but Mr. Whitener has not been able to come and we expect that the arrival of Mr. Coe here in Hsichow we shall arrange to have the books audited.

With regard to the special grants, Mr. Tan in the Treasurer's Office can only give you the information as found in his books. Accounts for the past years can only be rendered with Mr. Coe's personal assistance.

Mr. Tan's report of August 16, 1939 did not include the salaries of Western personnel, because those salaries never passed through our hands, being paid direct by the respective Missions to their appointees. In our annual budget, however, we put those salaries at the arbitrary figures, as decided upon by the Founders and Directors years ago, of US$3,000.00 for a married man and US$1,500.00 for a single person, but in our report to the Chinese Government, we used the figure of NC$5,000.00 for each Western member of the Faculty or Staff whether he is married or single. It is obvious that it would be absurd to report the salary of US$3,000.00 at the present rate of exchange, while our highest salaries for the Chinese members of the Faculty and Staff is only N.C. $350.00 per month minus five per cent. To my mind it would be much better to have in our budget as well as in our report to the Government a replacement salary, that is a salary which would be necessary to pay for a person employed in the field in order to replace the missionary appointee if he or she should be withdrawn or absent. Only in this way that our budget could be on a rational basis.

Our annual budget does not include the entire amount of the grants by the various Missions and there are two reasons for this. One, as it is obvious to you, is that for instance in the case of the Johnston Fund which is near-marked for the School of Arts, we do not find it necessary to budget the whole amount. The balance ought to appear in the balance sheet, but we could have the total amount in such a case written into our annual budget and show a balance. The other reason is that there are grants made by the Missions which have not been sent to the College. For instance, Dr. Taylor's rent, medical care and travel. My personal judgement is that if the College is truly united, all these grants ought to come through our Treasurer, but the Missions have not chosen to do so so far.

We have in our budget an item of NC$10,000.00 to supplement tuition income owing to small enrolment. It was of course merely an estimate and our enrolment income ought to be 250 students, but we expected for this current year only 150, and our actual enrolment for the last term has been even smaller

You say in your letter No.5, dated November 27, on Page 2, paragraph 4 that "Answer one of your questions, the grants of US$3,000 and US$4,000 are included in the total of emergency funds which we have transmitted to you." Will you please be more specific as to which question raised by us you were answering, so that I may be able to clarify this when I refer to the minutes of the Executive Committee Pro-tem and my correspondence with you.

You have raised the question as to why the reserves in the special funds should not be used in the emergency instead of calling on the Associated Boards for all the emergency funds. We wish to point out that all the special

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230 Park Avenue
New York City
January 26, 1940
Letter No. 9

My dear Dr. Wei:

I believe that Mr. Smith sent to you by the last previous clipper a preliminary draft of the minutes of the meeting of the Executive Committee on January 20, and is sending a final draft by the clipper which takes this. These minutes appear to be clear and to require no further comment.

I received a letter from Dr. Lobenstine dated December 27th Shanghai, stating that he had received copy of my letter to you dated November 27th with a copy of my report of November 18th to the Executive Committee. This was a relief to me as it assured me that my letter and report would be discussed while he was with you and he will probably be able to enlighten us fully as to any misunderstandings on our part.

(I have just noted an error in last paragraph of page 3 of my report. The figure in the first line should be N.C. $35,404, as Mr. Tan has undoubtedly discovered.)

On page 6 of my report is a budget for the New York and New Haven Offices for the year ending July 31, 1940. This will enable you to understand the operations at our end as clearly as we are endeavoring to understand yours. -- Because of our remoteness it will be necessary for you to explain your figures fully, as I attempted to do in my analysis of your reports. It was the absence of such explanation which required such a long study and extensive use of mind reading on my part in connection with your annual figures as of July 31, 1939 and the one page financial statement which accompanied your letter N. Y. 4 of December 2nd. Fortunately I had the time to make such studies, but I cannot expect to have so much time in the future and now that I have discussed the prob lems at considerable length with you I am sure this will not be necessary hereafter. -- Let me explain again that I am not attempting to dictate to you and the Executive Committee Pro-tem, but am trying to assist in producing such reports as shall prove that you all know what you are doing and have adequate reason for the decisions you make. -- My studies have given this proof, and the minutes which accompanied your letter N. Y. 5 of December 8 (received January 22) helped a lot, but without my analysis - we should have been quite unable to back you up in the right way.

I am awaiting with keen interest your answer to my letter No. 5 of November 27th- I hope you will appreciate the necessity of a balance sheet with the other papers of your next annual report. We shall need all the figures for each school and for administration, operation and maintenance such as we have always received heretofore, but with a balance sheet added, which will show the balances in the special and regular grants and the value of assets existing at the beginning and at the end of the year. This will show, for instance, what was invested in plant and equipment at the beginning and at the end of the year 1939-40 which had a continuing value to the College. I presume that all you spent at Kweilin for plant was lost to the College when you left and should therefore be written off as operating cost, but corresponding disbursements for plant at Hsichow should be treated as having continuing value, to be written off at say one third each year.

I interpreted the treatment of Item 4, Power Plant (in report which accompanied your letter N. Y. 4), as meaning a procedure such as suggested in the last sentence of the above paragraph, but I now understand from your Action 65 that two-thirds of the cost of power plant is being treated as expense of the College and of the School of Science. -- Possibly I am still wrong and you are considering that 2/3 of the cost is an asset value. If so it means to me that you must have other asset values of this kind and therefore can give me the totals of the asset values of each school. In other words this looks as though you have been accustomed to submit to the Directors a balance sheet such as I have requested.

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These continuing values and your method of treating them will be interesting information for us, but their immediate importance is not so great as the answer to another question, viz: Does your Ex. 65 mean what it says? Is two-thirds of the capital cost to be paid by the two schools? If so where is the money to come from? It does not appear in any budget unless you have divided the emergency budget between the schools. Our first concern is as to how the costs are to be paid. This is the reason for the requests on page 2 of my No. 8 of January 22nd. How you will assign any asset items after they are paid for, is of secondary importance.

Referring now to the minutes of the Executive Committee Pro-tem, we consider that the authority given to your committee in Votes 7 and 8 of the Founders Executive Committee (see revised minutes of meeting of January 20) give general approval to additions to the budget such as those covered by the following actions, provided the total cost for the year 1939-40 shall not exceed the total of the revised budget voted at that meeting. -- I refer to Ex. 38, 39, 42, 43, 49d, 52, 53, 54, 55, 57, 58, 59, 61, 62, 63. We recognize the impossibility of adhering closely to the budget items under your present trying conditions, but it will hurt our efforts in your behalf if there should be an overrun in your total operating cost or if the separate items differ very materially from the amounts agreed to by the various missions and other donors unless the differences can be explained with evidence of careful consideration of the wishes of these donors.

Referring to Ex. 20 of June 15, 1939, the subdivided budget totalling N.C.$14,000 indicates that you probably have available, or can provide from your cost sheets with comparative ease, an analysis of the total cost, amounting to N.C.$76,845 in Item 3 of the financial sheet which accompanied your letter No. 4.

Referring to Ex, 31 of August 17, there has been no such provision for the Acting Treasurer to sign checks on the National City Bank in New York and I am wondering whether he has authority to draw on the savings account in the National City Bank in Hongkong? In this connection, I assume from the fact that you have drawn only U.S.$100 on the Joint Account in New York that you have overcome the difficulty of drawing on U.S. funds in Hongkong. Is this correct?

Referring to Ex. 48, of September 23rd, what is the general policy adopted by the College regarding the use of surplus reserve funds in grants of one year to cover deficits in similar accounts in subsequent years. I see no reason why this should not be done.

Regarding Ex. 49, b and c, what is the idea of this transaction? What department sells this bus to the College and why does the College purchase the bus from the power plant only to be back-charged with one-third of the cost later?

Referring to Ex. 68, the Founders' Executive Committee is agreeable to the use by the Executive Committee Pro-tem, according to the latter's best judgment, of any funds contributed by the sustaining missions for emergency purposes.

Referring to Ex. 69, please note that Mr. Smith did not receive your letter of March 23, 1939. We have been governed only by your cablegram of March 20. Apparently you suggested in your letter some procedure which is not indicated in the cablegram.

Referring to Ex. 70 and 71, your strict regulations regarding the control of regular and special grants is in line with your care about spending any money which had not been voted by the proper authority, which care was highly commended at the last meeting of the Founders Executive Committee.

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I think I have now covered all the points in the minutes of the Executive Committee Pro-tem and all that seems to be necessary to add to my letters No.4 to 8 inclusive. By the time you have answered my questions and we have discussed the situation with Dr. Lobenstine, I feel sure that we and you will understand each other quite thoroughly and there will not be further need for many such long-winded communications. At the beginning of these new relationships, however, I think we cannot be too careful in reaching such a full understanding. The time spent now in getting started right will save a lot of time and trouble later.

This and all my other requests for action are submitted with utmost respect and good-will. I hope you will make this clear to your associates. Please give them my sincere regards.

