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FINANCIAL REPORT TO ADMINISTRATIVE COUNCIL

February, 7, 1935

Sent by Mr. Rain's letter 7-10/35

Before specifically taking up budget proposals for 1935-36 it seems necessary to make a few explanations regarding the critical financial situation in which the University now finds itself.

This situation is not something that has arisen within the last few months, though the financial straits of the present year and the using up during the past few years of most of the available reserve funds have greatly accentuated our difficulties.

The most serious financial problem has for many years been that of financing the Schools of Arts and Science. The income of these schools has been entirely inadequate to carry on work on the scale which has been attempted. In July 1931 the Arts and Science schools began with a credit balance of \$5,653.10. By July 1934 this had been converted into a debit balance of \$15,332.84, in addition to a deficit of \$10,909.43 which it was possible to pay off in 1932 by surplus receipts from the Hall Estate funds. In other words, in these three years the expenditures exceeded the receipts by \$31,895.37, or an average deficit of over \$10,000 per year.

While the Harvard-Yenching Funds have been kept entirely distinct from funds allocated to the Schools of Arts and Science, they are closely related, due to the fact that members of staff paid by Harvard-Yenching funds do teaching in the Arts and Science Schools, and during this same three years the reserve of Harvard-Yenching funds has been reduced from \$24,626.96 to \$8,333.19, which represents an expenditure in excess of receipts of \$16,293.77. The present reserve will probably be entirely used up this year.

This mounting deficit has been due not simply to over-expenditure but to falling off of receipts, notably in the case of the Hall Estate funds. For example, in 1930-31 the Hall Estate funds produced an income of over \$30,000, while in 1933-34 they produced only \$3,700. Likewise the definite information as to the amount of income which could reasonably be expected has usually arrived after commitments were already made for the ensuing year, so it has been impossible to effect economies in any way comparable to the decrease in income.

In regard to the charge of misuse of funds which has been repeatedly made within the last few weeks, the treasurer has only this to say. If the University had in hand a sufficiently large operating balance to make it possible to keep all funds which stand to the credit of various accounts and departments carefully guarded by investing them this would of course be done. Unfortunately this is not the case. Some grants come

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in late in the year, sometimes even after the close of the year. But salaries are expected to be paid on time and in full, and it has been necessary to use whatever funds have been available from whatever source in order to keep going from month to month.

The Treasurer has repeatedly suggested the payment of salaries on a percentage scale, has once made this formal proposition to the Executive Council, which turned it down, and in spite of this action of the Executive Council recommended it directly to the Board of Directors, which also turned it down. The same proposal was made two weeks ago to the Acting-president and under his instructions salaries were paid on time and in full, although it was necessary to borrow money from the bank. The Treasurer fully realizes that such an action as deferring payment of salaries or paying them on a percentage basis amounts to the breaking of written contracts but this is the only method by which any saving of reasonable sums can be effected, and the proposition is now again made to the Council for its consideration. It is quite impossible to finish the spring term and meet necessary payments of salaries and wages, together with a minimum of expenditure for general upkeep out of income which reasonably certain.

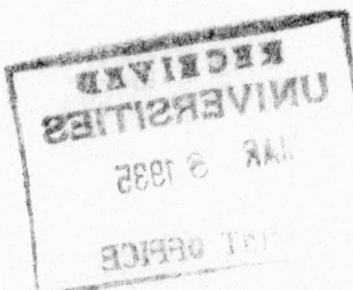
The detailed monthly statements which are sent out to the president and deans at the end of each month are available, showing the standing of the various departments on February 2nd, the January account having been kept open for two days in order to be able to include receipts from fees for the spring term. To the expenditures already made for the seven months of this year - July to January - has been added in each case an estimate of the necessary expenditures for the remaining five months - February to June. These estimates have included the \$5,000 understood to be coming from the Provincial Government, but they have not included the \$2,500 a month from the Ministry of Education as this money is ear-marked for special purposes not within the current budget. Of this grant payments for four months have already been received. According to this estimate the General Administration will show a deficit by the end of the year of \$11,774.49, the Schools of Arts and Science \$24,520.49, the Rural Institute \$5,000, the Library \$2,898.62, making a total anticipated deficit for these four departments of \$44,193.60, to which should be added an Arts Building Fund overdraft of \$17031.07, making a total amount of \$61,224.67 which it would be necessary to receive in order to start the year 1935-36 with a reasonably clear slate. Of the \$44,193.60 anticipated deficit on current funds \$21,895.55 represents accumulated deficits from previous years, so that about \$22,000 is the amount of the deficit for the current year, and mention should be made of the fact that the budget as passed by the Board of Directors includes an item of Donations amounting to \$21,735, so that if the Board of Directors were to produce this \$21,000 the current year would about break even.

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In the estimates referred to above the Medical School and Hospital have been omitted for two reasons. One is the difficulty of predicting the amount of income from the hospital, and the other is that even assuming a reasonable falling off of income for the remaining five months as compared with the seven months already past, the Medical School by the use of funds in reserve will be able to close the year without a deficit. According to the estimate prepared on the same basis as estimates for the other departments it will be necessary to draw on medical reserves to the extent of \$7,130.92 as compared with a budgeted figure of \$9405, so that if this estimate is correct, in comparison with the budget the Medical School will be closing the year with a credit balance of about \$2,300. However the fact remains, as intimated in the note attached to the Medical School budget, that these reserve funds have of necessity been used to keep the whole University in operation. This situation of being able to close with a small credit balance will of course not apply to next year on account of the cessation of the Rockefeller Foundation grant, and the Medical School will be in urgent need of all its reserve funds to carry on current work next year.

On the assumption that this approximately \$60,000 referred to above is necessary in order to close the year is forthcoming from some source, the following budget for expenditures in General Administration and Arts and Science has been prepared by taking an approximate average of expenditures and receipts under the various headings of the past two years. It will be seen that this shows a deficit for General Administration of ~~\$6,000~~ and for Arts and Science of \$16,130, even assuming that the \$60,000 referred to above is received.



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In the estimates referred to above the Medical School and Hospital have been omitted for two reasons. One is the difficulty of predicting the amount of income from the hospital, and the other is that even assuming a reasonable falling off of income for the remaining five months as compared with the seven months already past, the Medical School by the use of funds in reserve will be able to close the year without a deficit. According to the estimate prepared on the same basis as estimates for the other departments it will be necessary to draw on medical reserves to the extent of \$7,150.92 as compared with a budgeted figure of \$9,405. No doubt if this estimate is correct, in comparison with the budget the Medical School will be closing the year with a credit balance of about \$2,250. However the fact remains, as indicated in the note attached to the Medical School budget, that these reserve funds have of necessity been used to keep the whole University in operation. This situation of being able to close with a small credit balance will of course not apply to next year on account of the cessation of the Rockefeller Foundation grant, and the Medical School will be in urgent need of all its reserve funds to carry on current work next year.

On the assumption that this approximately \$80,000 referred to above is necessary in order to close the year in forthcoming from some source, the following budget for expenditures in General Administration and Arts and Science has been prepared by taking an approximate average of expenditures and receipts under the various headings of the past two years. It will be seen that this shows a deficit for General Administration of \$4,440 and for Arts and Science of \$18,150, even assuming that the \$80,000 referred to above is received.



0550

SHANTUNG

Feb. 10, 1935

Feb 4/13/35

Dear Bettice:

I inclose herewith a copy of the letter I have just written to John and also a copy of the report which I made to the Administrative Council which has been meeting for the last three days. I shall endeavor to get a peek at the official covering letter which goes with these minutes and if I think it is inadequate I'll write you another personal one about the meeting. In fact I may do so anyway without waiting for the official letter to be written but I send along this letter to John now which, with the report which I made, will give you a general picture of the situation.

As treasurer I cannot of course escape entire responsibility for this lamentable state of affairs, tho under the administration with which I have had to try to work ever since I came back in 30 I fail to see how I could have done any differently without actually touching off an explosion. However things have gotten to such a state now that I simply cannot go on any longer with this policy of ever spending and if putting on the screws results in blowing up the place it will simply have to blow up.

So far as I see it the hope of Cheeloo surviving at all depends on Dr. Mei's reply. If he accepts and comes resolved to put on such a rural program as can be financed within the scope of our reasonably assured income, which is I believe his conviction on the subject then I can see some light ahead. If however he declines and there is an attempt to carry on along the lines of the past administration the place is finished and my only hope is to salvage the Medical school. These remarks are of course personal. Official correspondence, such as there is, goes from the president's office.

And as this is a personal note I want to say how much we appreciate what you have been doing for John. Margaret's good letter came last week and told us more real news that we wanted to hear than most of his letters have contained. It is a real comfort to us to know that there are good friends in and near Princeton to help keep an eye on him and to make things pleasant for him and to whom he can turn if he gets into trouble, - which I hope will not happen. And we appreciate it more than I can express.

Best wishes, Ever yours,

P. *W. H. L.*

0551

Feb. 10, 1935

Dear Bettice:

I inclose herewith a copy of the letter I have just written to John and also a copy of the report which I made to the Administrative Council which has been meeting for the last three days. I shall endeavor to get a peek at the official covering letter which goes with these minutes and if I think it is inadequate I'll write you another personal one about the meeting. In fact I may do so anyway without waiting for the official letter to be written but I send along this letter to John now which, with the report which I made, will give you a general picture of the situation.

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So far as I see it the hope of Chesler surviving at all depends on Dr. Bell's reply. If he accepts and comes resolved to put on such a rural program as can be financed within the scope of our reasonably assured income, which is I believe his conviction on the subject then I can see some light ahead. If however he declines and there is an attempt to carry on along the lines of the past administration the place is finished and my only hope is to salvage the medical school. These remarks are of course personal. Official correspondence, such as there is, goes from the president's office.

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Best wishes, ever yours,

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February 10, 1935

Dear John:

I will start off this letter with a few words of censure for your carelessness in failing to get your last letters off promptly. This refers not only to the delay in writing them but to the delay in mailing them. According to the postmarks on your last two letters one was mailed eight days after it was written and the other fourteen days after it was written. Now that, as our British friends say, "is not good enough". Remember that we want to hear from you every week and that even tho to you there may seem to be nothing of interest to write about and tho you may be very busy with other things, to us, a sudden break in the correspondence can only suggest one thing, namely that you may be sick, or have met with an accident, or that some thing extremely important has happened to you which makes it impossible to write. I don't want to convey the impression that either Mother or I are unduly given to worrying. We are not. But we expect to hear from you regularly and, when at best nearly a month elapses between the writing and the receipt of the letters, and when there is a long lapses of time between the receipt of two letters we cannot but be concerned about what may have been the cause of the delay. So just keep mailing a letter every Sunday or at least every week even tho there is little to report.

I realize that I have myself been rather slack in writing lately and hope that I will be able to practice what I have been preaching more consistently. Two weeks ago today I was in Tsingtao trying to finish up the transfer of the Heimbürger cottage. Mr. Boehnert - or I suppose his clerk - had succeeded in getting the thing pretty badly complicated in the court by telling them that Sears (the name appearing on the original lease) and Heimbürger (the name now appearing on tax receipts etc) were two names for the same man, and as there is not the least resemblance in either the Chinese or the foreign names, even a Chinese court could hardly be expected to swallow a story like that. And as George Sears died several years ago and as Heimbürger is now in America they naturally suspected that there was something crooked about the whole proposition and so had turned it down flat. I spent two half days at the court in company with a nice young fellow from the Ming Hwa Bank explaining the situation and endeavoring, I hope successfully, to convince them that it was all straight and above board, and after getting Mr. Kuo of the Tsingtao Garage to be my guarantor (altho they objected to this too on the ground that a "chi che hang" could not be taken as security because the property could all be driven away!) I finally succeeded in getting the wheels moving again and trust the papers will be forthcoming in a week or two more.

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I returned from Tsingtao the evening of Jan 30. I had wages to pay on the 31st and fees for the new term to take on Feb 1 and 2, and the books to close, balance sheets to make out etc etc, my usual end of the month rush, to get off my hands and also to get reports ready for an Administrative Council meeting on Feb 7. This has been a very difficult meeting because of the fact that the institution is going bankrupt. This is the meeting which is supposed to pass the budget for the year 1935-36. To the best of my ability I stood absolutely adamant against passing anything which would fail to take into account the probable and almost certain huge deficit at the end of this year, June 30. So finally, after a three days meeting, nothing at all was passed, except to defer action to a meeting of the full Board to be called some time soon after April 1. This should give time to receive a definite answer from Dr. Mei as to whether or not he is going to accept the presidency, and it should make possible a more accurate forecast as to just how much in the whole we are going to be June 30, and it will give time to make some estimate about how much effort efforts to obtain money locally are going to have. A cable was also sent to the Board of Governors saying that unless a rather huge sum of money could be raised to clear these deficits we would probably have to close. Frankly that is my judgment of what will happen, that either Arts and Science, or possibly the whole institution, except the Hospital, will have to close next year for lack of funds. What effect that will have on my job I don't know. Of one thing I am certain and that is that if Dr. Mei accepts the presidency I am going to resign, as I think all other administrative officers should, to give him a clear field. If that had been done when King Chu came here I think he might have stayed. However there is no use to cry about that now as it's past and too late to remedy. It is perhaps too much to expect Dr. Mei to accept a bankrupt institution and try to bring it out of the hole but personally I feel that it might make it easier for him if we did have to close for a year. His starting in on a new program would I feel be easier if he could start with a clean slate than it will be if he has to step in and take hold of a staff all split into factions as the present one is. On the other hand closing might result in the loss of government registration and if that occurred it would probably be more ~~easy~~ difficult to get registered again than it was in the first instance, and that wasn't easy with our limited resources. I am glad to say Dr. George Scott is coming here some time the end of this month ~~xxxxxx~~ or the first of March and I hope his visit will be of real help in steering a course. I wish he could have been here for this meeting which closed yesterday.

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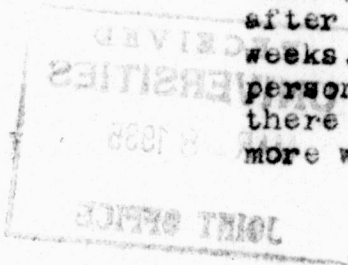
JCL 3

As you will see by the date of this letter, and the fact that it is posted at Tsinan, I have had to give up my trip to Manila. In order to catch the Coolidge and to attend the Rotary reception in Shanghai tomorrow night it would have been necessary for me to leave Tsinan on the blue express this morning at 3:30. It seemed to me with this meeting on hand, and with no certainty as to whether or not they would finish yesterday, and knowing that I simply couldn't leave until they did finish, that the uncertainty was too great to count on so on Thursday last week I told Mr. Frank, my alternate, that I definitely would not try to go and for him to plan to go if he could. As it eventually turned out of course I could have gone but I didn't know that until yesterday afternoon and Frank had then already made his plans to go, so I just missed a trip to Manila with expenses paid by 48 hours. But had I gone, with the University finances in the state they are, I expect not a few people would have said that it looked bad for the treasurer to be going off for two weeks or three, on a joy ride which could hardly be interpreted as Mission business in any sense of the term. Tho in reality I think this trip would have made possible many valuable contacts, especially if I should happen to be sent home to try to raise money. However there's no use crying over spilt milk or missed Rotary conferences, and anyway I am glad I didn't spend the money on a cablegram asking for my passport. I presume it has now been sent and will be arriving in about another three weeks.

We had the annual Rotary dinner last night in honor of the third anniversary of the Tsinan club and the thirtieth anniversary of Rotary International, with the usual Chinese dinner, followed by a dance. We didn't invite any guests this time (economy) but we took the Heerens and Mrs. Williamson and Connie in our car (Dr. Williamson is ill). One event of the evening was the warding of five prizes to the most beautiful ladies (chosen by lot) and two of the five prizes fell to Mrs. Heeren and Connie. I said on the way home that I had no idea I had 40% of all the beauty in Tsinan in the car at one time. On the whole it was quite a pleasant occasion, and when I got home I found a letter from Bishop Scott inclosing a check for 75 pounds which should realize something like \$1000 which was certainly a cheerful experience after all the trying ones I have been thru the past few weeks. This is not a payment of a Mission grant but a personal gift from the Bishop to the University. So there are some bright spots in the cloud. I hope many more will appear in the next two months.