Yours very sincerely,

O. S.Lyford

OSL-f

0957

February 16, 1940
Letter No. 10

230 Park Avenue
New York, N.Y., U.S.A.

My dear Dr. Wei:

I have deposited today in the National City Bank in New York $3,000, this being a part of the emergency fund (now being called the Sustaining Fund) furnished by the Associated Boards. I have just cabled you as follows:

"DEPOSITED THREE THOUSAND NATIONAL CITY. TOTAL BALANCE NOW NINETY THREE HUNDRED."

The $1,000 which I deposited in the National City Bank in New York on September 20, 1939 did not come from the 1939-40 drive, so that there will be in the Joint Account for emergency purposes $1,000 more than the total which may come from that drive.

The balance in the National City Bank as of today, but after the new deposit of $3,000, will be $9,300., brought about as follows:

Original deposit by me, emergency funds	$1,000
Transferred by you from Hongkong	8,000
Deposited today by me, emergency funds	3,000
	$12,000
Withdrawals by you to this date	2,700
Balance	$ 9,300

At the last meeting of the Executive Committee of the Associated Boards I reported your definite need for the full amount of $10,000 for emergency purposes and the committee voted that this shall be the quota of Hua Chung in the drive for a total of $250,000 for the year 1939-40. If the total is not secured our quota will be reduced accordingly. I think we can be fairly certain of $7,000 before June 30th but we are still quite doubtful about receiving more than 70% of the total. The Committee is working very hard on it, but there are so many calls on the American public for special contributions that the collections become more difficult each year. It will interest you to know that there are over 22 different organizations in the United States, with about 450 groups under them, trying to raise money for relief in China. Obviously this is entirely too many and tends to hurt the cause, but there is no legal way to reduce the number.

The annual meeting of the Board of Founders was held at the Church Mission House yesterday. You will receive the minutes from Mr. Smith shortly. The history of the College in recent months was reviewed with close interest and there were many expressions of joy and gratitude that the College has carried on with such loyalty and courage during the hard year of 1939.

Miss Johnston reported that there had been a misunderstanding on the part of her secretary in reporting to me that her annual contribution for operations was completed with the fourth payment of $5,000 made on February 20, 1939. She had promised to continue these payments for a second period of three years after 1938 and she proposes to carry out this promise. Therefore she has deposited with the National Council a payment of $5,000 for 1940, with the understanding that it will be held in New York, subject to my order as Treasurer of Central China College Foundation. She called attention to the condition of this grant, namely that it is to be used only to strengthen the Liberal Arts College, as an addition to the usual grants of the National Council. I shall not call upon the Treasurer of the

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National Council for this money until I receive a report from you with request for specific amounts from it. I assume that you will desire that such amounts as you need for these particular purposes shall be deposited in the National City Bank in New York, in the Joint Account.

In this connection I am waiting with much interest for your comments regarding all the special grants referred to on pages 15 to 20 in my report of November 18, 1939 which was sent to you with my letter No. 5. In fact I am keenly interested to receive your comments on that whole report and my letters which have followed it. The last letter received from you regarding financial matters was your N.Y. 5 of December 8th.

I understand that the Government of China holds the Directors of an educational institution personally responsible for unpaid accounts of the institution. It is interesting to consider what this might mean in the case of any dispute regarding accounts of Hua Chung College now that the Trustees (Founders) are actingas Directors. Obviously a claim against the College might make much trouble for the Executive Committee Pro-tem, in view of the fact that the Trustees are out of reach of the Chinese Government. The Trustees certainly will stand by the Executive Committee Pro-Tem, but this possibility of trouble is a special reason why every member of the faculty and office staff must be very cautious regarding committing the College financially.

We have notice of action taken by the British Government which may make it impossible for the missionary societies to send funds to their foreign missions. If this action is to be interpreted strictly, and the British members of your faculty become seriously involved, please let us know at once and we shall do all we can to provide funds which will enable these persons to remain with the College.

Please give my warmest regards to all my friends and be sure of my affectionate regard for yourself. I hope all goes well with the members of your family.

Yours very sincerely,

Oliver S. Lyford

Mrs Francis C. M. Wei
Hua Chung College
Hsichow, Tali
Yunnan, China

cc to Dr. Wood
cc to Yale-in-China

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February 16, 1940

ACK
5/1/40

President Francis C. M. Wei
c/o American Express Company
4 Des Voeux Road Central
Hong Kong, China

Dear Dr. Wei:

I enclose herewith the minutes of the Executive Committee of the Associated Boards dated January 29, 1940.

I wish to call particular attention to action E-1047, on page 2, which transfers the apportionment of $10,000 for Hua Chung College from a tentative assignment to a regular assignment. No doubt Mr. Lyford will be notifying you of this action.

Sincerely yours,

Secretary

JLP:VW
Enc.

Copy to Mr. John L. Coe

Via S.S. "Pres. Taft"
from San Francisco, Calif.

1699

3137

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mailed
12:30 p.m
Feb 21

412 Sycamore Street
Cincinnati, Ohio
February 21, 1940

Dr. Francis C. M. Wei
Hua Chung College
Hsichow, via Tali
Yunnan Province, China

Dear Francis:

We had the Winter meeting of the Board of Founders of Hua Chung College in New York on the 15th. In due time you will receive the minutes. We had a good attendance and a deep interest in the College and the determination to do all we can for its welfare was unabated. We had not received the answer to Mr. Lyford's letters to you regarding finances, so we were not able to go into financial details; but as far as we can see there is no immediate need for concern over financial support.

There is one particular matter about which I was asked to write you, i.e., scholarship aid for needy and worthy students. A resolution of the Executive Committee at their January meeting has been sent you, and you will probably receive word of that action before you get this letter. This resolution was to the effect that you are authorized to use any surplus due to favorable exchange to aid good students who otherwise would not be able to continue their studies in Hua Chung, and to make the Chinese members of the faculty more comfortable in the matter of living quarters, etc.

We discussed last week again the matter of student aid, and I was requested to ask you for more information about this. Do you need more money to offer scholarship aid to new students next autumn or to enable present students to return to the College next year? If so, let us know and we will see what we can do.

We have heard that some of our old students have gone to government colleges in Kunming (or elsewhere) rather than return to Hua Chung because there is no tuition for them to pay in the government institutions, and they cannot afford to come to Hua Chung. Are the graduates of the Hankow Diocesan School or the Yali Middle School failing to enroll in Hua Chung because they cannot raise the money for the fees? We realize our need for properly qualified students from such schools and want to keep up the supply of the right kind of new students. It is, of course, also essential, as you realize better than we, to have a Christian students to maintain our high standards of character, discipline and Christian influence. Some of the Johnston gift could be available for Christian and non-Christian students in all departments, if you approve.

Miss Johnston's gift for 1938 was not paid to the treasurer until this year due to an oversight on her part, or the part of her secretary, but has now been received and is being held in America until needed. If it is not needed in the School of Arts and you desire to use some of it for other purposes, it can be so used. She has announced her consent to this. The unused surplus will be kept for emergencies such as the move back to Wuhan and other possible contingencies. I have in mind the possibility that the English Methodist and London Mission representatives may have their support reduced by reason of the war, and may need help from the Trustees. A reserve fund in this country seems, therefore, a wise provision.

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I saw the Rev. Edmund Hsu recently at the Cambridge Theological Seminary and was pleased to learn there is a possibility of his going to Hua Chung. In addition to other duties, would he act as chaplain to Sheng Kung Hwei students? Had you thought of the possibility also of having some such priest as the Rev. Arthur Wu of Anking work in the College in order to maintain its religious tone? His name was suggested at our meeting as a possibility. Then, too, I have learned that the Rev. Gilbert Baker, formerly a student worker in Kunming under the English Bishop of Hongkong, will be transferred to Bishop Gilman. Is there any possibility of securing him for Hua Chung?

It was good to hear some of the items in the College Bulletins which Mr. Smith had received just before our meeting on the 15th, and which he read to us. News from the College from every source is eagerly received.

Affectionately yours,

Arthur M. Sherman

P.S. I am writing this letter in Baltimore and sending it to my office in Cincinnati to be typed and sent by Clipper, but it will have to go without my personal signature.

A.M.S.

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Air Mail to Hongkong - Clipper Mail to U.S.

REGISTERED

Hua Chung College,
Hsichow, Tali,
Yunnan, China,
March 2, 1940.

E

Mr. Oliver S. Lyford, Treasurer,
Hua Chung Board of Founders,
230 Park Avenue,
New York City, N.Y.,
U. S. A.

N.Y.7

Read Apr 1
Expense of
Second Term

Dear Mr. Lyford,

I have received your letters No.7 dated January 12, No.8 dated January 22 and No.9 dated January 26. All of them were presented to the Executive Committee Pro-tem and were heard with great interest and keen attention when the Committee met on Tuesday, February 27. Before I answer some of the questions you have raised in your three letters, I wish to report that another check, No.13, has been written for US$300.00 for exchange for cash in Chinese national currency upon our joint account in the National City Bank of New York, and £50 in sterling has been received from the United Committee on Christian Universities in Great Britain through the Methodist Mission, partial payment of £160 from the same Committee for emergency use in the College as we have already reported before. Enclosed please find a report from the Treasurer's office on receipts from August 1 to January 31. I hope it is what you need for your information concerning our financial conditions.

I have noted in your letter of January 12 that you do not quite understand why the bus is charged to the Power Plant. You will remember from actions taken by the Executive Committee Pro-tem that after our transportation from Kweilin to Hsichow had been completed, we decided to sell the bus and the estimated value of it after deterioration was $6,000.00 national currency. As the Powere Plant was to buy an engine, we thought the best thing would be for us to charge $6,000 to the Power Plant and credit our Moving Account with the same amount, the original cost of the bus having been charged to that account and included in the NC$76,845.12, as reported by the Treasurer's Office. So the debit and credit are simply bookkeeping entries as you have guessed.

Our stock of kerosene is for the purpose of lighting in case, as it often happens, the Power Plant should be out of order. As a matter of fact, the kerosene oil was bought before we set up the Power Plant and when we were still thinking of using kerosene for lighting all the time in the College buildings. But the 500 gallons of kerosene was bought with money from the Moving Account, and so we have to charge lighting NC$1,800.00 and credit the Moving Account with the same amount. We have in our budget sufficient provision to carry this item, Lighting.

For the same reason, that is because of the items in our budget for the Power Plant and for Lighting, the Executive Committee Pro-tem took action Ex.65 to charge one-third of the Power Plant cost to the College under the item of Lighting in the budget and two-thirds of it to the School of Science under the item of Power Plant, in both last year's and this year's budget. The School of Science budget has that Power Plant item for these two years because its laboratory work must have power.

We are quite aware that items 2, 3, 4, 5 and 6 in my cabled estimates of January 20, 1939 are left unprovided for by the emergency money from the Associated Boards for the year 1938-'39, because our moving expenses have exceeded so much of our original estimate of moving when we first started from Kweilin and even after we had arrived in Yunnan, the reasons having been already stated in my previous reports.

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N.Y.7 [over]

At this end we have been doing everything possible to keep within the limits of the budget for the current year as recommended by our Executive Committee Pro-tem and as approved by the Founders, assuming, however, that we shall have US$7,000.00 of emergency fund from the Associated Boards. We know perfectly well that we must not exceed our budget, because under the present circumstances we are quite unable to secure any support from Chinese sources to meet a deficit at the end of a year. We are strangers in the province of Yunnan, far away from our own base and friends. It is futile to appeal to the Yunnan Government for any help with their present attitude towards institutions moving into the Province from outside, and we are too far away from our Central Government for any additional assistance.

Enclosed I am sending you a classified statement of expenses under the item of Moving, which the Treasurer's office has prepared. I hope this will answer all your questions concerning the second move from Kweilin to Hsichow raised on pages 1 and 2 in your letter No.8, dated January 22.

You mentioned in your letter No.9, dated January 26, again the necessity of providing you a balance sheet at the end of the year. I have already reported that as soon as Mr. Coe, our Treasurer, gets here, Mr. Tan in the Treasurer's office will start to work at once with him on such a balance sheet. Only with the books in his possession and with his knowledge of the financial conditions in the College before we left Kuchang that we are able to do this at all. I have already answered your question concerning the Power Plant raised at the bottom of page 1 in your letter No.9.

I can assure you that we shall exert ourselves to the utmost to keep our expenditure this year, now that we are settled down, within the budget limits. This is the reason why I have been insisting on that no expenditure should be incurred outside of the budget provisions without the specific authorization of the Executive Committee Pro-tem, which has been watching our financial operation very closely. In times like these, however, we have to expect emergency expenditures which are sometimes absolutely beyond our control. We are counting a good margin in our exchange rate as our budget is based on 6.3 to 1, and the exchange of the American dollar so far has been around 15, but it has been our policy always to have a safe budget so as to avoid getting into the red.

I am very happy to report in reply to the question raised in fourth paragraph on page two in your letter No.9, that so far we have been able to draw money on our savings account in the National City Bank of New York in Hongkong. Early in the fall we were nervous about this at the outbreak of the war in Europe, but in my two trips to Hongkong I managed to arrange with the Bank in such a way that we could always transfer our money in our savings account in American currency to our checking account in Hongkong currency in the National City Bank of New York in Hongkong and to sell our Hongkong checks in Kunming. We have practically got all our money out from Hongkong and deposited in banks in Yunnan with enough in our checking account in the Chinese National currency to meet all our budgeted needs until the end of the present fiscal year. - July 31. 40

With regard to the use of surpluses reserve funds in grants of one year to cover deficits in similar accounts in subsequent years, the practice has been that we can draw upon the surpluses reserve funds in grants of one year to meet deficits in similar accounts in the subsequent years only upon a recommendation of the Board of Directors and upon the approval of the Board of Founders and of the donors concerned, and we propose to continue this practice.

We are very happy to know that the Founders' Executive Committee is agreeable to the use by the Executive Committee Pro-tem of funds contributed by

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the sustaining Missions of other donors for emergency purposes.

I am very sorry to hear that Mr. Smith did not receive my letter of March 28, 1939 which followed my ~~cablegram~~ telegram of March 20. I am enclosing a copy of that letter ~~to keep~~ for Mr. Smith's files.

We received two weeks ago a cablegram from New York unsigned as follows:

DEPOSITED THREE THOUSAND NATIONAL CITY BALANCE NOW NINETY-THREE HUNDRED.

The Treasurer's office cannot quite interpret this cablegram. We are hoping that a letter from you will explain it, assuming that it has come from your office.

I am deeply touched by your personal letter of January 22. It is a privilege to work with a man with such a consecrated spirit and it hurts me to have even the hint from you that probably your work for Hua Chung and for the general ~~cause~~ of Christian Higher Education in China should necessitate the giving up of your beautiful home, under the roof of which I enjoyed so much hospitality in my last two visits in the States.

With kind regards to Mrs. Lyford as well as yourself,

I remain,

Yours sincerely,

Frances C. McTyeire

President.

(over)

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Mai 516

私立華中大學

HUA CHUNG (CENTRAL CHINA) COLLEGE

WUCHANG, CHINA

Temporarily in Hsichow

Via Tali, Yunnan, China

校長室

OFFICE OF THE PRESIDENT

CO-OPERATING UNITS

BOONE COLLEGE

GRIFFITH JOHN COLLEGE

HUPING COLLEGE

WESLEY COLLEGE

YALE-IN-CHINA COLLEGE

March 18, 1940.

Rev. A. M. Sherman, S.T.D.,
412 Sycamore Street,
Cinncinati, Ohio,
U. S. A.

Dear Dr. Sherman,

I received your letter of February 21 on March 14 by air mail, and I was very glad to hear about the winter meeting of the Board of Founders in New York on February 15 and we are looking forward eagerly to see the minutes.

Following the instruction of your Board, I have been writing regularly about once every fortnightly either to Mr. Lyford or to Mr. Smith, reporting on conditions in the College. I am very glad that the Board is taking such a keen interest in scholarship aids for needy and worthy students. We have been bearing in mind the importance of this problem and it is for this reason that we have on our budget for the current year a total of $8,000.00 for this purpose, aside from the scholarships from the Missions and some special donors. I have been turning in quite a considerable amount of gifts from my friends for my discretional use to the help of students whose conditions have been affected by the war. At the last College Senate meeting a recommendations was made that twenty scholarships be offered to Freshman students next year coming from Christian affiliated middle schools, ten of $200.00 each and ten of $150.00 each, all in national currency, to be won by competitive examinations and on the recommendation of the principals concerned. We are aware that for the welfare of the College, it is very essential to help the Christian students and to have a high percentage of Christian students all the time. The war of course has made it more and more difficult for the Christian families to pay the expenses of the College education for their children which are becoming higher every month. While in Wuchang we estimated that it would cost a student in Arts and Education in our College only about $280.00 a year and $40.00 more for a science student. But here in Hsichow after we have been here for a year, the prices have gone up so much that our recent investigation shows that the minimum yearly budget for a student is at least $450.00 national currency, aside from travel and books. Books of course are difficult to get and are quite beyond the reach of the average student. Our students have to depend on whatever books there may be in the Library or in the Department, and our small enrolment reduces the hardships as far as this goes.

The budget for the next year has not been prepared, but it looks as if we have to have an item for scholarships for student aids as much as $12,000.00 national currency at the minimum. This will not be more than that for the current year and it will be over and above scholarships from the Cooperating Missions, loans from the Central

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Government and aids from the National Christian Council. I am giving five scholarships of $200.00 each for the next year to Bishop Hall for students from his Diocese and I am offering also five to the Hankow Diocesan Union Middle School in Chennan, all from money that has come to me for my discretional use, and they are over and above the scholarships which students may be able to win at their competitive examination to be held specially for the graduating classes of the affiliated Christian middle schools.