Much love,

Daddy



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JOL 3

As you will see by the date of this letter, and the fact that it is posted at Tainan, I have had to give up my trip to Manila. In order to catch the Coolidge and to attend the Rotary reception in Shanghai tomorrow night it would have been necessary for me to leave Tainan on the blue express this morning at 3:30. It seemed to me with this meeting on hand, and with no certainty as to whether or not they would finish yesterday, and knowing that I simply couldn't leave until they did finish, that the uncertainty was too great to count on so on Thursday last week I told Mr. Frank, my alternate, that I definitely would not try to go and for him to plan to go if he could. As it eventually turned out of course I could have gone but I didn't know that until yesterday afternoon and Frank had then already made his plans to go, so I just missed a trip to Manila with expenses paid by 48 hours. But had I gone, with the University finances in the state they are, I expect not a few people would have said that it looked bad for the treasurer to be going off for two weeks or three, on a joy ride which could hardly be interpreted as Mission business in any sense of the term. No in reality I think this trip would have had possible many valuable contacts, especially if I should happen to be sent home to try to raise money. However there's no use crying over spilt milk or missed Rotary conferences, and anyway I am glad I didn't spend the money on a cablegram asking for my passport. I presume it has now been sent and will be arriving in about another three weeks.

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Much love,
Daddy

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6550

W. L. L.
CHANGTUNG
CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

15th February, 1935

TELEGRAPHIC ADDRESS:
CHEELOO

Mr. B. A. Garside,
150, Fifth Avenue,
New York City.

Ack 3/22/35

Dear Garside,

It has been suggested that I write a covering letter to you to accompany the minutes of the meeting of the Administrative Council held last week. As I read over the financial statement which is incorporated in the minutes it seems to me that I need say very little in addition to this except to explain why I have limited myself to the Schools of Arts and Science in this financial statement. I am enclosing with this letter a copy of a complete condensed balance sheet as of December 31/1934. A full financial report would of course have dealt with all of these items but it seemed to me that a detailed report like that would only serve to confuse the members of the Administrative Council, or at least most of them, rather than to focus their attention on the one serious financial weak spot, so I thought it better to make this one point stand out, and of course if the money is realised to cover these deficits that will release money to make it possible for me to meet other obligations.

I think perhaps I should say something about the phrase "misuse of funds", not that I am putting up a defence for myself but unfortunately this phrase, or "misappropriation of funds" has apparently been talked about rather widely in the last month. It appears that Dr. Houghton carried this impression with him to Shanghai and he did considerable talking at the meeting of the Council of Higher Education. I do not know whether such statements were actually made in the open meeting or not, but they were certainly handed around during the meetings. This is very unfortunate. I am not concerned about the reflections that this may have on my own personal integrity, because I think that people who know me know that I am not a crook, and if people who do not know me think that I am, well, it is too bad, but I suppose there is nothing to do about it. However, it does react very unfavourably on the institution. I am sorry that I did not have an opportunity to see Dr. Houghton when he was here. He apparently got all his information from Dr. Shields, and as you and I both know, Shields rather prides himself on stating things bluntly and abruptly, which among good friends and those within the institution itself is all right, but when such statements get quoted outside it is rather unfortunate. So much for generalities. What is actually being referred to

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Mr. Garside

of course is the fact that at the present time medical and other surpluses are being used to carry the general administration and Arts and Science overdrafts, and if the institution is facing bankruptcy, which it may be, then I suppose the Medical School would be justified in advancing the claim that funds had been misused. However, as I said in the statement, that has been the only way of keeping the whole institution in operation and if one considers the University as a whole, as one unit, certainly no-one could claim that funds had been misused so long as the resources of the concern as a whole were not exceeded. My position has been very difficult in regard to Arts and Science finances. A reference to the budget and reports will show that by far the greater part of the money has been used up in salaries. In my own judgment the schools are decidedly over-staffed, and I have never been consulted about the taking on of additional members of staff, the only knowledge I have had was when I was presented with an authorization to pay the man so much a month for twelve months. These obligations could not be disregarded whether money was available or not. This is really the only place where it might have been possible for me to effect considerable savings and I have repeatedly proposed such a method, only to have it refused. This present critical financial situation is of course nothing new. Reference to my report to the Board of Directors last June will show that I predicted practically the same thing then and I made a more specific prediction to the meeting of the Board of Directors in December when I prophesied almost exactly the same impending deficit as I mention in this report to the Administrative Council. The only circumstance that makes the prediction more critical at this time is that we are out of the money and that we simply cannot go on without either effecting drastic reductions in expenses or securing additional income. I have approached both the Bank of China and the Bank of Communications, with which Banks I do practically all my local business, on the subject of a loan, and while they are willing to allow a temporary overdraft they will not make any considerable loan on any security which I can offer. Of course the only security which I can offer is our reputation.

I should perhaps say a word in explanation of the \$17,000 overdraft on Arts Building Fund. This is made up of three items, two amounting to about \$8,000 being the remaining overdraft on new residences which were built two or three years ago on funds borrowed from the University Press and from a scholarship fund. These are being paid back by rents and if we keep going they will be cleared off in about seven or eight years. The other amount of \$8,000 plus is an overdraft on the old original Arts Building Fund and was incurred by reconstructions made in the Arts Dormitories about three years ago and there is no provision for paying this off. I have called attention to this in previous financial reports but I mention them again to ensure that they do not get overlooked.

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1935

Mr. Garside

I may say that I definitely proposed to the Administrative Council that the Schools of Arts and Science be closed for next year, in the hope that the contributing missions and other bodies would continue their contributions for at least a year, which would make it possible to clear off a considerable share of the accumulated deficit, and that if such an action, because of relationships with the government, involved closing the Medical School also, that the whole place be closed for a year, keeping the hospital only in operation. Mr. Lee however, objected so strenuously to this proposition, on the ground that the Ministry of Education would not permit it, that it seemed unwise to press the proposal. The only alternative to this, it seems to me, is to run Arts and Science next year with a skeleton staff, that is with the foreign mission members of the staff with a few additional people employed out of current funds. This is easier to say than to put into operation. You will observe that the budget as proposed for Arts and Science involves the dropping of the salary and house-rent of the Dean from this year's budget, and also a cut in the amount of money for salaries of \$8,000. It also implies the raising of tuition fees \$10 a year and the doubling of laboratory fees. What effect these raises in fees together with cuts in staff will have on the number of students attending is of course something difficult to prophesy and we have assumed that there would be approximately the same number next year as this year. So that the continuance of Arts and Science next year seems to me to be highly problematical. Also I may call attention to the fact that the budget as proposed by the Medical School involves a deficit of about \$15,000. They have strong hopes of securing this money, but if it is not secured their proposal is to drop the first year class, as a first step in closing the school, and in this way and by other reductions in staff reduce their operating expenses to a figure which can be met by their reasonably assured income.

The failure to present a budget at this time of course gives you nothing on which to take action for next year, but may I ask that you send us at the earliest possible date a statement of the probable income of Cheeloo from the various supporting Boards and organizations, so that this may be in hand before the meeting of the Board of Directors in April, at which time I hope it will be possible to present a reasonably accurate estimate of just what our financial status will be by the end of the financial year, June 30th. There was a tacit agreement in the Administrative Council meeting that if there was no considerable result from this appeal for funds before April a meeting of the whole Board would be called at that time to decide what future course should be pursued. I may say that my personal impression is that Mr. Lee is exerting himself very strenuously in an effort to secure considerable sums of money locally, though with what prospects of success I am unable to prophesy. I personally think he will get something but nothing like sufficient sums to clear up these accumulated deficits. I think this is perhaps sufficient in regard to the financial aspects of the recent meeting. I presume that Mr. Davies will be writing in regard to the

0559

I presume that Mr. Davies will be writing in regard to the financial aspects of the recent meeting. I personally think he is unable to propose a considerable sum of money locally, though with what prospects of success I am unable to prophesy. I personally think he may say that my personal impression is that Mr. Lee is unable to decide what future course should be pursued. There was a meeting of the whole Board would be called at the end of the financial year, June 30th. There was a tacit agreement in the Administrative Council meeting that if there was no considerable result from this appeal for funds supporting Boards and organizations, so that this may be in hand before the meeting of the Board of Directors in April, at which time I hope it will be possible to present a reasonably accurate estimate of just what our financial status will be by the end of the financial year, June 30th. There was a statement of the probable income of Cheloo from the various giving you nothing on which to take action for next year, but The failure to present a budget at this time of course

reasonably assured income. operating expenses to a figure which can be met by their in this way and by other reductions in staff reduce their first year class, as a first step in closing the school, and money, but if it is not secured their proposal is to drop the of about \$15,000. They have strong hopes of securing this the budget as proposed by the Medical School involves a deficit problematical. Also I may call attention to the fact that name of Arts and Science next year seems to me to be highly the same number next year as this year. So that the continuing and we have assumed that there would be approximately of students attending is of course something difficult to in fees together with cuts in staff will have on the number the doubling of laboratory fees. What effect these raises It also implies the raising of tuition fees \$10 a year and and also a cut in the amount of money for salaries of \$8,000. salary and house-rent of the Dean from this year's budget, posed for Arts and Science involves the dropping of the put into operation. You will observe that the budget as proposed for Arts and Science involves the dropping of the employed out of current funds. This is easier to say than to mission members of the staff with a few additional people next year with a skeleton staff, that is with the foreign native to this, it seems to me, is to run Arts and Science that it seemed unwise to press the proposal. The only alternative to this, it seems to me, is to run Arts and Science ground that the Ministry of Education would not permit it. However, objected so strenuously to this proposition, on the for a year, keeping the hospital only in operation. Mr. Lee closing the Medical School also, that the whole place be closed action, because of relationships with the Government, involved a year, which would make it possible to clear off a considerable share of the accumulated deficit, and that if such an other bodies would continue their contributions for at least next year, in the hope that the contributing missions and Council that the Schools of Arts and Science be closed for I may say that I definitely proposed to the Administrative

Mr. Garaiide

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FEB 15 1935

Mr. Garside

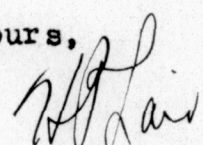
discussions about the reorganization of the Board of Directors and other matters. This financial question however is extremely urgent, especially in view of the possible effect it may have on Dr. Mei's decision in regard to accepting the invitation to the presidency. I have been told unofficially by more than one person who has talked with him since his visit to Tsinan that the financial problem was really the stumbling-block in the way of his acceptance, although so far as I know he has not so expressed himself in writing or even verbally to anyone. I know that this is the impression that several people have, that if we could clear up our financial difficulties he would accept at once, and on his acceptance seems to me to hang the hope of Cheeloo's survival.

With cordial good wishes.

I am,

Very sincerely yours,

H. P. Lair



HPL/GMH

Copy to Dr. Weir

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CHEELOO UNIVERSITY

COMPLETE CONDENSED BALANCE SHEET AS OF DECEMBER 31, 1934

Mission and other Grants due
Brit.Sec.Bd. of Gov. 290.30

Building Funds - Overdrafts
Arts & Science 17,031.07
Residence No. 8 664.93
Theological 3,117.51
Miner Hall 749.81

Departmental Deficits
Railway 2,575.75
Gen.Admin. 11,945.70
Library 3,102.95
Arts & Science 9,522.19
Theology 1,401.94
Rural Inst. 4,051.88
Medicine 2,801.59
Med.Gov.Pub.Health 300.00
Hospital 1,880.17
Women's Dorm. 1,170.74

Investments
Gold Bonds 6,406.27
Fixed Deposits 73,482.51

- - Misc.Accounts
Insurance 529.79
Badge 50.00
Medical Store 8,301.67

Workshop Overdraft 4,995.10

Grants not yet transferred
A.P.M.N. 3,821.13
B.M.S. 45.00
Fed.Bds.(Medical) 1,471.94
Grant pre-paid S.P.G. 1,000.00

Building Funds
Neal House 2,237.82
New Hospital 39,370.14
Women's Capital 16,085.08
Athletic Bldg. 2,405.97
O.P.D.Reconstr. 1,243.53

Departmental Suspense Accounts
Medical Rock.Found 11,342.79
Medical Various 27,421.47
Arts & Science 4,405.10
Theology 5,275.77
Theology Ex.&Lit. 1,127.82
Women's Unit 1,383.60

Various Suspense Accounts
L.M.S.Repairs 94.59
W.M.S. Rent 8.44
Union Church Organ 125.00
Res.Repairs 1,177.32
A.P.M.Res.Rep. 126.36
Bus.Mgr.Travel 2,700.00
Gowns 51.70
Athletic Assc. 121.07
Christmas Fund 111.60
Student Deposits 3,803.25
Cheeloo Bulletin 237.25
Car Replacement 350.00

Credit Balances
Hall Estate 7,009.28
Harvard Yen. 2,907.59
Min.of Educ. 2,500.00
Int. & Exc. 1,711.48
Scholarships 17,458.45
Press 7,293.93
Power Plant 1,366.07

Balances not University Funds
Tennis Club 190.33
Leper Hospital 2,329.29
Christian Farmer 233.58

Bank & Office Cash 16,171.87

170,543.74

170,543.74



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BANK OF AMERICA
CHICAGO TRUST

170,543.74

16,171.87

170,543.74

Christian Farmer 233.38
Reber Hospital 2,329.29
Tennis Club 190.33
Balances not University Funds

Power Plant 1,366.07
Press 7,293.93
Scholarships 17,458.45
Int. & Exc. 1,711.48
Min. of Educ. 2,500.00
Harvard Yen. 2,907.59
Hall Estate 7,009.28
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Car Replacement 350.00
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Athletic Assoc. 121.07
Gowns 21.70
Bus. Mgr. Travel 2,700.00
A.P.M. Res. Rep. 126.36
Res. Reports 1,177.32
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Medical Rock. Council 348.79
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B.M.S. 45.00
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Mission and other Grants due

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Building Funds - Overdrafts

Women's Dorm. 1,170.74
Hospital 1,880.17
Med. Gov. Pub. Health 300.00
Medicine 2,801.29
Rural Inst. 4,051.88
Theology 1,401.24
Arts & Science 9,522.19
Library 3,102.95
Gen. Admin. 11,945.70
Railway 2,575.75
Departmental Deficits

Fixed Deposits 73,482.51
Gold Bonds 6,406.27
Investments

Workshop Overdraft 4,995.10
Medical Store 8,301.67
Badges 50.00
Insurance 529.73
Misc. Accounts

SHANTUNG

CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

28th February, 1935

OFFICE OF THE TREASURER

Mr. B. A. Garside,
Associated Boards,
150, Fifth Avenue,
New York.

INDEXED

Evans wrote 1/8

Dear Garside,

300- I have a note from Shields who tells me that during his absence last month a letter was sent to Dr. Lang Kuo-chen authorizing him to draw U.S. currency \$70 from you for the purchase of certain surgical instruments. I do not know who wrote the letter but when Dr. Lang applies to you for this money will you please advance it to him. There is also the matter of provision of return travel funds for both Dr. Lang and Dr. Lin Lien-ch'ing. I see that in going to America Dr. Lang spent \$825 l.c. and Dr. Lin \$673, or at present rates of exchange approximately \$285 U.S. money each. Will you therefore when they apply for it advance to them \$275 or \$300 as you deem necessary, with the request that they settle up the account with me after return to China. As the authorizations which you have given me for drawing on the Harvard-Yenching Institute funds allow for a balance of over \$2,000 gold to be settled at the end of the year I take it that all three of these advances can be charged to the Harvard-Yenching account. ✓ *came in*

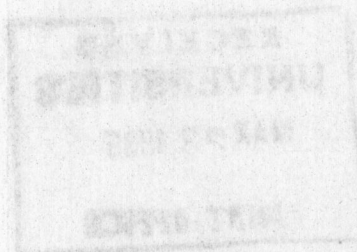
A letter just came yesterday from Dr. Mei saying that he regrets to decline the invitation to Cheeloo. What the next move is I am sure I don't know, but the prospect is certainly not encouraging. Perhaps George Scott will have some brilliant solution to suggest when he arrives in the course of the next few weeks.

Very sincerely yours,

H. P. Lair

H. P. Lair

HPL/GMH



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CHEELOO UNIVERSITY
TAINAN, CHINA

TELEGRAPHIC ADDRESS
CHEELOO

28TH FEBRUARY, 1935

OFFICE OF THE TREASURER

Mr. E. A. Garfield,
Associated Board,
150, Fifth Avenue,
New York.