Some of our old students went to Government colleges in Kunming this last summer not for financial reasons alone. There is the notion prevalent though erraneous that graduates from Government colleges would have better opportunities to find jobs. The fact is that Hua Chung, owing to our small number of graduates, has the smallest percentage of unemployed graduates. All of our last year's graduates have found jobs. We lost some of our students because they were not entirely satisfied with our Department of Economics-Commerce. We are trying our best to strengthen this Department. A man with two years' postgraduate work in the London School of Economics has come to join our Staff in this Department since last August. He is a Chinese but a member of the London Missionary Society and has proved to be a satisfactory teacher. I have written to Bishop Gilman asking him to cable to Mr. Viguers and to ask him to return to the College with his wife who was formerly a teacher in the Boone Library School. Mr. Viguers came to the College to teach in 1934 and stayed for two years with his salary paid from College funds. He graduated from Pennsylvania and went back in 1936 to complete his work for the law degree. He is a member of our Church and Bishop Gilman understands ~~from Mr. Dexter~~ that he is willing to come back. I hope you will help to expedite his return. If he comes back, he will come back on the A.C.M. support as a missionary with his wife. Then I have also written to Alfred Chiu in Harvard to inquire about a Mr. Hsieh Chiang, a Christian and a graduate from Yenching, who has been studying economics in Harvard Graduate School on a Tsinghwa fellowship for the last three years. I feel it is very important to strengthen this Department of Economics-Commerce for reasons which I have already written about in my previous communication to the Board of Founders and with the Johnston Fund we ought to be able to do it. The difficulty is to get the right kind of man.

It is very encouraging to know that Miss Johnston is generous enough to continue her gift, and I hope she will be willing to renew the promise for another period of three years when the present period expires. I have been depending upon it to build up the Faculty of Arts, which is the main responsibility of Boone with the support of our own Mission, but our Mission has not been very active in sending missionaries with proper qualifications to fill the vacancies in our Faculty of Arts.

Carl Liu who took the Boone degree of B.A. as a Hua Chung student in 1936 and completed our St. Paul's Divinity School course in 1938, has been sent by Bishop Gilman as chaplain of the Episcopal students in our College and as warden of one of the men's hostels.

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Bishop Huntington has appointed Edmund Hsu, also one of our own graduates, doing postgraduate work at Harvard and the Cambridge Theological School for the last three years, to our Faculty to teach theology and philosophy. I have just written him a letter for the second time telling him what courses we shall expect him to teach when he returns after the summer. He is one of our best men and I hope he will be able to stay with us permanently in order to expand our Department of Philosophy and Religion into a major department with professors to train men for the ministry as well as lay-people for religious work. With Carl Liu and Edmund Hsu it is not necessary to get Arthur Wu of Anking.

It is the first time that I have ever heard that the Rev. Gilbert Baker would be transferred to Bishop Gilman. His line is Church history and if he is qualified to teach, he will be meeting a need if we should want to develop our theological courses.

We are looking forward to the return of Mr. and Mrs. Miller from furlough. They ought to be here towards the end of this month. John Coe and his wife may be here any time on their way to America on furlough, going by way of Rangoon. Mr. Coe will help us to straighten some of our financial questions for report to the Board of Founders. I hope he has brought all the necessary books from his office in Wuchang for this purpose. Bishop Hall of Hongkong promises to visit us here early next month. The Regional Conference of the National Christian Council was held in Kunming last week, and Carl Liu represented the College while the Rev. G. F. Allen of the C.M.S. represented the Canton Union Theological College. You will find a short report on this conference in our Bulletin for this week. For your information I am enclosing a copy of that brief report in this letter.

We have in our midst now three Anglican clergymen, the Rev. G. F. Allen of the C.U.T.C., the Rev. Carl Liu in the College and the Rev. Paul Tso who is here only for one term from Hongkong to teach homiletics and pastoral care in the C.U.T.C. They take turns to celebrate the Holy Communion on Sunday mornings.

With the kindest regards,

Yours affectionately,

Frances C. Wei

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REGIONAL CONFERENCE

The National Christian Council held its first regional conference for Yunnan in Kunming from March 7 to 9. The Rev. Carl Liu went to represent the College and the Rev. G. F. Allen went to represent the U.T.C., and they arrived back on Thursday. Comprehensive proposals were made for more intensive evangelistic, educational and medical work for the province on a cooperative basis. Hua Chung was requested to render her service in this joint work in the following ways. The College was asked, (1) to train and supply the Church Schools in Yunnan with a Christian staff, (2) to grant special scholarships for the training of local Church leaders, and (3) to give short term refresher courses to the present Church workers. The U.T.C. was similarly asked to cooperate in training and supplying workers for the Church, and in arranging refresher courses for those already at work. Proposals were made for assigning various districts in the Province to the different Churches for the development of Christian work; and the first steps were taken in establishing in Kunming a Committee of the Churches at work in the Province to plan and coordinate their work.

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Via CHINA CLIPPER

Letter No. 11
230 Park Avenue
New York, N.Y.
April 5, 1940

Dear Dr. Wei:

There will be a meeting of our Executive Committee this afternoon to hear a report by Dr. Lobenstine. After that meeting I, undoubtedly, will have new matters to discuss with you. However, as this letter should leave New York on Monday, April 8th, by clipper mail, I will start it today.

Letters Received and Sent -- Your letter No. 6 of January 26 was received by me at Daytona Beach, Florida on February 28. I had been getting pretty tired and my wife and daughter also needed rest. So we spent three weeks with my wife's brother- in Florida.

Your letter No. 7 of March 7 was received in New York on April 1. Therefore, all of your letters numbered 1 to 7 have now been received.

The minutes of meetings of the Executive Committee Pro Tem Nos. 1 to 11 have also been received.

My last letter to you was No. 10 dated February 16.

Referring now to your letter No. 6:

Deposits and Withdrawals -- National City Bank:

Deposits:	
Central China College Foundation:	
Sept. 21, 1939 - Emergency Funds	U.S. $ 1,000.00
Feb. 17, 1940 " "	3,000.00
Central China College - Dr. Wei:	
Oct. 26, 1939 - Transferred from Hongkong Acct.	8,000.00
Feb. 19, 1940 - Crossed Checks	5,000.00
	$17,000.00
Withdrawals:	
Central China College -- Dr. Wei:	
Drafts 1 to 11 inclusive	3,409.75
Balance in Bank:	
March 22, 1940	$13,590.25

Draft #12 for $150. and #13 for $300 have not been presented to the bank for payment.

Dr. Lobenstine has told me of meeting Mr. Coe in Shanghai on March 7 when Mr. Coe was on the way to Hua Chung. His visit with you must have been very helpful and I am awaiting the report which, undoubtedly will answer most of our questions.

Special Grants -- I have cleared up, partially, one account, viz.: the grant of Miss Johnston for strengthening of the Arts College. Since my report of November 18, 1939 I have learned that Miss Johnston's grant was for six payments of $5,000 each. In that report I listed on page 15 payments by Miss Johnston aggregating $20,000. I find that these payments were all made to the Treasurer of the Dom. & For. Miss. Soc.

(Over)

and he forwarded only two payments to the Treasurer of the American Church Mission at Shanghai, viz.: on Sept. 22, 1936, $5,000 and on Feb. 16, 1937, $5,000; the other two payments are being held in New York.

Additional payments by Miss Johnston -- On February 14, 1940 a fifth payment of $5,000 was received from Miss Johnston so that there is now held in New York a total of $15,000 on her pledge of $30,000, leaving $5,000 to be paid next year. These funds are held subject to our order and bear interest at 2% per annum. The funds may be used only for purposes designated in the grant.

Use of Reserves in special grants -- I note your answer to our inquiry and I fully agree with your policy. The thought which led to my question is illustrated in my suggestion on page 3 of my report of November 18, 1939 that N. C. $7,790 be taken ffom the reserves in the China Foundation Fund. Your previous reports have not stated the specific conditions of this fund but I judged from the expense charged to this fund in the year 1938-39 that the fund was for use in the School of Science and, therefore, that any balances in this fund, carried forward from previous years, could be used in this school.

Increased Cost of Living -- Your plan for handling relief funds to meet this increased cost was not received with your report. However, we are disposed to leave this matter to the Executive Committee Pro-Tem. You are right, of course, in notifying the recipients of relief that such payments cannot be guaranteed for the future. However, we shall do all we can to provide sufficient funds to prevent hardships to any of the staff.

Weekly Bulletins -- The receipt of these bulletins is irregular but I find them very helpful.

Your letter No. 6, bottom of page 2 -- In a previous letter from you you had asked whether special grants of U.S. $3,000 and $4,000 by the Rockefeller Foundation were included in the funds which we had transmitted to you; our answer was in the affirmative.

Salaries of Western Personnel -- Your suggestion of a way to handle these salaries in yourreport is very interesting. However, certain objections occur to me which I shall have to discuss with other members of the Executive Committee and with Messrs. Garside and Evans before I could express an opinion. Any question of this character should not delay the preparation of your annual report.

Acting Treasurer's Monthly Report of Receipts -- We received with your letter No. 7 the statement of receipts from Supporting Missions and Special Grants from August 1, 1939 to Feb. 29, 1940. Additional monthly reports will be very helpful, especially after receiving your comments on the revised budget for 1939-40 which I worked out. I am glad to note that you have received emergency funds of £250 from the London Mission and £50 from the English United Committee.

OTHER MATTERS IN YOUR LETTER #7

Analysis of Moving Account -- The analysis which accompanied your letter and the statements in your letter answer our questions sufficiently.

Funds in National City Bank in Hongkong -- I note that on March 2 you had got practically all your money out of Hongkong and into banks in Yunnan. I hope you will find this a safe procedure. I have some misgivings about it.

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My Cable of February 16 -- Sorry you did not understand my cable. I thought you could tell from it what drafts had been received. The National City Bank in New York is sending me monthly statements but is not sending any to you as they will be two months old when you receive them unless sent by clipper. I will report in each of my clipper letters the condition of the account on the date of mailing. If this is not sufficient for your purposes I shall be glad to have your suggestion of a better method.

APRIL 8TH

Meeting of April 5th -- This was a meeting of the Board and not limited to the Executive Comm. as I had supposed. We were intensely interested in Dr. Lobenstine's report and only sorry that he had so few days with you. I learned for the first time that Mr. Coe was to come from Hsichow to the U. S. and I hope he remained long enough in Hsichow so that he can enlighten us fully regarding your finances and other problems.

Your Letter - Jan. 22 to Dr. Lobenstine -- Each Member of the Board had previously received a copy of the report. It impressed us all as a statement of strong Christian statesmanship, andit was discussed at some length in the meeting. The suggestion that one-third of your staff should be competebt missionary educators is a challenge which will be hard to meet but we shall do what we can with it. I will not attempt to discuss it further now.

Inadequate Living Conditions -- It is not surprising that life in your present circumstances gets on the nerves of your faculty and students. We shall be interested in any plans which you may propose for relieving these conditions. Apparently they are no worse than in a number of other schools and colleges in China. I hope your people realize this. The way the whole of unoccupied China is standing up under this war is certainly a grand demonstration of courage and character.

Emergency Funds -- I was able to report to the Board a certainty that the minimum amount from the Associated Boards for 1939-40 will be not less than U.S. $7,000. I now believe that the total will be considerably more than this.

Statement from National City Bank -- Supplementing the statement on page 1 of this letter Ifind there has been no change in the account since March 22.

I appreciated deeply the comprehending and sympathetic personal paragraphs in your letters No. 6 and 7. I fear you misinterpreted a part of my personal letter of January 22. I simply wanted to show how the world-wide upheavals are affecting us even in this comparatively peaceful and supposedly prosperous country. The work for the Christian Colleges and particularly for Hua Chung is not responsible for our home problems but really has been a blessing and a joy. Dr. Lobenstine's report of your tribulations and the non-Christian activities around you has made our troubles seem very light indeed but the fact that the College has survived is evidence of a strength and vitality which justifies the faith of which I wrote to you. It is fun to discuss with Mr. Bergamini the plans for the new building which will certainly be started some day.

Please give my best regards to all our friends and tell them for me that the best chance for support from America during the remainder of the Japanese invasion and for money to complete the new campus lies in the development of a closely knit and harmonious organization in the College, which I hope will be possible even in these very hard times.

Yours very sincerely,

cc to Robert A. Smith

Oliver S. Lyford

OSL-f

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私立華中大學
HUA CHUNG (CENTRAL CHINA) COLLEGE
WUCHANG, CHINA
TEMPORARILY IN HSICHOW
VIA TALI, YUNNAN, CHINA

CO-OPERATING UNITS
BOONE COLLEGE
GRIFFITH JOHN COLLEGE
HUPING COLLEGE
WESLEY COLLEGE
YALE-IN-CHINA COLLEGE

校長室
OFFICE OF THE PRESIDENT

Air Mail to Hongkong
Clipper Mail to U.S.
Registered

April 19, 1940.

120 students

Mr. Oliver S. Lyford, Treasurer,
Hua Chung Board of Founders,
230 Park Avenue,
New York City, N.Y.,
U. S. A.

N.Y.8

Dear Mr. Lyford,

I wish to report that Mr. Coe spent three weeks and a half in the College, reported conditions of the College property in Wuchang and helped to clear up all the accounts of the College since we left Wuchang in July 1938, as well as to prepare the budget of the College for the year 1940-'41, which has gone through the regular procedure of being first examined by the respective finance committees or the Senate according to our usual practice and thenfinally being approved by the Executive Committee Pro-tem of the Board of Directors for recommendation to the Board of Founders. I am sending you a copy of the budget by registered air mail **under** separate cover. Mr. Coe left here day before yesterday, April 17, and he expects to go to Kunming after spending ten days at Chennan, where the Hankow Diocesan Union Middle School is, before proceeding to Kunming and then to Shanghai, whence he will sail to America on furlough. It is our earnest hope that he and his wife will return to the College in Hsichow after their furlough, and we are writing to Bishop Gilman urging him to send the Coes back to the College instead of asking them to go back to Hankow where their services may be needed but not as urgently as in the College.

After consultation with me, Mr. Coe has sent you a letter under the date of April 7, making the necessary comments on the various funds. He has also sent to you a revised financial report for the year 1938-'39. I hope you will receive both of those documents in due time and report them to the Board of Founders.

Enclosed I am sending you a copy of the estimates of our financial conditions for the current year 1939-'40, as prepared by Mr. Coe together with his notes. I am enclosing a copy also of the minutes of the 14th meeting of the Executive Committee Pro-tem, held on April 12, 13 and 16. Minutes of the previous meetings have already been sent to you.

Actions Ex.94 to 97 have to do with the proposed budget for the next year. Actions Ex.94 and 95 are called for by the continuously rising prices. The last report of our Department of Economics-Commerce is that the index number has gone up to 360, using the prices in April a year ago as 100. Action Ex.102 has reference to my letter to Mr. Smith, dated March 23, 1939, following my radiogram of March 15, 1939. Subsequent correspondence with you and with Mr. Smith has recently revealed that

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April 19, 1940

this letter was lost in the mail and I have sent to you a copy of it for Mr. Smith's file. Since the matter is so complicated, the Executive Committee takes this action to ask Mr. Coe to present it in person to you and to the Board of Founders in New York for final decision. Fortunately there is no urgent need of immediate action by the Board of Founders on this matter. It is Mr. Coe's estimate that, owing to favourable exchange during the last eight months, quite unexpected at the time when I sent to Mr. Smith the radiogram and the letter following more than a year ago. As a matter of fact, the balance from the emergency funds for the last two years from the Associated Boards will probably be sufficient at the end of July of this year to cover all the items listed in my letter of March 23, 1939, if that should be the decision of the Founders, although, as Mr. Coe will report to you, ~~that~~ it is not necessary, and the balance will be also large enough to cover the deficit as appears in our proposed budget for the next academic year 1940-'41. This would mean that the College would not need any new emergency fund or sustaining fund for the next year, unless there should be any new emergency unanticipated at the present time, or unless the Board of Founders should consider it advisable to begin accumulating funds for the College to move back to Wuchang.

Mr. Coe will report to the Founders not only as Treasurer of the College and as Secretary of the Board of Directors in Hankow, but also as my personal representative. After having served as Treasurer in the College for over ten years and particularly after a stay of three weeks here and a half with the College, he would be able to make a comprehensive report to you better than anybody else, and I hope that the Founders will give him a chance to make his presentation.

The intention of action Ex.106 of the Executive Committee Protem is that the Board of Founders may see fit to accept Mr. Coe's report on the accounts for 1938-'39 in lieu of an authorized auditor's report as we have tried and failed to secure the services of such an auditor. To legalise this, you may want to take action to that effect.

I am sending a copy of this letter and the enclosures to Mr. Smith by ordinary registered mail in case this letter by air mail to you should fail to reach you.

We are having our spring vacation for one week beginning with next Sunday, April 21. The annual fair in Tali will be held during the next week and many of the Faculty members and students will go to visit that fair for recreation and for experience. The Students Christian Fellowship is also holding a Spring Conference in Tali and many of our students and those of the Canton Union Theological College will attend. In other respects, the College is going on as usual and our weekly bulletin will give you the information of happenings from week to week.

Owing to Mr. Coe's visit and the necessity of my presence in the College for preparing the budget for the next year, I did not go to Chungking for the meeting of the People's Political Council, held during the first ten days of April. I am sorry I had to miss that meeting at this particular juncture when developments in the country are so very serious and when I knew that very likely this meeting might be the last of the Council. With kind regards to you and the members of the Board of Founders, I remain,

Yours sincerely,

Francis C. Wilkie

President.

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EXTRACTS FROM LETTER NO. NY 8 of April 19, 1940 FROM FRANCIS WEI TO MR. LYFORD.

This letter was sent by airmail to Hong Kong and Clipper mail to the United States. It was received on May 20th. The paragraphs in the letter which are not included relate only to financial matters and are sent in advance for use when Mr. Coe arrives, which I anticipate will be between June 1 and June 15. I have asked Mr. Coe's mother to request him to come to New York for a conference with us as soon as possible after his arrival.

There was included with this letter the figures for the estimated income and expenses for 1939-40 and the budget for 1940-41. These figures differ from those which we have had before to such an extent that it is hardly worthwhile to attempt to reconcile them before Mr. Coe's arrival. It is evident that his time spent at Hsichow was highly beneficial.

. . . . . .

Mr. Coe left here day before yesterday, April 17, and he expects to go to Kunming after spending ten days at Chennan, where the Hankow Diocesan Union Middle School is, before proceeding to Kunming and then to Shanghai, whence he will sail to America on furlough. It is our earnest hope that he and his wife will return to the College in Hsichow after their furlough, and we are writing to Bishop Gilman urging him to send the Coes back to the College instead of asking them to go back to Hankow where their services may be needed but not as urgently as in the College.