Dear Garfield,

I have a note from Shields who tells me that during his absence last month a letter was sent to Dr. Tang Hsu-cheng authorizing him to draw \$50 from you for the purchase of certain surgical instruments. I do not know who wrote the letter but when Dr. Tang applies to you for this money will you please advance it to him. There is also the matter of provision of return travel funds for both Dr. Tang and Dr. Hsu-cheng. I see that he is going to America Dr. Tang spent \$833.10, and Dr. Lin \$673, or \$1500 in all. I have exchanged approximately \$385 U.S. money each. With your fore when they apply for it advance to them \$275 or \$300 as you deem necessary, with the request that they settle up the account with me on their return to China. As the instructions which you have given me for drawing on the New York - Shanghai

settled at the end of the year I came to that all three of these advances can be charged to the New York - Shanghai account.

A letter just came yesterday from Dr. Lin saying that he regrets to decline the invitation to Cheelo. That the next move is to leave I don't know, but the prospect is certainly not encouraging. Perhaps George Scott will have some brilliant solution to suggest when he arrives in the course of the next few weeks.

Very sincerely yours,

H. L. Lin

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SHANTUNG

March 14, 1935

Mr. W. B. Albertson
Miss Eva M. Asher
Miss Mary Cookingham
Dr. James M. Henry
Dr. H. P. Lair
Miss Elsie M. Priest

Ladies and Gentlemen:

I am writing this general letter to you all to save expense here in the office, and trust you will accept it in the same manner as a typewritten letter addressed to you personally.

I am referring particularly to the question of titles which we considered in the neighborhood of a year ago. Some of you have replied and given data regarding the land on which the University is located; some of you have made no answer whatever.

Meanwhile, a number of conferences have been held, and much material has been gathered from the various cooperating Mission bodies. While it is self evident that a great deal of this investigation largely concerns the missionary bodies, yet the investigation reveals that there are certain aspects of the situation which should be carefully followed up by our educational institutions. I shall quote somewhat copiously from the findings of a Commission which has been in conference with the Department of State at Washington, wherein twelve missionary bodies cooperated. You will note that major reference is made to missionary bodies, but at the same time everything that is said may be considered as bearing upon lands held by educational institutions. May I quote the first four paragraphs of the observations which this Commission has written.

"1. The existing title deeds of missionary property in China offer as many examples of different ways of holding title to property as can be imagined. It is evident that local customs, as is so often the case in China, have been the governing principle, in the acquiring and holding of property.

"2. Article XIV of the Treaty for the Extension of the Commercial Relations between the United States and China, dated October 8, 1903, contains definite provisions concerning missionary property, and is therefore a principal criterion in the examination of titles to such property. The article is as follows:-

'Property; land purchased by missionary societies. - Missionary societies of the United States shall be permitted to rent and to lease in perpetuity, as the property of such societies, buildings or lands in all parts of the Empire for missionary purposes, and after the title deeds have been found in order and duly stamped by the local authorities, to erect such suitable buildings as may be required for carrying on their good work.' (Text quoted from Treaties and Agreements with and concerning China, 1894-1919, MacMurray, Carnegie Endowment for International Peace.)

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"Since this Treaty of 1903, therefore, the requirements to complete the legal title to property held by American missionary boards have been as follows:-

- (a) The title must be in the name of a Missionary Society in the United States.
- (b) The title must be in the form of a rental contract or of a perpetual lease.
- (c) The title deeds must be approved and stamped by the local authorities.
- (d) The property must be used for missionary purposes.

"3. It may be true that most of the deeds acquired since 1903 comply fully with all the provisions of the treaty quoted above. But it is quite certain that many deeds will be found on examination to be faulty in respect to one or more of the requirements specified above. In addition, it should be noted that there are many deeds that antedate the 1903 treaty, and the legality of some of these may be questioned on technical grounds.

"4. One of the important requirements is the approval and registration of deeds by the local authorities. This is lacking in many cases and for various reasons. With reference to this requirement, it may be pertinent to call attention to Article 769 and 770 of the recently promulgated Civil Code of the Republic of China."

It is quite possible that you are familiar with these articles as mentioned above, but in order to give you a clear picture, they are appended herewith:

"769. A person who has, with the intention of being an owner, enjoyed continuously for twenty years the peaceful possession of an immovable of another, who has not been registered, can claim to be registered as the owner of the said immovable.

"770. Where a person has, with the intention of being an owner, enjoyed continuously for ten years the peaceful possession of an immovable of another which has not been registered and the said possession is, at its beginning, bona fide and without any fault, such person can claim to be registered as the owner of the said immovable."

In addition to these two articles from the Civil Code, we find that Article VII of the law covering the application of the Civil Code reads as follows:

"Article VII. A person who possessed an immovable before the coming into force of the Book of Rights over Things of the Civil Code and fulfills the conditions mentioned in Article 769 or 770, can claim as from the date of the coming into force (of the Book of Rights over Things) to be registered as the owner (of the said immovable.)"

For your further information, although you will of course know wherein these facts apply to your institution, we quote the following:-

"5. The records regarding property titles in China that are now in the offices of the Boards in the United States are in most cases quite incomplete. A few Boards have exceptionally good records in their offices.

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This is a circumstance that is unsatisfactory but probably unavoidable because of the character of Chinese deeds and the reliance of the Boards upon their missions in China to deal with these questions. However, it seems important that every Board holding property in China should make sure that the mission treasurer, or other office of the mission in China, should have complete and clear records of all property titles, showing the essential facts regarding each deed. For this purpose, it is recommended that each Board ask its missions in China to furnish the Board with a copy of such records or an abstract of every property title. It may be desirable to have a committee here prepare a blank form for the reporting of such information, so that the essential facts may be clearly shown in every case.

"6. With reference to deeds not yet approved and registered by the local authorities, it is most important that continuous attention should be given to this essential requirement of a legal title. It is recommended that the Boards should instruct their missions to obtain such stamping of deeds wherever and whenever this is practicable. The provisions of the new Civil Code, quoted above, may be applicable to many old deeds that can now be legalized.

"7. It seems desirable that the Boards should without delay arrange for such joint conference as may be necessary in order to reach agreement regarding certain proposals which they may make to the American government with a view to the settlement of such questions as the following:

- (a) What, if anything, needs to be done to legalize titles transferred by a deed in English from one non-Chinese individual or corporation to an American Board?
- (b) What, if anything, needs to be done to transfer the titles of mission property that is now in the name of individual missionaries, or of Chinese individuals?

(Note. Usually these are old deeds, and the individuals are no longer living. In cases where they still live, it would seem desirable for the Board concerned to arrange without delay for the legal transfer of the title to the Board.)

- (c) What, if anything, needs to be done to obtain an authoritative definition of the term 'perpetual lease' which will provide for the sale of such property when desired?
- (d) What, if anything, needs to be done to safeguard the judicial settlement of questions concerning property titles, if and when such questions are no longer under the jurisdiction of consular courts?
- (e) Any other definite proposals that may be desirable after further study of existing title needs.

"8. It has been suggested that the Boards should seriously consider the advisability of establishing a property holding body in China after the model of the 'China Foundation', which has a charter that the Chinese government has recognized."

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1935

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It is quite possible that you all have full information regarding the foregoing, but it does not seem amiss to pass it on to you, with the additional thought that whenever titles can be more definitely established same should be done wherever and whenever the opportunity offers. This has no reference or application to the question of whether or not land should be owned by foreigners, but has a very definite relationship as to the validity of the deed we are now holding. Probably they are all good, but wherever the opportunity offers to firmly establish our claim for land and secure the endorsement of the government it would seem wise to do so. As to the time and occasion for doing it, that is another question. It is quite possible that in your own locality there are some reasons why it might be inadvisable to initiate such a step at the present time, and still on the other hand some tactful questions as to the procedure to be followed might not be amiss. We, of course, will have to leave this to your judgment, knowing full well that you will handle the situation adroitly and with tact.

Very truly yours,

CAE:RC

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Cheeloo University (Shantung)
Fukien Christian University
Ginling College
Hangchow Christian College
Hua Chung College

SHANTUNG
ASSOCIATED BOARDS
FOR

CHRISTIAN COLLEGES IN CHINA

150 FIFTH AVENUE, NEW YORK

R. E. DIFFENDORFER, *President*
JAMES ENDICOTT, *Vice-Pres.*
ELLEN F. PENDLETON, *Vice-Pres.*

Cable: ABCHICOL Tel: WATKINS 9-8703
B. A. GARSIDE, *Executive Secretary*
C. A. EVANS, *Asso. Secy., and Asso. Treas.*

Lingnan University
University of Nanking
Soochow University
West China Union University
Yenching University

March 22, 1935

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear Lair:

I have your letter of February 15th, giving us further details as to the financial difficulties which have helped to make life miserable for all of you at Cheeloo during recent months.

I have long been profoundly concerned about the situation that has been developing at Cheeloo, for it has been easy to perceive the general direction in which affairs have been drifting, yet it seems that everyone has been powerless to avert the impending disaster. For the troubles that have come upon us, all of us have a certain measure of blame. Mr. Linn, Mr. Davies, and the faculty of Arts and Science have rightly been criticised for entering upon too ambitious a program, and for failure to direct the program in these two Colleges in the direction it should have been moving. Dr. Shields and his colleagues in Medicine, even though they have certainly had much grounds for criticism and objection, have made a bad situation worse by failure to maintain their share of an esprit de corps by too many unguarded and often inaccurate statements made in ways and in places which have caused false impressions and have injured the reputation of the whole institution. The Board of Governors has been even more at fault because over a long period of time they have done nothing really effective in helping Cheeloo solve its growing problem and have taken a purely negative attitude on everything, being vastly more eager to point out difficulties and to disclaim any responsibility, than to pitch in and do their share in helping Cheeloo solve its problems. The field has also been at fault in not keeping the Governors always informed of just what difficulties and problems they are facing and maintaining a strong and steady pressure to compel the groups here in New York and in London to assume responsibility and to help in finding the solution. Ever since I came to New York nine years ago I have been saying again and again to our friends at Cheeloo that they have not developed the ability to keep their Board of Governors working for the interests of the institution, and have urged you to follow the example of some of our other Colleges in China in this regard. But with a constant succession of changes in administration, and with a steady decline in morale and in the sense of unity on the campus, it has been impossible for the authorities at the University to develop this knack of keeping the Governors alive and active. We have also had the additional problem which is peculiarly a Cheeloo characteristic - that of indecision and delay because of the two

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Sections of our Board of Governors. Even in normal times two Sections of a Board on opposite sides of the Atlantic cannot go forward as rapidly as a single Board that can be called together promptly and can reach immediate and final decisions. Where any serious problems arise, particularly if the British and the American temperaments would incline toward different solutions, we almost inevitably reach a stalemate where nobody is able to make any effective move.

There is no point, however, in holding any extended post mortem over how and why our difficulties have arisen. The main question is to see how they can be solved.

As I wrote to the field many months before the present crisis developed in the Colleges of Arts and Science, I feel that we missed a providential opportunity to take some radical steps in the direction of reorganization when we had our troubles back in 1931. We merely delayed the evil day, and paved the way for even more serious difficulties, when we reopened those two Colleges along the same lines that had been pursued and did not make radical adjustments in their policy and program. It seems pretty obvious that we have now reached a point where we are compelled to make some radical changes. I do not see any possibility whatever that Cheeloo will be able to continue to maintain the plan or current faculty of the Colleges of Arts and Science. Either these Colleges will be reorganized into some type of college or institution devoting itself specifically to the training of teachers and others for service to the rural areas of China, or else these Colleges will disappear entirely from the program of Christian higher education in China. The College of Medicine should continue to go forward along much the same lines it is now pursuing with some readjustments in the direction of giving greater emphasis to the needs in the field of public health, and to the solution of the medical problems of Chinese rural areas. I am afraid that our friends in the Medical School have injured their own case and standing somewhat in their efforts to discredit their colleagues in the Colleges of Arts and Science.

Our financial problems at Cheeloo divide themselves into two parts. First, we must face the question of how we can best clear up the financial difficulties which are now confronting us so that we can come down to June 30th, 1935 with our accounts in satisfactory condition. Second, the more important question of what is to be the program of the University, and what support it will require after July 1st, 1935.

The most serious difficulty in the way of clearing up the tangle into which our finances have gotten themselves at present is the lack of unity and agreement among the different groups having a share in the University, both in China and in the West. If we could only get together, we could clear up the existing differences, provide for all our outstanding obligations and start off on July 1st with a clean slate. But as things now stand, it is difficult to know just what to do or how to go about it. Our North American Section has been inclined to say that the best service we can render Cheeloo this spring is to make a tremendous effort to secure a substantial amount of special gifts to meet the emergency at Cheeloo, without worrying too much about just who should be blamed for the situation that has developed. Our British colleagues are inclined to take the more conservative position of saying that they are powerless to do anything

3/22/35

more for the University and that anyway, they view with disfavor any effort to help the University get out of its financial difficulties without their first having made a careful study of just what the situation is and how it has come about. Even under the best conditions it is terribly difficult to get any funds for anything, no matter how worthy, here in America at this time. If the cause one is advocating has any weakness in it, or is being criticised from any quarter, the effort is foredoomed to defeat.

We are having a meeting of the Executive Committee of our North American Section tomorrow morning, and will at that time lay these problems before them and ask them to see what they can do toward providing a solution. I will be writing again as soon as possible after that meeting.

You ask for such information as we can give with regard to the funds that will be available from North America for the 1935-36 budget. It is impossible to give any accurate forecast at this time, because so much depends upon the answer of the paramount question as to what the program of Cheeloo is to be next year. So far as the contributions of Mission Boards are concerned, they will presumably be about the same for 1935-36 as they have been for 1934-35. Endowment income from North American sources may be slightly larger, since both the Aluminum Company of America and the American Smelting and Refining Corporation are beginning to pay up the dividends with which they have fallen so far in arrears - but it is still too early for us to give any accurate forecast as to what we can expect. I hope that the Harvard-Yenching Institute will be able to provide next year not less than the US\$6,315.80 which they are giving this year, but this will not be decided until the meeting of the Institute Trustees on April 8th. The vitally important question as to what additional support, if any, the Board of Governors or the Associated Boards will be able to secure for Cheeloo during 1935-36 cannot possibly be answered until we know what kind of a program Cheeloo is planning to carry forward. When the Associated Boards reviewed last year the whole program of Christian higher education in China with a view to selecting the most vital and most urgent financial needs which must be taken care of immediately if the minimum essentials of this program are to be maintained, everyone was convinced that some of the needs of Cheeloo were among the most urgent and important of all. As a result, the list of items we are trying to secure in 1934-35 and 1935-36 includes substantial amounts for Cheeloo in Medicine, in the support of the hospital, and in the development of the ruralization program in the Colleges of Arts and Science. But it will be very difficult at best for the Associated Boards to get any substantial amounts of new money immediately, for it seems obvious that we will have to bring up a new constituency very slowly, and that we will be considerably delayed by the continuation of the economic depression here in America. To this basic difficulty is added the further problem of trying to secure any enthusiastic response to an appeal for an institution that seems to be so badly divided within itself, and so uncertain as to what its future is to be. Unless Cheeloo is able to clarify its program and to start off on a new and vigorous lease on life within a few months, I am afraid that the Associated Boards will be compelled to revise its list of askings at this point, and to seek much smaller and restricted funds for Cheeloo than are now included in our list of objectives.

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Dr. M. F. Lair

3/22/55

- 4 -

Sorry that what we have said with regard to the funds available for next year is so indefinite. We will try to write you more concretely as soon as we can.

Very cordially yours,

B. A. Carside

BAG:MP

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CHEELoo UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

TELEGRAPHIC ADDRESS:
CHEELOO

SIANTUNG

April 28, 1935

AKR 5/29

My dear Garside:

I am inclosing a copy of the letter I have written to John this afternoon. This may give you a little advance information on the actions of the B of Directors as I imagine it will be some days before the official minutes get off.

The new president's name is Liu Shu Ming and I understand he has accepted. Here's hoping he is as much of a whiz as he has been cracked up to be. I am going up to preach the commencement sermon at Tungchow on June 2 and hope to make his acquaintance then if not earlier. We may survive yet. Shields and Stanley ought to be able to raise something while they are at home!

We hope Margaret is better and continues to improve. John wrote last week that he was considering a job at a hotel down on the Jersey shore with one of his friends during the summer. I don't know from experience about hotel life on the Jersey shore but I can well imagine that it might not be altogether elevating. I've written him to consult Frank Niles before definitely accepting this type of thing.

Ever yours,

John

0574

Sunday April 28, 1935

Dear John:

My time and ineterests have been so much taken up by the meeting of the Board of Directors this last week that you will excuse me if I start off my letter today by giving you a few of the outstanding items of news connected with this event. The item of chief importance is the election of a president. After having received a definite refusal from Dr. Mei, who had been elected at the December meeting, a committee has been looking over possible candidates and finally a definite approach had been made to a Mr. Liu, (I have forgotten his given name for the moment) who is now in Peiping, and who had practically agreed to come if invited. As there was no other candidate in the running he was elected, unanimously I believe. Mr. Davies has now gone up to Peiping to deliver the invitation. I hope it will be a wise choice. There seem to be a good many conflicting opinions among those who know him as to his qualifications for the job. The chief thing in his favor that I have heard is that he is a hard worker and a hustler. One Chinese member of the Board expressed it "T'a yueh p'eng ting tzu, t'a yueh wang ch'ien", and with all the difficulties facing us at present we certainly need somebody with that qualification. He will have one distinct advantage that he will be coming in with reasonable freedom from the various cliques and parties that unfortunately exist now. Of course he may not accept but I hope he does as we have been floundering around without a head long enuf and the time is long past when we needed to be going someplace.

Unfortunately the Rural Program seems to have been pretty thoroly taken away from us by a correlation of the work of Yenching, Nankai, and the Tingsien group, backed by Rockefeller Foundation money, but we can't complain about that I guess at this late date. If we had really seriously done something about it the last few years, the way would not have been left open for that situation to have arisen. There is still a place for the schools of Arts and Science as at present carried on I think, tho the Board at this meeting came very near voting to close them, continuing only Medicine and Premedicine. I am personally inclined to think that the solution for this place is to work out some sort of an amalgamation with Yenching making one Christian University for North China with a medical school and the practical part of the Rural institute here, and with the rest at Yenching. That would get around the difficulties of registration with the government and still reduce things to a scale that would be feasible with what resources we have. You are however not so much interested in my hypothetical solutions as in what the Board actually did.

0575

APR 28
1935

As I expected they passed a minute designed to put the quietus on the reports about "misappropriation of funds" so I did not present my resignation which I had all written out ready to present. And I may present it yet tho it seemed to me hardly fair to the new president to do so until he had at least come and was ready to take hold of the school.

They also took an action expressing appreciation of Mr. Davies work during the last five years and agreeing to his retirement June 30 at which time it is assumed that he will move to Tsingtau. The question of a successor in his office was left till the next meeting of the Board. I think this was probably a wise provision as I think the new President ought to have something to say about it. It may not be necessary to have any foreign associate. If Mr. Liu is a really tip top man it will not be necessary of course.

They also drew up a method for reorganization of the Board to comply with the regulation of the Ministry of Education that the Board must not exceed fifteen members in all, no more than five foreigners. This is rather a complicated matter for us with so many mission boards to be represented. I can't give you the details now as I haven't yet seen them but they provide for a grouping of the Missions. For example we are grouped with the Presbyterian South, the English Baptists are grouped with the London Mission and the Wesleyans if I remember correctly. The only difficulty that I see is that the Missions will feel that their control of the University is so attenuated that they will lose interest in it. This was supposed to be the last meeting of the old Board. The new Board will presumably convene some time next fall for the first time.

The budget, as adopted, involves very drastic reductions, especially in the case of Arts and Science, where the total budget is reduced by about a third and the item for salaries is reduced nearly one half in comparison with this present year. Now it is going to be possible to run on a budget like that I do not see but I suppose it is worth trying. It means of course that it is going to be an exceedingly difficult year for me as I shall have to keep the screws down tight all the time and salaries will have to be cut very drastically. The teachers who are for the present agreeing to the proposal are doing so in the expectation that considerable money is going to be forthcoming from the Provincial government or from the Ministry. I am not sure that we want to accept such help in any considerable sums as it will really mean a dictation of policy by the people who give the money. I don't see how it is going to be possible to carry on without a big increase in income from some source as I have very little confidence in this expressed willingness of the staff to carry on, getting for salary only the amount of money that is available.

Well so much for the the meeting of the B of D. Personally I enjoyed the visit with H. H. Tsu, and Mr. Baxter who both staid at our house, tho they had to leave before the meeting adjourned to get back to Shanghai for an N.C.C. meeting.

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APR 28
1935

Dr. Abbott, who was at our house on Sunday night for supper and to whom we were talking about summer vacation plans and problems, suggested that you go to Chatauqua, New York. He says his young people have gone there and, in addition to getting jobs for which they got some remuneration, they had the opportunity of spending the vacation in a helpful and profitable environment where the best music, lectures, etc. were available. I remember that one or two of my friends at Union spoke very highly of a summer at Chatauqua. We think this would be a very good thing for you to do and I suggest your going at once to see Mr. Niles who will be able to give you the information about who is the person or organization to whom to write, or if he can't give it himself he will be able to refer you to someone who can. Or you might go to Dr. Erdman, he would I am sure know to whom to apply, - or he might know of something else even better for you to do. Dr. Abbott says you will probably be unable to get a job until you actually go there, that is they will not promise anything until you are actually on the ground, but that once there and making application in person, you would probably get something. He says there are some jobs as chauffeurs, some waiting on tables, etc. and that even in the event of your failing to get anything, it would be an economical place to live and a helpful one.

Your last letter mentioned the possibility of going down on the Jersey shore for a summer hotel job with one of your friends. You may of course already have decided on this. It doesn't sound bad financially tho I must say that I think the chances of the environment being helpful are very poor. Hotel life is not conducive to encouraging the best interests in life, and that would be especially true of a fashionable summer resort hotel - I don't speak from experience here of course but if what one reads in the papers and magazines is true - I should think it a pretty poor environment for a young college boy. At any rate go and talk with Mr. Niles or Dr. Erdman before definitely accepting a job of this sort.

Dr. Stanley has just decided to go home this summer with Mrs. Stanley and Billy. I guess Mr. Wolfe is not going until the new hospital is completed. I may go to Tsingtao this next week end to preach on Sunday and get a little change from the office. I guess I wrote you that Mr. Sargent wants me to go with him this summer on a trip to Manchukuo but I have about decided not to go, - I don't particularly hanker for a trip like that in the hot weather. If I could have it in addition to a vacation I would like it but when it means using up all my vacation that way I think I would prefer to loaf around Tsingtao.

We have been having hot dusty days this last week. Only last week we had a fire in the arcola still and two afternoons this last week the thermometer registered 95 and 97. There surely is no spring in this country.

Much love from all of us,

HPL

0577

SHANTUNG

CHEELOO UNIVERSITY

TSINAN, CHINA

OFFICE OF THE TREASURER

11th May, 1935

TELEGRAPHIC ADDRESS:
CHEELOO

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

ack 6/20

Dear Garside,

On the last two mails I have received your letter of March 22nd and your two letters of April 13th, so although there is no news other than has already been sent you in the minutes and Mr. Davies' covering letter about the recent meeting of the Board of Directors it evidently behooves me to acknowledge these letters. I shall answer the one of April 13th dealing with my own personal finances first.

Again I express my very hearty thanks for all the trouble you have taken with these few tens of dollars of mine. You do not say anything in this letter about reimbursing yourself for several dollars shortage on the last report you sent me, but I trust that you have done so or will do so. As I told you at the time when I sent you this original \$500, I attached absolutely no strings to it and wanted you to deal with it exactly as you would if it were your own, whether this meant putting it in the Savings Bank at a nominal interest or taking a high flyer on the stock market, and, as I expected, you have apparently invested it very wisely, and I hope that I will have no occasion to change my judgment. Any time that you get tired of this extra "ma fan" you are quite at liberty to dispose of this investment and put the money in a Savings Account, which would be less trouble for you though perhaps less profitable for me.

*about
\$1040
today*

*Fairfield
I were glad
at this time
very much
to have
the money
when
the report
was made*

Your other letter of April 13th seems to call for no comment. I may say that the possible future which you suggest in this letter is exactly what the Finance Committee of the Board of Directors, after several hours discussion, presented to the meeting of the Board last month. Our report in brief was that there seemed to be only three options, one was to re-vamp the Schools of Arts & Science on the basis of a thorough-going rural programme which would involve considerable added expense and for which money might be secured abroad; secondly, to carry on more or less the present status, which would involve the securing of considerable sums of money in China either from the government or from personal solicitation; and thirdly to definitely close the Schools of Arts & Science and centre all our resources on the maintenance of the School of Medicine and such pre-professional courses as were necessary. Needless to say, out of these three options the only one left the Board at the time was the third, as no-one could guarantee any large additional income from abroad or from China at that meeting, and the acceptance of this option was averted by Dr. T'an's proposal that the Arts & Science staff be asked to carry on on a subsistence basis, namely cutting salaries down to \$50 a month if necessary. This proposal came at a time when the prospects seemed extremely

for medicine & study

0578

MAY 11 1935

Mr. Garside

11.5.35

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dark and was welcomed with correspondingly high hopes. I regret to say however that I do not share all those hopes. I have understood that the proposals made to the staff at a meeting at which I was not present were far different from the impression which the Board received and from various conversations which I have heard since it is apparent that what the staff expects to do is to carry on for two or three months on this sacrificial basis in the hope that a fairly large subsidy will be forthcoming from the Provincial Government to make it possible to again reinstate their former salaries and to pay up for the back months during which they have been "sacrificing". Not only so but a meeting of the teachers was held a few days ago and an organisation of a "committee to preserve the Schools of Arts & Science" was set up. An appeal is being made to the provincial authorities for a subsidy in their name, I understand, not in the name of the University or of the Board of Directors. The explanation given to me for ~~the~~ making this application in this way - given I may say by Mr. Z.V. Lee and Mr. H.L. Yee - is that because of matters of face and other reasons which need not be elucidated here, the provincial authorities will not entertain a request made in the name of the Board of Directors and that a request made in the name of the President would fail to succeed because they would take the ground that it was the President's business to be responsible for the finances, while a request made in the name of the teachers who were suffering cuts in salaries would appeal to the authorities and meet with some response. These may all be sound reasons though I will admit they do not appeal very strongly to me, the whole thing looks like a declaration of independence and an action, which even assuming that the money is forthcoming, (as I think some amount of money will be) is loaded with trouble, as I can visualise no small amount of internal dissatisfaction arising if and when this grant from the Provincial Government is received. However it seems to be the only way of opening the Schools of Arts & Science next fall so I suppose we had better go ahead with it and hope that the sources of disappointment and dissatisfaction will be no more than necessary.

rather illogical but so it was stated

see did you Li Yuen

I hope that the presence of both Shields and Stanley in America next year will result in real assistance to you in putting the whole situation fairly before the members of the Board and prospective supporters. I hope that Shields will be thinking more kindly of the General Administration and Arts & Science than he was when he left here, though he certainly has need for all the sledge-hammer blows he can deliver for the sake of the School of Medicine, because the financial future for the Medical School is very dark unless they can get something to at least partially replace the loss of the Rockefeller Foundation grant. Of course in considering the relative financial status of the Schools of Arts & Science and Medicine we should not forget that it costs about \$350 a year to carry a student in Arts & Science even including the expensive pre-medical courses, while it costs over \$2,000 a year for a student in the Medical School, and that of the total budget, including missionary salaries, 24% is met by fees in the Schools of Arts & Science while less than 5% is met by fees in the School of Medicine. In other words, it costs more than six times as much a year per student in Medicine than it does in Arts or Science, and this is to my mind a big argument for trying to keep our Cheeloo

0579

MAY 11 1935

Mr. Garside

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11.5.35

Schools of Arts & Science going, because it is an inexpensive place for the students to go to school. One of the judgments in the recent meeting of the N.C.C. was that while Christian education is getting better it is also getting so very expensive that most of the Christians cannot afford it.

Well, this letter is far too long already. Again I express my very hearty thanks for all the trouble you have taken over my meagre dollars and more so for all the assistance you have given John. I expect by the time this letter reaches you he will have been after you for help in getting a job for the summer, and I express in advance my thanks for the assistance which I am sure you have endeavoured to give him.

Ever cordially yours,

H. P. Lair

HPL/GMH

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MAY 11 1935

Mr. Garfield

- 3 -

11.5.35

Schools of Arts & Science going, because it is an expensive place for the students to go to school. One of the things in the recent meeting of the A.C.C. was that while Christian education is getting better it is also getting so very expensive that most of the Christians cannot afford it.

Well, this letter is for too long already. I am a very busy man for all the trouble you have taken over my money dollars and more so for all the assistance you have given me. I expect by the time this letter reaches you I will have been after you for help in getting a job for the summer, and I expect in advance my thanks for the assistance which I am sure you have endeavored to give him.

Very cordially yours,

H. P. Blair

H.P.B.

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UNIVERSITIES
JUN 10 1935
POST OFFICE

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0581

SHANTUNG

May 1, 1935

INDEXED

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

My dear Dr. Lair:

I do not know whether or not the Trustees of the Harvard-Yenching Institute have communicated with you directly as to the appropriation they are making from their Restricted Fund Account next year. I am, therefore writing to inform you of the following action adopted by the Institute at its meeting on April 8th:

"VOTED: That the Trustees guarantee to the institutions in China \$80,000 from the Restricted Account for 1935-36, and that the institutions be informed that this is done to help them over the peculiarly difficult circumstances when exchange has shifted greatly, and not for the purpose of expanding their programs."

As you know, Cheeloo's share of this appropriation is two ninetieths of this \$80,000 or \$8,421.06.

Very cordially yours,

B. A. Carside

BAG:MP

0582

S. Linn
SHANTUNG *over*

April 13, 1935

ack - 5/11/35

Dear P,

This is purely personal and unofficial, because just now it is impossible to say anything definite from an official standpoint. I'm afraid all our Cheeloo friends have gained the impression both New York and London have forgotten you at a time of major crisis, for there have been very few letters going to the field from either office. But you may be sure you're far from forgotten! Both here and in London there have been beaucoup meetings and correspondence back and forth. But we haven't yet arrived at any understanding clear enough to decide on definite policies and then put them into action. And we've been afraid that if we go off at half-cock and try to initiate any immature and ill-advised measures would simply make a bad matter worse. It's too bad the doctors are in such an unsettled frame of mind while the patient is in such a parlous state, for the crisis will be past, and the patient either dead or convalescing before any treatment is prescribed.

I feel that the blame for the financial situation at Cheeloo is about evenly divided between the home base and the field. We've done a miserable job both in America and in Great Britain during recent years trying to provide for the University's needs, and the drop in income that had resulted would have disheartened any body of administrators anywhere. On the other hand, Mr. Linn seems to have been going along on an extremely foolish financial policy, and one is amazed that the Directors and Mr. Davies would have permitted things to go so far as they have. It's hard to see what else you could have done as Field Treasurer than what you have done, and I'm quite sure that both here and in London the Governors feel you've done the best you could in trying circumstances. It's too bad that Dr. Shields went off on just the tangent he did, just at the time he did. He couldn't have picked a better time to injure not only Arts and Science, but even his own School of Medicine.

But the great question now is - what of the future? I believe the Governors, both here and in London, are strongly of the opinion that there must no longer be any pretense at continuing colleges of Arts and of Science in the ordinary sense of those terms. These colleges must speedily be unified and simplified into a college or institute focussing its attention definitely on training for rural leadership. If that is impossible or undesirable, then it would be better to concentrate all our present and potential support directly upon a School of Medicine, a School of Theology, and such pre-professional courses as are indispensable to these two professional schools. Just how far these present judgments will be modified when Scott, Farifield, Cartwright, and Hume return to America it is hard to say. One immediate difficulty is that we are not

0583

Dr. Lair

-2-

4/13/35

right in the midst of the period when decisions as to next year's work must be made one way or another. Only as something constructive is decided upon immediately are we going to avoid the likelihood of another year of ruinous drifting.

We are tremendously disturbed over two things. The first is that all you good folk at Cheeloo are having such a difficult and unpleasant time of it. And the second is the even greater tragedy of seeing the institution that ten or fifteen years ago stood out well above every other Christian university and college in China now apparently drifting aimlessly with wind and tide, without course or consistent leadership, and in danger of going on the rocks for keeps.

We know, however, that all you folks will stand by the ship no matter what happens. There are great things still in store for Cheeloo, even if should have to undergo a complete overhauling and re-fitting by the time this storm has passed. We are trying desperately at this end to help out on the financial side, and will succeed in time if only we have the opportunity, and the cooperation of the field.

Cordially,

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CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

SHANTUNG

N.P.'s letter to John attached

TELEGRAPHIC ADDRESS:
CHEELOO

June 30

Ack 8/5/35 -

Dear Bettice:

I inclose a copy of my letter to John written this morning. You may be interested in the items about the Board meeting. You will be getting the official minutes about this time tho they will not really convey much. It was a most depressing and discouraging meeting, and the sky is getting no clearer rapidly, but then, who knows, maybe things will clear up one of these days.