After consulting with me, Mr. Coe has sent you a letter under the date of April 7, making the necessary comments on the various funds. He has also sent to you a revised financial report for the year 1938-'39. I hope you will receive both of those documents in due time and report them to the Board of Founders.

. . . . . .

As a matter of fact, the balance from the emergency funds for the last two years from the Associated Boards will probably be sufficientat the end of July of this year to cover all the items listed in my letter of March 23, 1939, if that should be the decision of the Founders, although, as Mr. Coe will report to you, it is not necessary, and the balance will be also large enough to cover the deficit as appears in our proposed budget for the next academic year 1940-'41. This would mean that the College would not need

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any new emergency fund or sustaining fund for the next year, unless there should be any new emergency unanticipated at the present time, or unless the Board of Founders should consider it advisable to begin accumulating funds for the College to move back to Wuchang.

Mr. Coe will report to the Founders not only as Treasurer of the College and as Secretary of the Board of Directors in Hankow, but also as my personal representative. After having served as Treasurer in the College for over ten years and particularly after a stay of three weeks and a half with the College here, he will be able to make a comprehensive report to you better than anybody else, and I hope that the Founders will give him a chance to make his presentation....

I am sending a copy of this letter and the enclosures to Mr. Smith by ordinary registered mail in case this letter by air mail to you should fail to reach you.

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Owing to Mr. Coe's visit and the necessity of my presence in the College for preparing the budget for the next year, I did not go to Chungking for the meeting of the People's Political Council, held during the first ten days of April. I am sorry I had to miss that meeting at this particular juncture when developments in the country are so very serious and when I knew that very likely this meeting might be the last of the Council. With kind regards to you and the members of the Board of Founders, I remain

Yours sincerely,

FRANCIS C. M. WEI, President

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私立中華大學
HUA CHUNG (CENTRAL CHINA) COLLEGE
WUCHANG, CHINA
Temporarily in Hsichow
Via Tali, Yunnan, China

校長室
OFFICE OF THE PRESIDENT

CO-OPERATING UNITS
BOONE COLLEGE
GRIFFITH JOHN COLLEGE
HUPING COLLEGE
WESLEY COLLEGE
YALE-IN-CHINA COLLEGE

fhc

May 1, 1940.

Mr. Joseph I. Parker,
Associated Boards for Christian Colleges in China,
150 Fifth Avenue,
New York City, N.Y.,
U. S. A.

Dear Mr. Parker,

I received yesterday your letter of February 16, and I am very much interested in reading the minutes of the Executive Committee of the Associated Boards dated January 29, 1940. It gives me great pleasure to know that by Action E-1047 the appropriation of $10,000.00 for Hua Chung College has been transferred from a tentative assignment to a regular assignment, pending the raising of $250,000.00.

I have been reporting our conditions and developments from time to time to Mr. Robert A. Smith, Associate Secretary of our Board of Founders in New Haven, and Mr. Oliver S. Lyford, Treasurer of our Board in New York, and I trust that all the necessary information concerning our College is being furnished to you by either or both of these gentlemen.

Yours sincerely,

Francis C. H. Wei

President.

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UNIVERSITIES
JUL 1 1940
PRESIDENT OFFICE

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Mr. Wei mails a man Bleach Eng. Litt. from A.C.M

Copy of letter to Mr. Oliver S. Lyford from President Francis C. M. Wei

~~Hua Chung College~~,
Hsichow, Via Tali,
Yunnan, China,
May 3, 1940

Mr. Oliver S. Lyford, Treasurer,
Hua Chung Board of Founders,
230 Park Avenue
New York City, U.S.A. N.Y.9

Dear Mr. Lyford:

Your letter No. 11, dated April 5, was received on April 29. Somehow your letter No. 10, dated February 16, has not been received.

So far I have sent eleven letters to Mr. Smith in New Haven. My last two letters to him, N. H. 10 and N. H. 11, were dated April 1 and 2, and my last two letters to you, N. Y. 7 and N. Y. 8, were dated March 2 and April 19. I feel that I am carrying out the instructions of the Board of Founders by sending approximately every fortnight a letter to you or to Mr. Smith, since Mr. Smith will always duplicate my letters to him and send them to the members of the Board.

BANK BALANCE IN NEW YORK: I have noted that we have up to the time you were writing on April 5, US$13,590.25 in the National City Bank of New York, but the check No. 12 and check No. 13 have not yet been presented for payment.

Before Mr. Coe left here, he sent you a letter under date of April 7, making the necessary comments on the various funds, which ought to serve as a balance sheet, and he also sent you a revised financial report for the year 1938-39. Enclosed in my letter N. Y. 8, dated April 19, I sent you a copy of the estimates of our financial conditions for the current year 1939-40 as prepared by Mr. Coe together with his notes. In the same letter was enclosed a copy also of the minutes of the 14th meeting of the Executive Committee Pro-tem held on April 12, 13 and 16. The proposed budget for the next academic year 1940-41 mentioned in my letter N. Y. 8 was mailed to you by registered air mail on April 22. A copy of my letter N. Y. 8 to you together with copies of the enclosures was sent to Mr. Smith in New Haven on April 19 and then a copy of the proposed budget was also mailed to him on April 22. As it is less expensive for Mr. Smith to duplicate the proposed budget in New Haven than for us to send copies for the Board of Founders, I would ask you or Mr. Smith to have duplicate copies of the proposed budget made in America to save postage at our end.

PROPOSED BUDGET FOR 1940-41: You will notice that in our budget all the foreign salaries are included but not in figures, because as I said in my letter N. Y. 7, it is very misleading to put down for every married missionary's salary the figure of US$3,000.00 and every single missionary's US$1,500.00 according to an old standing instruction of the Board of Founders. When I suggested that in our budget we should put in the replacement salary rather than the actual salary as paid for each missionary member on our staff by the Mission concerned, I had no idea of making any suggestion as to the way of handling the missionary salaries, which has not concerned us so far. My suggestion had to do only with the making of our budget and the appearance of it to people who may not know how our missionaries' salaries are handled. Owing to the abnormal exchange, US$3,000.00 turned into Chinese currency would seem a tremendous sum. A replacement salary is the salary that the College would have to pay approximately in order to replace a

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missionary by a Chinese worker with approximately the same academic qualifications.

Under the Expense items of the Administrative Budget, figures remain about the same as last year, except that Offices, Postage and Telegrams, Publications and Travel have to be considerably increased owing to the increased costs. We charge only one-third of the Medical item to the Administrative Budget and two-thirds to the "Extras" because our medical care is costing us three times at least as much as it would under ordinary conditions. Scholarships and Student Aid has been considerably increased according to the desires of the Founders, and Hostel Subsidies has to be put in because the hostel fees paid by the students are not sufficient to meet the higher cost and it is difficult to increase the fees under the circumstances.

Under the Extras, an item of Chinese $3,000.00 has to be put in for the Kunming Office, because from our experience for a year it is necessary to keep a good man there in Kunming in order to handle our banking, which is a great responsibility, and to make the necessary purchases.

We put in the item "Transportation and Truck Upkeep" because when one of the trucks is returned to Mr. Shipman and the bus is turned into the Power Plant, we still have one truck which we are keeping for emergency purposes. If we should drive the truck to Kunming and return, one trip would cost about Chinese $1,500.00.

Our proposed item for subsidy for low-salaried workers on account of high cost of living is Chinese $3,000.00. Even since the time we prepared this budget, cost of living has gone up very much again. A month ago rice was only Chinese $5.00 a 'shen', it is today $7.00. If prices should continue to jump like this, we may have to revise our plan for high cost of living subsidy. But one gets a sense of futility when one has to budget with a currency which may be inflated any day, therefore I would ask the Board of Founders to consider our proposed budget as a relative thing and as a point of reference.

Both in the School of Arts and the Yale-in-China School of Science we have put in an item of Sabbatical Reserve, although our policy is not to grant any sabbatical leave until after the war. As soon as the war comes to a close and conditions become somewhat normal again, we have to consider granting sabbatical leaves to some of our senior members of the Faculty, and because we suspend the sabbatical leave during the war, there will certainly be more applications for it at the end of the war. The other items of the budget are self-explanatory.

JOHNSTON GRANT: I am very happy to note in your letter of April 5 that Miss Mary Johnston has already made the fifth payment of her gift for the strengthening of the Faculty of Arts. Mr. Coe's report will show that there is a considerable balance from the Johnston Funds and I have noted that these funds can only be used for the purposes designated in the grant.

All our special grants were ear-marked. We have never used the Johnston money except for Arts salaries. Sometimes a man paid an Arts salary may, however, be assigned to teach in the School of Education on account of Government regulations, although it is an Arts subject. The Yale-in-China Association grants are used only for the Yale-in-China School of Science and never outside. The Harvard-Yenching Board grant is specifically for the strengthening of our Department of Chinese Literature and History and for research in Chinese Literature. The British Boxer Indemnity grants and the China Foundation grants are always made on

application based on research projects in science submitted with the application. The Government grants have so far been towards three salaries, namely, Chinese Literature, Psychology and Chemistry, and equipment for Chemistry and books for Chinese Literature. So it is quite impossible for us to appropriate money from any of those grants for move of the College or for general purposes.