Ever cordially,

P

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RECEIVED
UNIVERSITIES
JUL 27 1935
JOINT OFFICE

CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

STANDARD

Dear Sirs:

I enclose a copy of my letter to you written
this morning. You may be interested in the same as
the Board meeting. You will be getting the official
minutes about this time. They will not really convey
much. It was a most depressing and discouraging meeting
and the day in getting no election results. But then,
who knows, after this time of the year.

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0586

Met H P's letter 6/20/35

SHANTUNG

June 30, 1935

Dear John:

It has been several weeks since we have had a letter from you and we can't but be concerned about such a long silence. I hope it indicates only that you have been very busy preparing for final exams and not that you have been sick or in any trouble or anxiety. I trust you will not let such a long time elapse again without sending at least a few lines. Remember that even tho it may seem to you that nothing of importance has happened to occasion a letter that we cannot but be concerned if an American mail comes in without some word from you. This is especially true of your mother. As you well know her deafness shuts her out from a good many of the outside interests that furnish entertainment and diversion for the rest of us, and I have noticed time and again how utterly cast down overcome she is when disappointed at the mail containing no letter from you, so I hope that for the sake of all of us, but especially for her sake, you will be as regular in writing home as you used to be in Tungchow. Certainly you can find time on Sundays if at no other time for at least a short letter just to say that you are well and what your chief interest of the week has been.

My chief interest for the last ten days has been my annual accounts. Mother and Sister went to Tsingtao two weeks ago last night. I closed the office a week ago yesterday since which time I have certainly been putting in long hours. One morning I went to the three o'clock train and then came back and went straight to the office to work. I finished up my report on the night of the 27th. Mr. Harris came on the 28th to finish the auditing (he had already done the first nine months of the year in preparation for the Board meeting in April) and he has just finished about half an hour ago. I have two or three supplementary reports to make out now and then I hope to get off to Tsingtao about Friday or Saturday of this week to be gone two weeks or possibly a few days more. I will then have to come back as I did last summer for the end of July and then I'll try to get away again for two weeks in August.

There has just been another Board meeting to again try and elect a president, - without any success. I have heard via the grapevine telegaph that I was proposed by Williamson and Bishop Scott as associate president but the proposal was very decidedly squelched by Z.V. Lee and Co. I don't know whether that should be considered a compliment or not! The Board after debating for a day and a half appointed a committee to look for a president. Y.Y. Tsu staid with me. He is a real joy to have around. If the Board only had a few more members like him they might be able to get some place. The presidential committee consists of Y.Y. Tsu, Z.V. Lee, Cheng Fang Chiao, Tan (of the K.T. Railway) and Abbott. I understand they are considering a number of names but what the prospects of an acceptance from any of them are I don't know.

0587

JUL 30
1935

Now a few items of personal news. Billy Cady left on Thursday for Shanghai to sail on the ND.L. "Scharnhorst" for Europe, along with quite a large group of missionaries and people going home on furlough. Miss Myers and Miss Anckner from 'sinan were also sailing on the same boat, they had left a few days earlier in order to have some additional time in Shanghai.

The Wolfes leave on Friday of this week for Tsingtao whence they catch a boat to Japan and from there by the States Line to the Pacific coast. Mr. Wolfe is staying on until the new hospital is completed before he goes.

I am not sure about the date when the Stanleys leave, it's a little later, they sail about the end of July. Maybe I'm wrong about this, come to think of it I believe Mrs. Stanley and Billy are going with the Wolfes and Dr. Stanley goes later, - anyhow they are leaving soon.

The Prices left last Friday morning for their summer vacation. They are mighty nice folks and I like them better and better the more I get acquainted with them. The hospital has shown up very well this year too under Dr. Prices administration. It was almost 93% self supporting this year. The subsidy from the Medical School to the Hospital for the last few years has ranged from \$39,000.00 down to \$23,000.00. This year just closing it was only \$7,860.20.

Many others are away on vacation or leaving soon. Cadys left for Peitaiho on Friday. Mitchells have gone to Honan, and from there to Peitaiho. Struthers left some time ago, about the first of June. Watsons are in Tsingtao - Dr. Watson had his gold watch stolen the day before they left. The Smylys also had a typewriter stolen from the study the other day. I have been trying to keep our house locked since Mother and Sister left as I am there so little of the time. I have a boy who is chief cook and bottle washer tho he really isn't a cook. He can keep boiling water on tap tho so I can have tea at any hour of the day and I don't need much else during the hot weather. The neighbors have also been very kind to me with frequent invitations out to meals. I go out to both lunch and supper today and to dinner tomorrow night.

I haven't told you, tho probably Mother has, of the death of Mr. T. N. Thompson of Yih sien, in the hospital here last Sunday, a week ago this morning. I spent the entire day Sunday and the early hours Monday morning arranging for and attending to the cremation of the body. I also had the church service last Sunday afternoon but, having no time to prepare a sermon, I read one from a pamphlet, a sermon by Guthrie Speers of Brown Memorial church in Baltimore on "The Law of Completeness". I understand that he was one of the candidates for President of Princeton during the recent interregnum. It is evident that I need a new ribbon tho I think I shall try to make this last till I return from the first half of my vacation.

With much love from all of us,

0588

SHANTUNG
CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

2nd July, 1935

ack 8-16-35

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

INDEXED

Dear Garside,

I am glad to be able to send off my annual report on the second day of July. On the first page of the report I have called attention to the fact that the current deficits amount to a sum considerably less than what I had prophesied at the meetings of the Board in December and again in April. I suppose it is hardly modest of me to say so but if I had not raised such a row about the prospects in December and April this decrease in the deficit would not have been possible. The actual difference between the resulting deficit of approximately \$23,700 and the amounts given in the reports previously to the Board is really not so great, as the Hall Estate balance of practically \$7,000 has been applied in proportion to the items in the budget to reducing these overdrafts. The fact that practically all of our reserve funds have now been used up of course makes it very difficult to both carry these overdrafts and meet current demands from day to day. I have been compelled several times these days to borrow temporarily from the hospital building fund in order to pay salaries, and the tightness of the situation during the year just past is nothing to what it is going to be in 1935-36 unless considerable added income materialises. Your cable of May 22nd stating that there was a possibility of some additional income from the American Section of the Board of Governors applicable to the 1934-35 accounts leads me to hope that this increment will actually be forthcoming and can go toward removing a considerable portion of this current account deficit. My most serious concern however is with the budget for 1935-36. I try not to be a pessimist but it seems to me that it will be absolutely impossible for the Schools of Arts and Science to operate on the budget as approved by the Board of Directors, and you will note that the action of the Board in passing this budget explicitly orders that in no department must the expenses exceed the amount of the budget. However Dr. T'an, who has now been definitely appointed Dean of the Arts & Science Schools, thinks it is possible and I shall certainly do all I can to make it possible.

I enclose also a report drawn up on similar lines to the one sent you a year ago for presentation to the Rockefeller Foundation. The only difference in this report and the one sent a year ago is that I have omitted the Women's Dormitory fees from the statement of receipts. You will re-

See Mr. Garside's "Data" index

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JUL 2 1935

Mr. Garside

call that I questioned the propriety of including these last year and I believe you wrote that you had actually taken them out of the report which you presented to the Foundation. The total receipts are still well above the minimum required .

I also enclose a financial report for the Harvard-Yenching trustees. Mr. Menzies has evolved the name "Sino-logical Research Institute" for this department, and you will find the report so entitled. This calls for no comment except the fact that I have reported only the actual sum of money received up to the end of June, namely \$4,000 U.S. currency. When the balance of \$2,315.80 arrives it ought to go far toward removing the debit balance of l.c. \$6,543.88, which now appears on my books, and in the balance sheet of the report. Unless exchange should take a sudden and considerable rise however it will not realise enough to clear off this deficit. The items are arranged in this report according to the outline submitted by the Institute. Mr. Menzies will be sending a more detailed report in regard to the specific projects in hand and the work that these various staff members are doing. I hope this report will arrive in ample time to make some contribution toward clearing Cheeloo's reputation for dilatoriness in reporting to the Harvard-Yenching trustees.

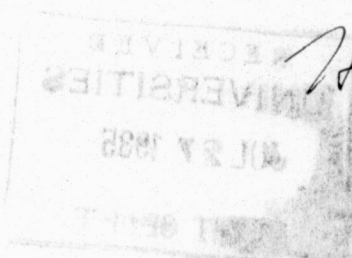
Your personal note acknowledging copy of my letter to John which I sent you the end of April has just arrived, and is much appreciated even though it did not say much. Say a little more next time! I hope Margaret is better than at the time you wrote. We have been having delightfully cool weather for the last two or three days and I need not tell you that this is something exceptional for Tsinan at this season of the year. We had the worst dust storm a week ago that I can remember since 1916. One of my Chinese friends told me the next morning that he thought the Judgment Day had come. Maybe it has for Cheeloo!

With best wishes

Ever cordially yours,

H. P. Lair

HPL/GMH



0590

JUL 2 1935

Mr. Gerstle

- 2 -

2.7.35

call that I questioned the propriety of including these last year and I believe you wrote that you had actually taken them out of the report which you presented to the Foundation. The total receipts are still well above the minimum required.

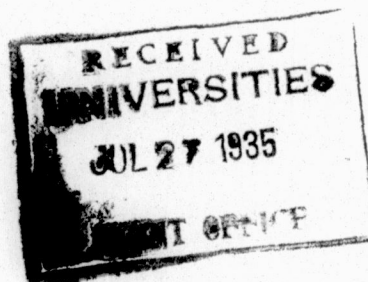
I also enclose a financial report for the year ending June 30, 1935. Mr. Menzies has revised the name "Steno-logical Research Institute" for this department, and you will find the report so entitled. This calls for no comment except the fact that I have reported only the actual sum of money received up to the end of June, namely \$4,000.00, and when the balance of \$2,312.80 arrives it will be for toward removing the debit balance of 1.00. \$2,312.80, which now appears on my books, and in the balance sheet of the report. Unless exchange should take a sudden and drastic turn, however, it will not result in a deficit of this deficit. The items are arranged in this report according to the outline submitted by the Institute. Mr. Menzies will be sending a more detailed report in regard to the projects in hand and the work that these various projects are doing. I hope this report will arrive in time to make some contribution toward clearing up the situation for disinterested in reporting to the Board of Trustees.

Your personal note acknowledging my letter to Tom which I sent you the end of April was received and is much appreciated even though it was not signed. Say a little more next time! I hope I have been helpful at the time you wrote. We have been having a pretty good weather for the last two or three days and it is not too hot for you that this is a satisfactory exception for a hot season of the year. We had the worst of that season when I can remember since 1915. One of my friends told me the next morning that he thought the situation had come. Maybe it has for Chicago!

With best wishes

Ever cordially yours,

H. E. Larr



HPL/CMB

1950

2544123

1935 *with Liao letter 7/2/35*

CHEELOO UNIVERSITY
Tsinan, China

(HYI) SINOLOGICAL RESEARCH INSTITUTE

	<u>Local Currency</u>	<u>U.S. Currency</u>
Balance July 1, 1934	8,333.19	
Total Receipts during year from New York treasurer	10972.50	4,000.00
Total expenditures (below)	25,849.57	
Debit Balance June 30, 1935	6,543.88	

U .S. currency \$2315.80 still to be received

EXPENDITURES

Year ended June 30, 1935

General University Administration	867.00	
Teaching staff	18719.00	
Library:		
Book Purchases	1078.00	
Administration	1056.00	2134.00
Research grants	2704.00	
Publications	1366.72	
Museum expenditures:		
Purchases nil		
Administr. nil		nil
Technical Equipment		nil
Miscellaneous	58.85	25849.57

0592

1935

ITEMIZED EXPENDITURE

General University Administration:

Salary clerks:

Tsai Hsi-ho	480	
Ma Lin	100	
Hou Pei-chen	200	
Clerks	37	
Chen Hung-Fei	50	867.00

Teaching Staff:

Luan Tiao-Fu	2220	
Hao Ping-Heng	2880	
Tsu Ping-Ju	3000	
Chi Shu-P'ing	2738	
Chou Kan-T'ing	1800	
Ma Yen-Hsiang (11 mos)	1760	
Chang Li-Chih	1620	
Fan Ti-Jui	1104	
Chang Wei-Hua (12 mos)	1164	
Wang Hsien-T'ang (Honar)	200	
Chang Hsi-Ku (July/34)	233	18719.00

Library:

Book Purchases	1078.00	
Administration:		
Chang Tsun-Ming	708	
Wang Hsien-Ch'en	348	2134.00

Research:

Assistants to Luan Tiao-fu		
Hu Chao-An	960	
P'eng Hsien-Sheng	840	
Tiao Jui-Yu	240	
Assistants to J.M. Menzies		
Tseng I-Kang (11)	664	2704.00

Publications:

Introduction to Sociology	139	
Journal No. 4 1934	200	
Research Annual 1934	450	
Journal No. 3 & 5, 1935	600	
By cash sales	22.28	1366.72

Museum:

Purchases	nil	
Administration	nil	nil

Technical Equipment

nil

Miscellaneous: Postage, stationery etc.

58.85

25849.57

0593

REPORT OF INCOME
SCHOOL OF MEDICINE AND HOSPITAL
CHEELOO UNIVERSITY

Mil. Linc. Acc. 7/1/35

1935

For the year ending June 30, 1935.

(All amounts in local currency dollars, missionary salaries estimated as in the budget: Married l.c.\$6000, Single l.c.\$3000)

A. GENERAL INCOME

I. School of Medicine

(1) Salaries and Allowances provided by Missions

Baptist Missionary Society	\$18,000	
Presbyterian Bd. North (exc. of women) ..	6,000	
United Church of Canada	9,000	
Presbyterian Bd. South	12,000	
London Missionary Society	6,000	
Soc. for Propagation of the Gospel	12,000	63,000

(2) Mission cash grants

British Section Bd. of Governors	543✓	
Baptist Missionary Society	3,143	
Amer. Presbyterian Bd. North	1,600	
Amer. Presbyterian Bd. South	258.57	
London Missionary Society	1,420	
U.C.C.M.	1,258.72	
Methodist Missionary Society	5,942.38	
S.P.G.	1,875	
A.P.M.N. Sub.salary	3,000	19,040.67

(3) Field Income

Student fees	11,086	
Rents	3,788.24	
Provincial Government	1,500.00	16,374.24
		98,414.91

II. Hospital

(1) Methodist Missionary Society	3,000	
S.P.G.	6,000	9,000

(2) Hospital Fees	101,938.59	
		101,938.59

Total Medical School as above		110,938.59
		98,414.91

Total	209,353.50
Amount required by Rockefeller Found.	122,325.00

Surplus 87,028.50

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1935

B. WOMEN'S COMMITTEE

(1) Women's Foreign Missionary Society of the M.E.Church

Dr. Julia Morgan	3,000	
Miss Frances Wilson	3,000	
Miss M.E.Townsend	3,000	
Miss E.Florence Evans	3,000	
	12,000	
Scholarships, salaries etc.	5,793.92	17,793.92

(2) American Presbyterian Board North

Dr. Annie V. Scott	3,000	
Dr. Arabella S. Gault	3,000	
Miss Rosa Bell	3,000	
	9,000	
General Appropriation	4,000	13,000.00

(3) Women's Missionary Society U.C.C.M.

Miss Coral Brodie	3,000	
General Appropriation	2,552.31	5,552.31

(4) Federated Boards Day of Prayer Offering

	1,599.48
	37,945.71
Amount required by Rock. Found.	28,000.00
Surplus	9,945.71

C. SUMMARY OF TOTAL INCOME

General income as above	209,353.50
Women's Committee "	37,945.71
Rockefeller Foundation appropriation ..	23,087.50
Transferred from Rock. Found. Suspense	5,703.51
Total	276,090.22

0595

SWANTUNG

CHEELOO UNIVERSITY
TSINAN, CHINATELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

Sept 8, 1935
ack - 11/1/35

Dear Bettice:

I inclose a copy of the letter which I have just written to John. There is little University news in it but some of the personal items may interest you. I trust you will pay due attention to the paragraph referring to your new degree. This is certainly very well deserved and I heartily congratulate the college on having the good taste to award it. This is one of the cases where an honorary degree is a distinction to the college rather than to the recipient. "Early congratulations to you however from all our family.

I suppose I'll have to show a little more deference in the way I address you hereafter and may be soft-pedal some of the remarks I might otherwise make, altho I haven't noticed that my D.D. has had much effect on the frankness of any of my friends.

I hope Margaret is better than when you last wrote. I also hope you got a good vacation this summer even tho you may have had to take it in short spasms. Mine was pretty much broken into this summer and the effect was rather vitiated by the mental struggle of making up my mind whether or not to accept this proposed transfer to the A.M.T. office in Shanghai. I hope I made the right decision. The offer was very attractive in many ways. The reasonable assurance of a permanent job, the convenience of living close to the American School, the satisfaction of dealing with a really responsible and reliable Board instead of a constantly changing one, these and many other aspects of the job made it seem very desirable. However the longer I thot it over, the more it seemed to me that to pull out of Cheeloo just at this juncture was hardly ~~for~~ the right thing to do. Now that we have a President he ought to be given a chance to make good and I think my remaining here for this year at least ought to help him considerably. The few Cheeloo people with whom I consulted were very emphatic in the judgment that I ought to stay.

Well, anyhow the decision is made now, and, tho I left the door open by saying that if in the judgment of the China Council I could be of more service to the cause as a whole by going to Shanghai now I was willing to go, the chances of their asking me to do that are rather slim, especially as I understand there are applicants for the job in Shanghai.

Now that you are an L.H.D. isn't it about time that you took a trip to the field to inspect the Colleges? This would be a good preliminary to a financial campaign when the country gets round the corner.

Ever yours,
C. L. Law

0596

September 8, 1935

Dear John:

This has been a busy week for me, as registration week always is. There has been more than the usual delay this time because of our insisting that all the new students get their physical examination before they registered. We have learned from past experience that unless this is done some of them fail to get it at all. The exams were also slowed up by the medical staff having their time taken up in moving to the new O.P.D. The O.P.D. was closed for three days last week for moving. I haven't been over to see how the moving was progressing but it is all supposed to be done now I believe and they are starting off this week in the new quarters. There is an overhead bridge connecting the old hospital with the new and it looks like nothing at all, being roofed with red tiles while there is nothing else red about the whole place. This was done while I was away this summer or I should have vetoed the red tiles but as it is supposed to be a temporary affair anyway I guess I will not make any fuss about it. I am expecting to hear a good many criticisms from some of the staff who have artistic temperaments.

Tungchow opened last Thursday. The Eames family were here with me over last week end, that is the whole family was here for a day and half and Mrs. Eames and the two little rascals were here for several days. They left on the 3:30 train Sunday morning. Mother and Sister returned from Tsingtao Monday night and Tuesday morning I took Evy Shields to the 3:30 train, then took fees all day Tuesday. Moseley came back from Tsining Tuesday afternoon and had supper here and then went on to Peiping on the express at 3:45. I saw very little of him as I was busy in the office up to the time I had to leave for a dinner which the new President was giving to the Staff. On Wednesday morning we had a convocation (without academic costumes) in the Institute at which the new President made a very good talk to the staff and students, - in which incidentally he told the students in no uncertain terms that they were here to study and to get the most they could out of their courses and not to dabble in politics nor try to run the University administration, - He also gave the treasurer and the treasurer's office quite a compliment which was somewhat of an encouragement to me. He quoted one of the inspectors from the Ministry of Education as having said that there were two institutions in China which deserved great credit for being both economical and efficient, Cheeloo and Nankai, and when asked for illustrations of what he meant he said "Well take the treasurer's office at Cheeloo, - there are just two men, one foreigner and a Chinese assistant, and yet no matter what we wanted to know about the institution, they answered us right off and told us all we wanted to know, while at the other institutions, tho they had a big staff, when we asked questions they would say 'Well we will have to look this up, if you will come back tomorrow we will have the information for you, or perhaps we can mail it to you.'"

0597

SEP 8 1935

As a matter of fact I attach very little significance to a compliment from that source for really the inspectors from the Ministry learned very little about the finances of the place. However I tried to treat them in a gentlemanly manner and it evidently did some good.

Mr. Davies is busy packing up to go to 'singtao. He took Mrs. Davies down last Tuesday and returned on Friday to pack up. I was over looking over the house this morning and he is pretty wellpacked. He has a car and is not crating the furniture which of course saves a lot of time and expense and will also I imagine result in no more damage as things will be handled more carefully. Had we elected to go to Shanghai we would be packing up now too. I'll admit that that was one consideration which made me want to stay here. One does get attached to a house and to physical surroundings after having lived in one place for so many years which makes it not easy to pull up and start all over de novo in entirely new surroundings. That was of course a minor consideration. The real reason which made us decide to stay was the feeling that it was hardly playing the game by Cheeloo to pull out just at this juncture. I think I should stay on here till my next furlo (unless I get fired before that time) and then see what the prospects are. It would be rather nice to be able to live within ten minutes walk of the Shanghai American School when it comes time for Theodore to start to High School.

By the way, speaking of schools etc. I see in a recent copy of the Presbyterian Tribune that among the "kudos" handed out this last commencement season was a Doctor of Humanities degree to B. A. Garside, by the College of the Ozarks where he made the Commencement address, or some address in connection with the commencement season. It is a well deserved honor and I trust you will remember to greet "Dr." Garside with appropriate respect when you next see him.

We received this week from the Registrars office a statement of the marks for the two courses which you had made up during the summer session, togetherwith a statement saying that you still had one condition which you would carry into the Sophomore year and which would automatically be cancelled if you ranked group 3 or better during the first term of your second year. I'm sure I don't need to urge you to make the very best use of your time this autumn in order to both wipe off this condition but set a standard for the rest of your course which will let the whole college know that you really have the goods, which I am sure you have.

I fear this is a very rambling letter. However I shall not close without adding a paragraph or two about the situation in Tsinan, - mostly personal items. Dr. Morgan and Dr. Lin Lien Ching arrived this week via Siberia. Dr. Lang had arrived the week before. Dr. Luce comes next Saturday to spend a few days as our guest. He is preaching next Sunday afternoon. Baseball started again last Saturday. We had a vety ragged but very exciting game yesterday British-American

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SEP 8
1935

won by the British in the last half of the tenth innning after we had staged a batting rally in the first half of the tenth and made three runs. All their good batters came up in a row in their half and all hit safely.

Mr. and Mrs. D'Olive have been at our house since last Wednesday, he getting medical exams of one sort and another. The girls went thru on Tuesday evening en route from Tsingtao to Tungchow. We were expecting them out to supper but I had no time to go down and meet them and I guess Moseley was too lazy to do so so they didn't come. I don't get so much news about Tungchow these days of course. I am still on the Board but imagine I will feel somewhat of a stranger the next time I go up with so many new teachers - and students. I shall probably not attend the next meeting. Mr. D'Olive was elected an alternate last summer and I think he would like a chance to go, and he ought to go, even tho he does go home on furlo next summer.

Mr. Wolfe says he gets good news from the family. Jesse is getting a chance to put his ability on a horn and his workshop experience to good use. They had been on a trip down to San Diego to see the fair. A good many people are going home this year. Mrs. Smyly is going home with the children as is also Mrs. Ingle and their children. Dr. Mitchell retires in January I believe it is. The Winfields are going to move into the Davies house and Mrs. Millar is moving into the half house next to us now occupied by the Winfields. Mr. Liu the new president has not yet brot his family but is expecting to move them here within the next monthh. They will live where Mr. Lin lived. A new man has come in the Standard Oil to take Dinty Moore's place. We will miss Moore in the base ball games. I don't know whether or not I told you that we had two of the Catholics out for the ball game on the Fourth of July and that they said they would be coming regularly but they have failed to do so. I still hope however to get them started. I am not sure but that this Saturday afternoon baseball is the most valuable missionary work that I do in Tsinan.

I hope you have had a good vacation. By the time you receive this you will be hard at work again in the autumn term. Your work should be much easier this year after your first year of making adjustments and I hope will bring many satisfying attainments both in your class work and in your extra curricular activities.

Much love from us all,

0599

山東濟南私立齊魯大學
CHEELOO UNIVERSITY
TSINAN, CHINA

校長辦公室
OFFICE OF THE PRESIDENT

16th September, 1935

電報掛號(齊魯)
CABLE ADDRESS: CHEELOO

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

SHANTUNG

Sept 11/15/35
to Miss Skisson

Dear Mr. Garside,

I received yours of the 12th August this morning. This afternoon I am having posted to you a package of catalogues. I am afraid most of them are very much out-of-date, but the Medical one is a new one. If these we are now sending are not sufficient for your use Miss Morton Smith will enclose some more when she sends the report which is being printed. The general catalogue is still the 1928 edition, and the Arts & Science that of 1931. I am urging Mr. Fu to get to work on a new English General catalogue, but of course it is a big undertaking, not only for the "ma fan" of it but also from the financial standpoint. Of course I know, and you will say, that this is false economy, but what are we to do? It is false economy to go short on necessary food, but when there isn't enough money in the family exchequer to pay the butcher's and baker's bills it has to be done occasionally. We are in very much that position. When we haven't enough money to pay the salaries of the staff how are we to put out a couple of hundred dollars to bring out an English catalogue, which after all has only a limited use (as the students, whom it mainly concerns, prefer the Chinese one) and which will so soon be out-of-date anyway. However I agree that we ought to make a great effort to supply the present lack. We have had several individual requests for an English catalogue as well as yours for it in bulk. I will talk to Mr. Liu about it again when he returns (he is at present in Peking for a week) and I suppose it will mean appointing a committee and a long business anyway getting it printed. So you won't expect it too soon, will you? I will at least promise to send you a supply as soon as it is off the Press!

The term is well started now. The "huan ying hui" took place last Saturday night. Dr. H. W. Luce is here. He came to the "hui" on Saturday, preached at the English service yesterday afternoon, has gone to Lungshan today and is to go to Weihsien tomorrow. Various other engagements occupy other hours and days, and he is leaving Thursday night.

Best wishes

Yours very sincerely,

G. M. N. per W. L.

0600

RECEIVED
UNIVERSITIES
OCT 14 1935
LIBRARY OFFICE

0601

SHANTUNG

CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

16th September, 1935

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

cert 10/29/35

Dear Garside,

Many thanks for your letter of August 16th. The \$2315.80 U.S. currency is entered on my books as \$6252.66 l.c. so the Harvard Yenching Institute is only \$291.22 in the red at the beginning of the present financial year. I understand that Mr. Menzies' report has been sent, though I do not know whether it was sent to you or direct to the Harvard-Yenching Institute in Cambridge. I shall endeavour to find out before this letter is mailed.

Dr. Luce is here for this week-end, staying at our house. He returns to Yenching on Thursday for staff retreat, and then goes south to Hankow and visits to the other China colleges before starting on to India. Mr. Liu is away for a week in Peking and plans to bring his family to Tsinan when he returns, all of which is to the good as his previous decision not to move his family to Tsinan looked as though he did not expect to stay very long. He has certainly made a very favourable impression on everybody during the short time that he has been here.

Baseball is still going strong. I think I made the best catch of my career last Saturday afternoon.

Hoping you are the same

Ever sincerely yours,

H. P. Lair

HPL/GMH



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CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS
CHEELOO

10th September, 1935

OFFICE OF THE TREASURER

Mr. E. A. Garrison
150 Fifth Avenue
New York

Dear Garrison,

Many thanks for your letter of August 15th. The \$250.00 U.S. currency is entered on my books as \$252.56 i.e. so the Harvard-Yenching Institute is only \$21.52 in the red at the beginning of the present financial year. I understand that Mr. H. H. Keesler's report has been sent, though I do not know whether it was sent to you or direct to the Harvard-Yenching Institute in Cambridge. I shall endeavor to find out before this letter is mailed.

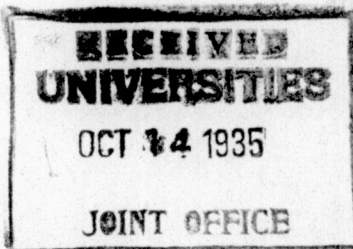
Dr. Lu is here for this week-end, leaving at 11 o'clock. He returns to Yenching on Thursday for a brief rest, and then goes back to Hankow and visits to the other China colleges before starting on to India. Mr. Lu is away for a week in Yenching and plans to bring his family to Tsinan when he returns, all of which is in the good news of previous decision not to move. Mr. Lu's family looked as though he did not expect to see them. He has certainly made a very fine tour of inspection on everybody during the last week-end. He has been here.

Harvard is still going strong. I think I made the best catch of my career last Saturday afternoon.

Hoping you are the same.

Very sincerely yours,

E. A. Garrison



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N. P. Fair
SHANTUNG

October 13, 1935
F

Dear John:

Your letter written from Topeka on Sept. 16 arrived this week. I am glad you got a good vacation in Kansas and, coming a bit late in the summer it should not have been too hot while you were there tho I have known it to be pretty hot the first part of September.

I inclose last Sunday's church calendar which may interest you. The music was especially good, tho the congregation was slim as many people were just getting back from a retreat at Lung Tung. We went out Sunday morning in the car (it is possible to drive all the way now to the fork in the road where one path leads to Ling Tung and one to Foa Yu er, you doubtless remember the place) getting there in time for the first meeting at 8:30 and getting back in time for the English service at 5:00. As China roads go the road is not too bad now but very very dusty so that if you meet another car you just have to stop till the fog settles before you can see to proceed. Mother and I took Mrs. Yü, Mrs. T. Y. Ling, and Mrs. Sargent with us and brot back, in addition to these three, Miss Mortn Smith who had developed a headache and did not feel up to walking back. I preached on Moffat's translation of the last clause of Hab. 3:19 "He helps us keep our footing on the heights", a very simple talk on the danger of failing to live up to our best,- which I believe is one of the most insidious temptations we have out here,- and perhaps in other places too. If we were only able to always live up to the best that we know what a difference it would make in our own characters and in our influence on those about us.

Dr. Flowers is preaching this afternoon and he is always good. The occasion for his being in Tsinan just now is a celebration of Dr. Watson's fiftieth anniversary of arrival in Shantung. He had his eightieth birthday last summer in Tsingtao. The E.B.M. people had a tea party yesterday afternoon, just for their own people, the Flowers and Miss Logan were here from Cheutsun, and also Miss Woods and someone else I believe from Tsingchow. I believe there were to be speeches etc. at the tea tho I have heard no reports of it. Fifty years is a long time to spend in this country. Of course Dr. "eyes of our Mission has spent a good many more - he came out in 1882 if my memory is correct - and is still hale and hearty and doing full time work.

The Cheeloo Hospital has been asked to take over the medical care of the refugee camps in the city. There are some twenty odd of these with a total of over 16,000 flood refugees who will presumably be here all thru the winter. The C.I.F.R.C. (China International Famine Relief Com) in Peiping has made a grant of \$12,000 to the Shantung Com. for this work but there is a lot of politics and face saving to be negotiated before we can get a free hand to go ahead and do anything. The local committee is largely dominated by one man who succeeded in getting himself elected as executive secretary and, tho he knows

0604

nothing about medical work is not willing to turn over authority to anyone else. I have succeeded in getting Dr. Price and Dr. Ingle coopted on the Committee and Dr. Williamson who was already a member but who has been away, is back now, so I think we will have the necessary number of votes to overrule the local politics if such a measure is necessary, tho I hope the same result can be accomplished by less drastic means. Needless to say, even with the extra financial assistance, it will be a tremendous addition to the work of the Hospital staff, but it is one of the opportunities of service which we shouldn't fail to accept. There is good prospect that the medicines will be given to us by the Wei Sheng Shu (Public Health Bureau of the Central Government in Nanking) so there will be no expense necessary there.

*Nothing like today
your own home
Ja tip!*

I must not close without a paragraph about the ball game yesterday which was by far the best of the season. The division of forces was Settlement vs. South Suburb and we came to the beginning of the ninth inning with the score 4-4, settlement first string batters up, Croome et al. I don't yet know just quite how it happened but by a series of hits, one error, and one or two close decisions which were called against us they made 5 runs before we were able to retire the third man. Well we came in facing the impossible but with blood in our eyes, and succeeded in getting three men across the plate and loading the bases when I came up with two men out and managed to line out a clean three bagger down the right field foul line which made the final score 10-9 in our favor. It was by far the most exciting finish we have had this year and the onlookers were all yelling and whooping it up in a manner which reminded one of real American base ball. Ingle and Williamson were half an hour overdue at their E.B.M. tea party but you couldn't have hauled either one of them away with a four horse team until the game was over.

I don't believe the hockey season is going to be much of a success this year, and I don't care a lot, because I am definitely off hockey now. This is not sour grapes of course but if the prospects for hockey are poor it means that we can keep on with base ball for a longer time.