DR. LOBENSTINE'S REPORT: I am very much interested to hear that Dr. Lobenstine has had a chance to meet with the Board of Founders and report on conditions in the College. Although his stay in Hsichow was very brief, he had plenty of opportunities to look things over and to interview members of our Faculty as well as to have a chance of interviewing with Mr. Coe in Shanghai.

MY LETTER OF JANUARY 22 TO DR. LOBENSTINE: I am glad that members of the Board are favourably impressed with my letter to Dr. Lobenstine. I know it is difficult for the Missions to send to the College competent missionary teachers, but it is a problem which the Missions must face if the work is to be done. I shall be interested to know in detail what plans the Founders are making to increase the number of competent missionary educators on our Faculty. I have just had another disappointment from Bishop Gilman in one of his letters that Mr. Viguers and his wife have declined to return to the College. We must have a well-qualified man from either America or England to teach economics in such a way as not to make economics seem contrary to Christian teachings. Since England is not able to send any man out at present, we have to look to America for such a man. All the well-trained men in economics in China are snatched up by the Government at the present time, leaving very few for the colleges. Our Department of English Literature has been staffed practically by women alone and it has had too many temporary teachers. So we asked the American Church Mission or the Methodist Mission to send us a man who is qualified to teach English Literature and composition. The Methodist Missionary Society may not be able to send us a man on account of the war, and so we have to look to the American Church Mission for the filling of the vacancy, but as I have stated in my letter to Dr. Lobenstine under date of January 22, we need missionaries not only as teachers but as teachers with a missionary spirit.

The concluding paragraph in your letter of April 5 is very inspiring. I agree that unless we have a closely knit and harmonious organization in the College, it is of no use to think abou the new campus.

With kind regards to all members of the Board of Founders and particularly to your good self.

I am,

Yours sincerely,

(signed) Francis C. M. Wei

President.

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Oliver S. Lyford
230 Park Avenue
New York, N. Y., U.S.A.

Letter No. 12
May 10, 1940

Dr. Francis C. M. Wei
President, Hua Chung College
Hsichow, Yunnan, China.

Dear Dr. Wei:

My last letter to you was my No. 11 of April 5th. I failed to write to you after the last meeting of our Executive Committee. I do not know why I failed except that I have been very busy. No doubt, however, you have received the report of that meeting, held on April 5th. I have received from Mr. Smith, summaries of your letters to him N. H. 9, 10 and 11.

The National City Bank in New York reported to me this morning that the balance in the Joint Account today is $13,440.25 which is the same as on March 22, except that your draft No. 12 for $150.00 was presented on April 19th. Your draft No. 13 has not been presented at the Bank.

I can deposit additional amounts when you so request.

None of the money in our New York accounts is drawing interest except Miss Johnston's last payment which is on deposit with the Domestic & Foreign Missionary Society subject to my order and which draws all the interest which they can afford to pay. As soon as Mr. Coe arrives I shall discuss with him the advisability of transferring some of the remaining funds to a special interest-bearing account. I shall be glad to have you advise by return mail as to how much you think you should have available for immediate draft in the Joint Account.

I noted with interest that Mr. and Mrs. Coe arrived at Hsichow on March 23rd for a stay of about 3-1/2 weeks, and that he went to work immediately on the accounts. It certainly will be a great relief to me when he arrives in New York with these records. I judge that this will be about June 1st.

In the absence of your budget for 1940-41 I have had to make a guess as to the probable deficit for which we shall need assistance from the Associated Boards. My figure was equivalent to a total deficit of about U. S. $11,000, but the amount which they expect to be able to provide is much less than this. The whole program for the 1940-41 sustainance campaign will be held in abeyance until after the Annual meeting of the Associated Boards which will be held on May 13 and 14.

One of our principal uncertainties relates to the probable amounts which you will receive for regular operations from the two British missions. I have assumed that they will furnish at least half of their usual amounts, but shall not be surprised if they can send nothing. The general war which the Germans started yesterday will, of course, have serious consequences in every way. Our willingness to make up for shortages in the payments from Great Britain is obviously limited by our ability to secure the funds, but we shall do all we can to meet the urgency.

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The information in your letter of April 1, N. H. 10, regarding the various grants and payments thereon is very gratifying to us all.

We are deeply conscious of your difficulties because of the excessive fluctuation in rates of exchange. I note that in February you attempted to anticipate a change in exchange which might affect your account adversely. I question the advisability of such procedure, which is somewhat of the nature of speculation. It seems to me that your one purpose should be simply to be sure of banking facilities through which you can always secure operating funds at the prevailing rate of exchange at the times when you need them.

I was much gratified to learn from your letter N. H. 9 that "things are getting in better shape" at the College. I sincerely trust that the Executive Committee Pro-Tem will be able to make such adjustments for the new college year as will assure the College of a harmonious faculty, capable of strong character-building influence on the student body. I hope that you have good prospects for a considerable increase in the number of students.

With kindest regards to all my friends, I am

Yours very sincerely,

Oliver S. Lyford

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Air Mail to Hongkong
Clipper Mail to U.S.
Registered

May 24, 1940.

Mr. Oliver S. Lyford, Treasurer,
Hua Chung Board of Founders,
230 Park Avenue,
New York City, N.Y., **N.Y.10**
U. S. A.

Received June 24

Dear Mr. Lyford,

My last letter to you was N.Y.9, dated May 3, 1940, and since your letter No.11, dated April 5, I have had no communication from you.

I believe you have already received the Financial Report for 1938-'39 as revised by Mr. Coe in April and sent by him to you together with the balances up to August 1, 1939. These balances will answer your call for a balance sheet.

We have sent both to you and to Mr. Smith in New Haven our Proposed Budget for the next year, but I have not received any reply from you concerning the action of the Board of Founders acting also as Directors on this Proposed Budget. We do not suppose you have had time to present it to the Board, but as it has been our custom to make reappointments in May every year, and as I do not expect that official action of the Board on the Budget can be taken very much before the summer, I have taken up the matter of reappointments with the Senate and the Senate has already approved my recommendations. In my next letter I shall send you a detailed report on all those appointments with comments.

Enclosed please find a copy of the minutes of the Fifteenth Meeting of the Executive Committee Pro-tem, held on May 14, 1940 and also a copy of our new scheme for dealing with the present rice emergency.

The rice emergency has given us a great deal of anxiety, and in the beginning of May it created almost a panic.

I wrote you earlier about the rising prices in Hsichow. When we first came here over a year ago in April, $1.00 national currency could buy 13.1/3 lbs. of rice, and the average Chinese person consumes 27 lbs. of rice a month. This means that a year ago the cost of rice per capita per month was approximately $2.50 national currency. A month ago, the price of rice was 2.2 lbs. for every dollar national currency, and so the cost of rice per capita per month was $15.00 national currency. It worked hardship on the low-salaried people and that is why we have the first subsidy, the plan of which I have already sent you. A duplicate of it was sent to you recently, because you wrote that you did not receive the original copy.

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But towards the end of April rice all of a sudden had a big jump and went up to 1 1/3 lb for every dollar national currency. It is ten times the price of rice a year ago and it means that the cost of rice per capita per month is $25.00 national currency. Other things such as charcoal and fuel, vegetable, fish, oil, meat and salt go up in same proportion. It is simply impossible for all our low-salaried people to live and it works hardship even on the high-salaried people. The students used to pay $7.00 national currency a month for their board. They started to pay $20.00 a month in the beginning of this term and, with the sudden jump of price for rice, they get to spend at least $30.00 a month for their board and eighty per cent of that goes to rice alone.

It is our hope that this may be only temporary. We have had a good crop of beans and within a month wheat is coming to the market. Many students have eating beans instead of rice part of the time, and the Faculty and Staff members, as well as their families, have been mixing beans with rice as well. As the high price of rice is largely due to the bad crop last October, it is our hope that with a better crop this year and with the wheat coming forth, we may be able to get cheaper rice. But it is very difficult to predict about prices in times of war. There would not be a famine, but the high prices certainly work hardships on our people. Most of the native people have their own rice as they get it from their own land. It is people that come from outside that have to suffer.

In order to mitigate the hardships of our people and at least to help them to meet their food-bills every month, a committee was appointed to study the situation and a scheme was reported to the Senate, which approved it with modification and it has since been approved by the Executive Committee Pro-tem.

I hope this scheme will meet with your approval. I am enclosing herewith a table showing the actual salary received by the different members of the Faculty and Staff and how their incomes are increased by the scheme. I have been talking with two of the higher-salaried and they told me that for the last two months they had got to meet the defecit of $50.00 national currency a month owing to the sudden rise of price in rice.

The students have to be considered as well, and so the Senate passed also the following action:-

> All Hua Chung students, fully registered in the College and living in College hostels, will be subsidized for high price of rice to the amount of $20.00 national currency per student for the period between the first of May to the end of this term. This money is to be kept in the Treasurer's Office for the designated purpose.

Feb 1 - July 31, 1946

The subsidy for high prices for both Faculty and Staff and students cost the College approximately $5,000.00 national currency up to the end of July, which is the end of our present fiscal year.