Sister has been sick for the last two days, nothing serious I trust, a touch a sore throat and running a temperature. Mother has been keeping her in bed and her temperature is down to normal today so I hope she will be all right again tomorrow.

Miss Russell leaves on furlor a week from tomorrow. I expect to take a trip to Taian an about two weeks to go over the Methodist accounts. I think I wrote you that Mr. and Mrs. Hanson are going home in January. They are probably going on a N.D.L boat via Suez, war permitting.

Love,

Daddy

0605

Announcements.

The collection last Sunday amounted to \$10.00.

The collection today is for the Hospital Samaritan Fund.

The Prayer Meeting will be held on Wednesday evening at 8:15 in the Chapel of the School of Theology.

The preacher today is Dr. H. P. Lair.

The preacher next Sunday will be Dr. W. S. Flowers of Choutsun.

The Church Committee

H. P. Lair, Chairman

P. B. Price, S. S. Supt.

Gordon King, Organist

J. R. Watson, Treasurer

Mrs. R. A. Torrey, Jr.

Peter P'eng

J. M. Menzies

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Tsinan Union Church

Sunday, October 6th, 1935

Order of Service

Organ Prelude: "Allegro Moderato" Lefebure Wely.

Doxology

Invocation

Hymn 57, "*Upward where the stars are burning*"

Responsive Reading, Selection 15, Ps. 42-43

Gloria

Scripture, Habakkuk 3

Children's Hymn 695 "*When his salvation bringing*"

Prayer

Offertory: "Offertoire in G Minor" Lefebure Wely.

Hymn 587, "*As pants the hart for cooling streams*"
(Congregation seated)

Sermon **The Real Value of Religion**

Hymn 604, "*Walk in the Light*"

Benediction

Organ Postlude: "Allegro Moderato" Schubert.

0607

October 25, 1935

My dear Son:

Two letters written just after your return to Princeton arrived yesterday and we were very glad indeed to get them and to know that you had such a pleasant vacation and were so glad to get back to Princeton. I hope you continue to enjoy it and to profit much from the time there. As I have frequently said before, college days are in many ways the best of one's life and I want yours to be best in the highest sense of the word.

This letter will contain little else than reference to the tragic death of Dr. Susan Waddell Hsu. I don't think anything that has happened since we have been in China has so completely gotten the better of me. Mr. Stevens, the American Consul, received a telegram from the consulate in Nanking a week ago last Tuesday afternoon (Oct. 15) saying that the body of a foreign woman had been found, which had been identified as that of Dr. Waddell, and asking for information about the home address of her family. We wired back for more information the very little came, except what was in the newspapers, until a full letter from Dr. Frank Price (Phil Price's brother whom you will remember well, he and his wife sat at our table on the boat going home on furlo in 1929). I shall not attempt to give you the contents of the whole letter but it appears that Dr. Waddell was going in a rickshaw to the Central University where she was teaching an evening class from 7 to 9 on Monday evening the 14th. She did not appear at the class which of course was strange but Dr. Hsu her husband knew nothing about this and, as she had arranged to spend the night at the hospital instead of returning home (they were living in a village near Nanking) he thought nothing of her failing to return home, and knew nothing of the tragedy until the next day. Her body was found near the Pei Chi Ko, a temple on the north side of the city. She had apparently been robbed and murdered. She was carrying something over \$100 in notes which she was taking to deposit in the bank the next morning. These were gone as were her watch and her rings. An autopsy performed at the central hospital showed that there was no poison and that death had not been caused by external injuries, but probably by asphyxiation or suffocation. Till now there has been no discovery of the murderers nor so far as I know no discovery of a motive, other than robbery, which seems entirely inadequate as if that had been the only motive the robbery could have been done without the murder. It is a terrible thing to happen to anyone, but seems all the more so to one of such a fine spirit of service and of love for the Chinese people as Susan had. I am sure I can honestly say that no one of my acquaintance was as wholehearted in her love for the people and her identification of her own interests with theirs, or better the sacrifice of her own interests for them as was she.

0608

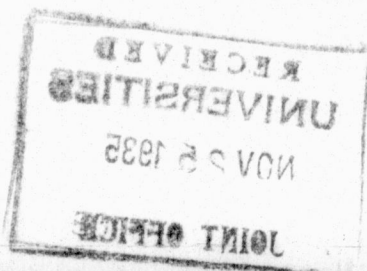
A funeral service was held in Nanking, conducted by Dr. Price, and the body was brot here for burial. The lady doctors, Scott, Morgan, and Gault, asked me to arrange and conduct the service which I was of course very glad to do tho I felt the whole thing so deeply that I confined my own part in the service to reading selections from the Bible. I will send you the selections. We asked Dr. Chen Yen Ping who worked with Susan in the physiology department and who knew her well to make a short talk about her life, in which he especially emphasized her work among the neighboring villages as it provided to many students leadership in finding an avenue of practical expression of their religious faith. Dr. Hou Pao Chang and President Liu offered prayers, we sang Lead "indly light, O Love that wilt not let me go, and For all the Saints, in addition to a favorite of hers which was sung by the Medical School choir, and Dr. King played the slow movement from Beethoven's Seventh Symphony, a thing which he had played with Susan on several occasions, and for a postlude the Processional to Calvary from Stainer's Crucifixion. The postlude was very effective and impressive it seemed to me, as we closed the service with a period of silence, and without a benediction, Dr. Hou and I lead the way out of the south door of the church just as Dr. King reached the triumphal part of the music. The service was bilingual tho, at Dr. Hsu's request, I conducted the service at the grave entirely in english. I think everyone went out to the cemetery, - I have never seen such a crowd there. I guess I have forgotten to tell you the date and the hour of the service. The telegram from Nanking about the time of departure was not clear so we had some difficulty in deciding the hour as we were uncertain whether the casket would arrive Saturday night or Sunday morning. I would have preferred having the service early Sunday morning, but it was fortunate that we did not so plan for they did not come until the Sunday morning train and as the train was late we did not get out to the campus until just about time for the regular church service. The funeral service was at two thirty in the afternoon, a beautiful autumn afternoon, and the bell was not tolled, as has always been done for funeral services, but rung in the same manner as for an ordinary service of worship which I am sure is what Susan would have wanted.

It is hard to understand why such a beautiful life should be sacrificed but, as Dr. Price said in a note, "she is not dead, a life like hers is a proof of immortality," and it is because her spirit of consecration and service will surely live on in the lives of the many whom she touched.

I am sending a copy of this letter to Mr. Waddell and to Mr. Garside. Perhaps you will share yours with Mr. Niles.

Much love from all of us,

Dad.



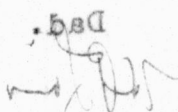
0609

A funeral service was held in Nanjing, conducted by Dr. Price, and the body was put here for burial. The lady doctors, Scott, Morgan, and Gault, asked me to arrange and conduct the service which I was of course very glad to do. I felt the whole thing so deeply that I confined my own part in the service to reading selections from the Bible. I will send you the selections. We asked Dr. Chen Yen Ping who worked with Susan in the physiology department and who knew her well to make a short talk about her life, in which he especially emphasized her work among the neighboring villages as it provided to many students leadership in finding an avenue of practical expression of their religious faith. Dr. Hsu Pao Chang and President Lin offered prayers, we sang "Lead Kindly Light, O love that wilt not let me go, and For all the Saints, in addition to a favorite of hers which was sung by the Medical School choir, and Dr. King played the slow movement from Beethoven's Seventh Symphony, a thing which he had played with Susan on several occasions, and for a postlude the Processional to Calvary from Stainer's Crucifixion. The postlude was very effective and impressive it seemed to me, as we closed the service with a period of silence, and without a benediction, Dr. Hsu and I led the way out of the south door of the church just as Dr. King reached the triumphal part of the music. The service was bilingual too, at Dr. Hall's request, I conducted the service at the grave entirely in English. I think everyone went out to the cemetery. I have never seen such a crowd there. I guess I have forgotten to tell you the date and the hour of the service. The telegram from Nanjing about the time of departure was not clear so we had some difficulty in deciding the hour as we were uncertain whether the casket would arrive Saturday night or Sunday morning. I would have preferred having the service early Sunday morning, but it was fortunate that we did not so plan for they did not come until the Sunday morning train and as the train was late we did not get out to the campus until just about time for the regular church service. The funeral service was at two thirty in the afternoon, a beautiful autumn afternoon, and the bell was not tolled, as has always been done for funeral services, but rung in the same manner as for an ordinary service of worship which I am sure is what Susan would have wanted.

It is hard to understand why such a beautiful life should be sacrificed but, as Dr. Price said in a note, "she is not dead, a life like hers is a proof of immortality," and it is because her spirit of consecration and service will surely live on in the lives of the many whom she touched.

I am sending a copy of this letter to Mr. Weddell and to Mr. Garabide. Perhaps you will share yours with Mr. Miles.

Much love from all of us,

Dad.




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SHANTUNG

Nov. 2, 1935

Dear P,

Thanks for your personal letter of September 8th, and for your enclosure of the letter to John. It is good to see how things were looking up when you wrote.

We are all very much pleased that Cheeloo seems to have taken a new lease on life with the coming of President Liu. We do earnestly hope that the progress will go forward. "Now that it can be told", I'll confess that when I first heard last summer of the invitation for you to go down to Shanghai for the A. M. T. job, had I been in touch with you by trans-Pacific telephone I'd have advised you to take it as one important step in the direction of closing up everything at Cheeloo except Medicine and Theology. But I now I'm hoping that your deciding to stand by the ship was one of those providential things that may prove to have been the salvation of the larger service Cheeloo can render if it can only get into its proper stride. It's going to take time, patience, and vision to repair the terrific damages done during these last four or five years of blundering (and often self-seeking, I fear) administration of affairs by a couple of brothers who shall be charitably nameless.

America is gradually pulling itself out of the morass of the depression. For example, at the close of yesterday's market, your trust fund was worth \$1,543.03, Roosevelt currency. I hope that within a year or two the time may come when we can once more begin to get some substantial gifts for our China Colleges. There is even grounds for hope that Dr. Shields may stir up some substantial support for Cheeloo medicine while he is in America this year.

Don't let that L.H.D. dazzle you. It takes more than a diploma, a hood, and a laudatory citation to make a recognizable "po shih" out of a common or garden variety of individual. The reason I happened to accept the invitation to give them a little talk at the College of the Ozarks last summer was that its campus is within sight of the spot on the banks of the Arkansas where my mother grew up in the home of my uncle, Bettis Alston. Wherever one happens to meet a native anywhere in those parts, there is better than a fifty-fifty chance that he is some relative of the Alston family. I even saw some colored Alstons there last summer - who got their names from slave days. That doctorate simply happened to be a kindly and undeserved afterthought of some very good folk who let their generosity get the better of their judgment.

Cordially,

Dr. H. P. Lair,
Tsinan, Shantung

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WOMAN'S FOREIGN MISSIONARY SOCIETY
OF THE METHODIST EPISCOPAL CHURCH

November 7, 1935

Mr. B. A. Garside
Associated Boards for
Christian Colleges in China
150 Fifth Avenue, New York City

My dear Mr. Garside:

I have your letter of November 6, 1935, in the matter of the 1935-36 appropriations from the Woman's Foreign Missionary Society of the Methodist Episcopal Church for Cheeloo University, Shantung. My figures seem not to agree with yours; I will give you the details and you can probably check up thereby:-

In our 1932 appropriations, which are the baseline from which our cuts have been made, I find medical scholarships, nurse scholarships, hospital Bible Women, Chinese Professor, graduate nurse, appropriated for in the amount of \$3,180.00 U.S. 70% of this which is the present appropriation for current work, makes \$2,226.00 U.S. This was paid to the field in the year just closed on the basis of two for one plus one-third in Mexican dollars, and would therefore have amounted to \$5,936 Mex. In the present year, however, the payment is on the basis of two for one plus one-sixth, a total, therefore, of \$5,194 Mex. This covers the current appropriation.

At our meeting in May, 1935, \$1500 U.S., then on fixed deposit on the field for the Davis Girls School, was appropriated for the Cheeloo University to cover Miss Mary Katherine Russell's home-making work for a year and a half from the date of this appropriation. It is possible that you are including in your figure (\$8,800 Chinese currency) this item. Although if you included it at the rate of \$1,000 a year, as it should be, the total would be on last year's exchange basis, only \$8,602 Chinese currency; and on this year's exchange basis, only \$7,527.00 Chinese currency.

Cordially yours,

Florence Hooper

Treasurer

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CHEELLOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

11th November, 1935

TELEGRAPHIC ADDRESS:
CHEELOO

Dr. H. W. Luce,
c/o Dr. R.C.Wells,
China Council.

SHANTUNG

Dear Dr. Luce,

Thank you very much for your letter of November 6th which has just arrived, though it contained very distressing news. We had not heard of Mrs. Wells' accident nor of Jack Corbett's death until your letter came, though I have learned since that a good many people had seen in the papers notices of Mr. Corbett's death.

I have not mailed the picture of Kumler Chapel to Mr. McElvey. My recollection of our conversation is that I was to mail it to Garside's office with a request that they hold it until you returned and that you were going to present the picture to him in person. With that in mind I thought it might be better to delay the mailing of the picture until somewhere nearer the date of your arrival in New York. I shall of course follow whatever suggestion you have to make and if you want the picture sent direct to Mr. McElvey I shall be glad so to send it.

My wife has been waiting to acknowledge your picture of the Yenching pagoda until she could send you a picture of S. C. Lo and Theodora, a very good one, which thus far she has been unable to locate. If we cannot find the film I shall take another in the next few days and see that you get a copy.

As you make no mention of it I am assuming that you have not made the trip up to Chengtu. You had better go up and spy out the land as we may all have to be moving in that direction eventually.

Thank you also in advance (they have not arrived yet) for the copies of the hymns which you mention you are sending me.

Very cordially yours,

H. P. Lair

HPL/GMH

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SHANTUNG

CHEELOO UNIVERSITY

TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

11th November, 1935

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

INDEXED

ack 12/13

Dear Garside,

I believe President Liu has already written about the Board of Governors' minutes which have just arrived, so I shall not comment further on the points that he raises, but ask one or two questions about the figures in the budget. I notice that the Presbyterian North grant is put down at l.c. \$20,700. This presumably was done with the knowledge of the secretaries of the Presbyterian Board, although the amount given in the appropriation letter which has come to me and to the Mission Treasurers, is only \$18,000. I am writing to Mr. Myers to find out if he has had any notification of an increase. I hope the figure in your estimate is correct, but have had no intimation of it. Also are the figures for endowment income and endowment Women's Unit final or an estimate? I notice these are put down in l.c. and I presume the payments will be made in U.S. currency. As I have heard nothing from you regarding the payment of these two items nor of the Harvard-Yenching Institute money I presume that this letter will probably cross one from you explaining how much and when I can draw on these three items. *My - approx 5/1/35 attached*

The other thing about which I must write you without further delay is the question of home allowance for Miss Hazel Myers. We have as yet heard nothing as to the outcome of the request of the Shantung Mission that she be regularly appointed by the Presbyterian Board as one of the four women supported by the Board in the Cheeloo Medical School. I hope this has met with favourable action by the Board but if it has not and if no other Board assumes her support then it is up to the hospital to pay her salary from December 1st 1935. I understand from Dr. Price that there was no agreement with her as to how much she should be paid during the time she is in America. Her salary during the months after it was taken over by the hospital before her furlough, was l.c. \$160 a month and house rent. This translated into American money at the present rate of exchange would not amount to very much so I presume the only thing we can offer to do is to authorise you to pay her the regular home allowance of a Presbyterian single missionary during the months from December until her return to China. I will drop her a note telling her that in the event of her application for appointment not having been favourably acted on she can apply to you for this home allowance beginning with December 1st. You of course have her address. The home address which she left with me is 1220, Amherst Place, Dayton, Ohio.

With the best of wishes,

Very cordially yours,

H. P. Lair

HPL/GMH

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11th November, 1935

*Sent w/ Dr.
Lair's letter
same date*

Miss Hazel Myers,
1220, Amherst Place,
Dayton, Ohio.

Dear Miss Myers,

I understand from Dr. Price that there was no agreement between you and him as to how much salary the hospital was to pay you in case they paid you anything at all, while you were in America, but that this salary was to begin with December 1st. I have been expecting on every mail to hear something pro or con as to the result of the request of our mission that you be regularly appointed by the Presbyterian Board, but no word has come yet. I am today writing to Mr. Garside authorising him to pay you the regular home allowance of a Presbyterian single missionary as from December 1st, in case the Presbyterian or any other Board has been too dilatory in accepting the privilege of assuming your support.