The Senate took another action, which has also been approved by the Executive Committee Pro-tem, in its meeting of May 21. We have found that it is necessary to remit most of the fees. Our fees have been $60.00 tuition, $10.00 library, $4.00 athletics, $4.00 medical care and $30.00

The minute of May 21 had not been received on June 26

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miscellaneous, making a total of $108.00. Besides this, we charge laboratory fees for the Science students and those who take science courses, hostel fees $32.00 and boarding fees. When the boarding was about $60.00 for the nine months, the total fees paid by every student for the year was $200.00 besides laboratory fees. But as food alone has gone up to more than $200.00 a year, it would be very difficult for our students in times like these to bear the expenses, especially when we know that West China University charges only $190.00 for all the fees we mentioned including board but not laboratory fees, Cheeloo University only $188.00 also including board, Nanking University $184.00 and Ginling College $176.00. They are able to manage with such low fees as we did before, ~~of course~~ because rice is still comparatively low in Szechwan. In consideration of these circumstances, we have decided to remit, for the next year and until conditions are improved, all the tuition, library, athletic, medical care and miscellaneous fees amounting to $108.00 per year per student. As our income from fees alone has always been low anyway, this remittance of fees will not affect our budget very seriously, and I hope you will get the approval of the Board for this action. These are very bold actions to take, but after very careful study and consideration, both the Senate and the Executive Committee Pro-tem considered them to be the wisest.

With kind regards,

Yours sincerely,

Francis C. Wei.

President.

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HUA CHUNG COLLEGE

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Rice Subsidy- Revised Scheme-May, 1940

Name	Position	Actual Sal. per month	Size of Family in Hsichow	First Sub. per month	2nd Sub. per month	Total Income per month	
C.M.Wei	President & Prof.	$332.50	2	----	----	$332.50	A
B.K.Chen	Head-Biol Dept.	332.50	3	----	----	332.50	Y
T.D.Djamg	Head-Chem. Dept.	332.50	4	----	8.00	340.50	Y
P.Huang	Dean-school of Edu.	332.50	8	----	40.00	372.50	R
R.Bien	Head-Phys. Dept.	308.75	1	----	----	308.75	Y
Hu I	Prof.of Psy.	308.75	3	----	----	308.75	C or
T.W.Zee	Dean-School of Sci.	285.00	8	----	40.00	325.00	Y
D.S.Hsiung	Prof.-Phy.	285.00	4	----	8.00	293.00	R
S.W.Wang	Prof.-Chem.	261.25	3	----	----	261.25	Y
L.P.Pao	Head-Chinese Dept.	261.25	1	----	----	261.25	H
K.E.Fu	[illegible]	[illegible]	5	----	16.00	277.25	Yrj
K.C.Cheng	[illegible]	[illegible]	4	----	[illegible]	[illegible]	J
K.H.Yuh	Assit.Prof. Bio.	[illegible]	4	----	8.00	245.50	Y
C.T.Shen	Assit.Prof. Math.	213.75	3	----	24.00	237.75	Y
F.S.Ma	Lecturer Chinese H.	213.75	1	----	-8.00	221.75	H-1
P.L.Tang	Lecturer Eco.Dept.	171.00	1	----	8.00	179.00	M
C.T.Ling	Assit.Prof. Chinese	166.25	2	----	16.00	182.25	C
J.I.Tan	Lecturer & Act.Treas.	156.75	5	---	40.00	196.75	C
H.White.	Jun.Lect. Music	128.25	1	----	8.00	136.25	E
T.Y.Hsu	Lecturer Math.	114.00	1	----	8.00	122.00	Y
M.C.Fu	Teacher Chinese	114.00	1	----	8.00	122.00	H Y
T.P.Shao	Director Phy.Edu.	114.00	1	---	8.00	122.00	C
J.T.Wang	Chinese Sec.	114.00	9	30.00	72.00	216.00	C
H.F.Wu	Jun.Lect. Bio.	95.00	1	---	8.00	103.00	Y
Ruth Hsu	Warden of Women's H.	95.00	1	----	8.00	103.00	C
				30.00	344.00	5848.00	

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HUA CHUNG COLIEGE

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Rice Subsidy-Revised Scheme-May 1940 Page 2

Name	Position	Actual Sal. Per month	Size of Family in Hsichaw.	First Sub. per month	2nd Sub. per month	Total Income per month	
D.B.Hu	Jun.Lecturer Chem.Dept.	$85.50	6	30.00	48:00	$163.50	Y
W.P.Chu	Jun.Lect. Physics	85.50	6	30.00	48.00	163.50	Y
G.T.Doe	Assit.Reg. Office	76.00	3	15.00	24.00	115.00	C
H.F.Wan	Research Chinese D.	76.00	3	45.00	24.00	145.00	HY
C.T.Wang	English Sec.	71.25	1	----	8.00	79.25	C
T.H.Wu	Teacher of Wu Tai	71.25	4	36.00	32.00	123.25	PS
P.S.Chen	Assit.Bio.	66.50	1	----	8.00	74.50	Y
C.H.Sieh	Technician Chem.	66.50m	1	----	8.00	74.50	Y
C.J.Hu	Technician Power H.	65.00	1	----	8.00	73.00	7½
T.Y.Lee	Assit.Lib.	57.00	7	35.00	56.00	148.00	C
T.L.Chien	Technician Bio.Dept.	35.00	1	5.00	8.00	48.00	Y
F.C.Tung	Technician Machine S.	71.25	6	30.00	48.00	149.25	Y
	Total			240.00	664.00	7,[illegible].75	

May 24,1940

Tan Jen S

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230 Park Avenue
Letter No.13 New York City,
May 27, 1940 U.S.A.

Dear Dr. Wei:

My last letter to you was No. 12 of May 10.

I received on May 20th your letter of April 19th No. NY 8, together with the second envelope containing the papers referred to in your letters. I am writing this letter in a hurry in order to get into the Clipper Mail this afternoon if possible.

Mr. Coe's letter of April 7th has not been received and I presume it will not be for two or three weeks. I have no word from Mr. Coe but have asked his mother to notify him that we need him here in New York as soon as possible.

Mr. Coe's report of the income and expenses estimated for the year 1939-40 is very helpful, as is also the budget for 1940-41. It is fortunate that I have received these in advance of the arrival of Mr. Coe as this will enableme to prepare for a thorough discussion with him. I will not attempt to comment on these figures, however, until I see him. I have noted the minutes of the 14th meeting of the Executive Committee Pro-Tem held on April 12th. These also will be helpful when Mr. Coe arrives.

I am sure the Board of Founders will appreciate greatly the control which you have kept over the expenses of the College for the year and the prospect that you may be able to go through the year 1940-41 without requiring any emergency or "sustaining" funds. In this connection, however, there are two important items which may require funds in excess of those expected from the usual sources, as follows: (1) The possible need for funds from the United States to make up for inability of the British Missions to send their usual contributions and to support their British representatives; (2) any amounts which may be necessary to replace in the funds from special grants the amounts which may have been borrowed from these funds during the last few years. I assume that Mr. Coe will be able to advise me fully regarding the latter item.

I note that the 1940-41 budget is based on the exchange rate of 8 to 1 for such items as have to be converted from U. S. to National Currency. These items indicate the following possible surplus:

1940-41 Budget:			
Exchange at 8:1			U.S.
Johnston Fund			$ 3,360.00
Harvard-Yenging			3,772.50
Yale-in-China			66000.00
			$13,132.50
At 20 to 1	—	N.C.	$262,650.
In Budget:			
Johnston Fund	$26,880		
Harvard-Yenging	30,180		
Yale-in-China	48,000		105,060.
Possible surplus			$157,590.

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I see no reason to expect a reduction in the exchange rate in the near future but I am very much afraid that Yale-in-China will have to reduce its payment in U.S. Currency below $10,000, and this possible surplus will probably enable you to finance the School of Science with a lower payment from Yale-in-China.

Apparently, the only subsidy provided in the budget for 1940-41 is N.C. 3,000 for the low salaried workers. This indicates a high degree of self-restraint by the members of the faculty which will be deeply appreciated by the Founders.

I assume that you will receive in due time extracts from the minutes of the meeting of the Associated Boards on May 13-14. In many ways these were the most important meetings we have held, mainly because of the careful and serious consideration given to the problems pertaining to the Christian character and influence of our colleges. Extracts from your letter of January 22 to Dr. Lobenstine were read to the meeting and all the members present were much in sympathy with your views.

The Executive Committee of the Associated Boards have taken action in line with your recommendation of some months ago that we begin to build up a reserve fund in anticipation of future requirements. Thus far we have had no reserve but have paid the money out to the respective colleges as fast as it was received. It is hoped that we shall be able to retain for future purposes about 30% of the sustaining funds collected in the year 1940-41. The ability of yourself and your associates to get along without sustaining funds will be a great help.

I have also received a copy of your letter of March 18th to Dr. Sherman and am interested particularly in your discussion of the item for scholarships and student aids. I assume that Mr. Coe will be prepared to discuss this matter in detail. I note that Mr. Coe will have authority to represent you personally as well as the College.

This seems to be all the matters which I can discuss with you to advantage until after Mr. Coe arrives.

Yours very sincerely,

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