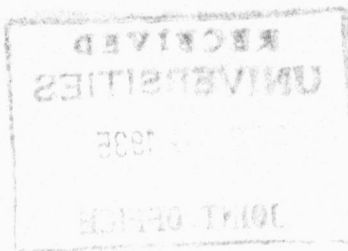
I have heard nothing about your place of abode so am addressing this to your home address in Dayton. If you should chance to be around Princeton and can find time to look up John we would be glad to hear your impressions as to how he is behaving himself and progressing in his studies.

With best wishes,

Very cordially yours,

H. P. Lair

HPL/GMH



06 16

Not up to
Laird
some date

11th November, 1935

Miss Hazel Myers,
1220, Amherst Place,
Dayton, Ohio.

Dear Miss Myers,

I understand from Dr. Price that there was no agree-
ment between you and him as to how much salary the hospital
was to pay you in case they paid you anything at all, while
you were in America, but that this salary was to begin with
December 1st. I have been expecting on every mail to hear
something pro or con as to the result of the request of our
mission that you be regularly appointed by the Presbyterian
Board, but no word has come yet. I am today writing to Mr.
Garalde authorizing him to pay you the regular home allowance
of a Presbyterian single missionary as from December 1st, in
case the Presbyterian or any other Board has been too dilatory
in accepting the privilege of assuming your support.

I have heard nothing about your place of abode so
am addressing this to your home address in Dayton. If you
should chance to be around Princeton and can find time to
look up John we would be glad to hear your impressions as to
how he is behaving himself and progressing in his studies.

With best wishes,

Very cordially yours,

H. P. Laird

HPL:GMH



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SHANTUNG

CHEELoo UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

15th November, 1935

TELEGRAPHIC ADDRESS:
CHEELOO

Mr. C. A. Evans,
Associated Boards,
150, Fifth Avenue,
New York.

INDEXED

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12/17

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Dear Evans,

Thank you very much for the cheque, for \$10.23, dividend on the James McMullen & Co. stock presented by Dr. Smith to the School of Theology. All of these unbudgetted receipts are very welcome when money is as tight as it is now at Cheeloo. As I was writing to Garside two or three days ago, I hope to be hearing from you before you get this letter about remittances for this year from the general endowment funds and the Harvard-Yenching Institute funds. Thus far things have gone very smoothly this fall and we have been entirely free from any hint of a recurrence of the disturbances under which we were labouring a year ago. Here's hoping that the same peaceful atmosphere prevails during the remainder of the year.

An increase over the budgetted estimate for tuition fees in the Arts and Science Colleges has made it possible to pay salaries on a higher percentage than we anticipated and though there have been some grumblings at the necessitated cut they have come to only second-hand, and in no very violent form. I fear however that the spring term we will have to reduce the present scale of pay, which may not be too pleasant.

Mr. Liu is away just now visiting some of the alumni associations. He has made a very favourable impression on all groups here in Tsinan and judging from reports seems to have done likewise in his visits to Nanking, Shanghai, Wuhu, Kaifeng and Tsingtao. It is a bad time to attempt to raise money of course now with so many flood sufferers calling for relief and absorbing all the philanthropic gifts and all the government resources.

We had a visit yesterday from Dr. Detweiler of our Board's Chicago office. Judging from his report conditions are decidedly better at home though I imagine it will be some time before this betterment gets into the missionary contributions.

With best wishes,

Very cordially yours,

H. P. Lair

HPL/GMH

P.D. I am, thru the Asso. Treasurers Office, drawing on you for U. S. Currency \$7,500. Hospital Building Fund

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SHANTUNG

Cheeloo

INDEXED

November 15, 1935

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear Lair:

I enclose herewith a copy of a letter received from Miss Florence Hooper the Treasurer of the Women's Foreign Missionary Society of the Methodist Episcopal Church giving detailed information as to their grants to Cheeloo for the coming year.

We have written to each of the North American Mission Boards cooperation in the University asking for confirmation or correction of the budget estimates as set forth in the minutes of the Annual Meeting of the Cheeloo Governors. Most of the Boards are quite slow in sending us replies. As rapidly as this information reaches us we will pass it along to you.

Very cordially yours,

B. A. Casside

BAG:MP

06 19

EXECUTIVE COMMITTEE OF FOREIGN MISSIONS

of the

PRESBYTERIAN CHURCH IN THE UNITED STATES

Nashville, Tennessee

November 23, 1935

Dr. B. A. Garside
150 Fifth Avenue
New York City

My dear Dr. Garside:

Your favor of November 6th relating to our contribution to the Cheeloo budget received some time ago and the allowance that we make for the Cheeloo budget is the minimum suggested by the Mission. We would like to do more but in the financial strait we find ourselves, that has not been possible.

Personally, I feel that we are making great contribution to the medical work in the services of Drs. Shields and Price.

Yours sincerely,

Edwin F. Willis

Treasurer

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SHANTUNG

December 13, 1935

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Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear Lair:

I have your letter of November 11th.

It seems obvious that the figure of LC\$20,700 as the amount anticipated from the Northern Presbyterian Board during 1935-36 is erroneous. So far as I can find, this figure was taken from the budget estimates we received from the field rather than from figures supplied us by the Presbyterian Board. Inquiries of our friends across the Street show that their appropriations for this year include a general appropriation of \$18,000 together with interest of US\$1,740.30 on the endowment funds held by the Presbyterian Board in trust for Cheeloo. Since the equivalent of US\$1,740.30 is somewhat more than necessary to increase this figure of LC\$18,000 to the figure of LC\$20,700 shown in our estimates, the difference may be on the right side of the ledger. I am a little hazy, however, as to the use you make of the interest on the endowment funds. Perhaps it is used for special purposes and is not applicable to the general budget. I would be grateful if you would send me a note sometime as to just how this endowment income is used so I will be able to show it properly in our budget estimates hereafter.

Sorry we were slow in sending you word with regard to the Harvard-Yenching Institute appropriation. The first two quarterly payments, amounting to \$4,210.53, were deposited to the credit of your bank account here in New York a month or so ago. The last two quarterly payments will be deposited promptly as they are received.

The amounts appropriated by the North American Section on account of endowment general and endowment for the Woman's Unit were defined in local currency dollars. Therefore, the amount of United States dollars the Governors will transmit to the field will be only what is required to produce these appropriations in LC\$. On November 15th, Mr. Evans wrote to report that he had just made a deposit to your credit at the Bankers' Trust Company within which he included US\$981 on account of endowment income for the general budget and the Women's Unit. He also stated that about January 1st he would make a second deposit of US\$981 on account of this endowment income. As he and I have talked the matter over he has asked me to say that about March 1st, 1936 he will make a third deposit of US\$981 on account of this appropriation of endowment income.

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noted exp.

Will you please report to us the amount in local currency you have been able to secure on the US\$981 deposited to your credit on November 15th and also the proceeds in Chinese currency which you obtain on the similar deposits to be made to your credit on January 1st and March 1st? At the present rates of exchange these three deposits will amount to somewhere around LC\$9,000. Since the total of the appropriation of endowment funds this year amounts to LC\$9,810 there will probably be a balance of somewhere around LC\$1,000 still due you. As soon as we receive your report of the proceeds of our three deposits of US\$981 each, we will purchase a Shanghai draft for the balance and mail it to you. We hope you can send us your report not later than April 20th so we will have time to receive your report and to send a draft which will reach you before you close your books in June.

Since the appropriation of Harvard-Yenching Institute funds is defined in terms of American currency (US\$8,421.06) the field should have a nice surplus on exchange, above the estimated proceeds of LC\$21,052.65. In connection with this whole matter of income from the Harvard-Yenching Institute I hope you will get President Liu to show you the long dissertation I have just written him on this subject. Our friends at Cheeloo have not been kept very well informed of the recent developments in the thinking of the Institute on this matter, and my very long communication is an effort to bring you up-to-date. Briefly stated, the recent actions of the Institute are designed to utilize the Cheeloo share of the income from the Harvard-Yenching Institute funds in a way which will encourage its going ahead with the rural program and the other functions assigned to it under the Correlated Program rather than to act as a handicap to progress in this direction as seems to have been the case during recent years. This is a very fundamental change, and our friends at Cheeloo should recognize its significance and take this into account in preparing your estimates for the fiscal year 1936-37.

CAE wrote N. Myers

Your letter also asks as to the situation with regard to Miss Hazel Meyers. Dr. Shields has been in touch with the Presbyterian Board, and the proposal that they add her to the Presbyterian quota at Cheeloo seems to be proceeding satisfactorily. As yet, however, no final action has been taken. I have told Dr. Shields of your suggestion that we assume her support as of December 1st, on the usual basis of a single woman under the Presbyterian Board, pending final determination of her case. He agrees that this procedure is the proper one to follow. We will send her the payment for December about the 20th of this month, and will charge this amount against the appropriation of the North American Section to the Cheeloo budget. We will adjust the amount due you in sending you our final payment on account of the appropriation of endowment income. As a matter of fact, if we have to carry this item very many months, we may have to make some deduction from the US\$981 we plan to deposit to your account on March 1st.

I attach hereto a copy of a letter we have recently received from Mr. Edwin F. Willis in response to my inquiry as to the amount the Southern Presbyterian Board is contributing to the Cheeloo budget for 1935-36. I trust that your superior intelligence will make sense out of what the brother says, neither Ran Shields nor I could get much either of sense or comfort out of it. I wrote Mr. Willis calling attention to the fact that in our estimates we had included the sum of \$250 Chinese currency as the contribution from the Southern Board this year and expressed the hope that

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12/13/35

-3-

they could give a more generous amount. I trust that you can find from the Associated Mission Treasurers in Shanghai just what amount you can count on from the Southern Presbyterian Board. In any event, it is not likely to be such a large sum as to cause an embarrassing surplus when you close your books next June.

Thank you for sending me the copy of the letter you wrote to John on October 25th. We are glad to have this informal statement of recent happenings in China. The death of Dr. Susan Waddell Hsu was certainly a tragic affair.

We have not had an opportunity to see your handsome young son for some weeks but have been discussing the possibility of having him with us for at least a little while around the Christmas holidays.

I believe that Margaret has already sent you and Kathryn our Christmas greetings, together with a brief personal note. She has not been feeling at all well this autumn, and I am hoping we can get her away to a more suitable climate for at least the coldest part of the winter.

With all good wishes for 1936, I am

Very cordially yours,

B. A. Garfield

BAG:MP
Encl.

0623

CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

Dec. 15, 1935

SHANTUNG

Dear Garside:

ack. 1/25/36

The items about the Shantung Ex. Com. meeting in this letter to John will be of interest to you so I am sending the whole letter. The political tension seems to have decidedly slackened the last ten days so we are breathing a little more freely than we were. I intended to broadcast a Christmas letter this year but have put it off too long. May be I'll be able to get one posted on Christmas day.

We are all well and hope that you are. Theodora has just recovered from a light case of the chicken pox and is now back in school again where she is doing well.

Cordially,

P

0624

CHEELOO UNIVERSITY
TIANJIN, CHINA

TELEGRAPHIC ADDRESS
CHEELOO

OFFICE OF THE TREASURER

Dec. 15, 1935

Dear Sirs:

The items about the Shanghai S. S. Co. meeting in this
letter to your office of interest to you as I am sending the
whole letter. The political tension seems to have decidedly
increased in last few days so we are preparing a little more
freely than before. I intended to broadcast a Christmas letter
this year but have not had time to do so. I will be able
to get one out by Christmas day.

Well and hope that you are. I have
now a light case of the chicken pox
and am in school again where we are doing well.

Cordially,

RECEIVED
UNIVERSITIES
JAN 11 1936
JOINT OFFICE

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0625

Sunday December 15, 1935

Sent w/ Dr.
Laird letter
same date

My dear John:

This letter will be taken up mostly with a report of the Shantung Mission Executive Committee meeting which was held in the East Suburb this last week and which dealt with several items of interest to Cheeloo and to us in addition to much routine work which is of no interest to anyone outside the mission.

First was the question of the transfer of either Mr. Lanning or me to Shanghai to fill Mr. Myers' place while he is on furlough. This was of course quite a different proposition to the one made me last summer for a permanent transfer to the A.M.T. office and, while it was not attractive to me, it was one which I felt it was up to the Shantung Mission to meet so I told the committee that I was willing to go if in their judgment that was the thing to do. However I asked permission for Mr. Liu, the President, to appear before the committee and present the University point of view. He evidently did such a good job of it that there was no further mention of the possibility of my going. They wired Shanghai that neither Lanning nor I were available and urged them to make other arrangements. A letter from Dr. Wells says that they have sent an invitation to Mr. Birkel of the Hunan Mission and he seems to think there will be no question about his acceptance if the Mission will release him.

Second was the election of Dr. Jimmy Yen of Tingsien as the Mission's representative on the University Board of Directors. This was a decided step in advance for the conservative Shantung Mission to take and one which will I hope result in time in a close cooperation between Cheeloo and the work at Tingsien, and also it should help to convince the Board of Governors that we are really in earnest about this rural program.

Third was the transfer of the Lautenschlagers back to Cheeloo from Tsingtao. There was considerable opposition to this on the ground that Lauten is likely to be a divisive rather than a unifying factor in the religious life of the students, and also because of the very real regret which we all felt at taking him away from the work which he has so successfully carried on at Tsingtao during the comparatively short time he has been there. However there were two very strong contributing factors, one being the very decided personal preference which Lauten has for assignment here, and the other the question of Mrs. Lauten's health. She has not been well in Tsingtao, has rheumatism a great deal and Dr. Schmidt recommends a transfer to a drier place which Tsinan certainly is.

Lastly but by no means least was the impression which I had of a much more sympathetic and appreciative attitude of the members of the committee toward University problems. I have felt for some time, and not without reason, that the Mission as a whole didn't have much use for the University and even some felt resentful that the University should have a representative on the Executive Committee. That spirit appeared to be entirely lacking during this meeting. I hope this is indicative of a growing spirit of mutual helpfulness.

0626

DEC 15
1935

Mother invited the whole committee over to our house to tea one afternoon and President Liu invited them to a dinner at his house the same day. In the interval between tea and dinner we took them thru the new hospital and out patient department and this all helped I m sure to make them feel that the University is endeavoring to maintain its close connection with the work of the cooperating Missions.

Now for a few items of personal interest. We have much enjoyed your last letters about football and the cane rush. I have had to interpret a few sentences for Mother and Sister's benefit. You are developing a sort of "Time" style in reporting football games but it makes snappy reading. I wish I could see a game. Maybe we'll be having television before long and we can sit at home in our living room in Tsinan and watch a game in Princeton. I see the new map of the world which the National Geographic Society has just published has the Trans-Pacific airway marked on it via Honolulu, Midway Island, Wake, Guam, Manila, from San Francisco to Canton. Mrs. Hamilton who returned from America this last week said the China Clipper flew directly over their ship, the Pres. Lincoln, on its way from Honolulu to Midway Island. I believe the regular service is not to start until next year. At least I have seen no notice from the post office as to the postage rates. As soon as I have this information I will send you an airmail letter just to see how quickly it makes the journey.

I think I wrote you that the Hansons are going home in January. They have passage on a N.D.L. boat vis Suez at very low rates. If I can get the date of their arrival in New York I will send it to you and you might be able to see them. I suppose they will be staying there for some time visiting Dick.

Did I tell you that I had a letter some weeks ago from my friend Dr. Arthur Hughes saying that he had looked for you on his last visit to Princeton but had been unable to find you. It was his family with whom we had breakfast at Mansfield Ohio when we were on our way east in 1929. He is now minister at Ridgwood New Jersey, across the George Washington bridge somewhere and is one of the preachers to whom I have been writing in the hope of getting an organ for the University Chapel. So if he calls again you might just incidentally refer to the question of organs!

I wish we knew what your plans are for Christmas but of course we will not hear until after it has long passed. I hear the children are expected from Tungchow Wednesday of this week. I shall probably not go up to the Board of Managers meeting next month. Both Eames and D'Olive want to go and, while they are not so well acquainted with the problems of the school as I am, they are the logical ones to go as they both have children in the school and should get acquainted, so I told Dr. Eames when he was here last week for the two of them plan to go. I think I can without undue pride say tho that neither of them will be able to take my place on the base ball team for the fathers and sons game next June.

Auf wiederschrieben,

0627

DEC 15
1935

Mother invited the whole committee over to our house to tea one afternoon and President Lin invited them to a dinner at his house the same day. In the interval between tea and dinner we took them thru the new hospital and out patient department and this all helped I am sure to make them feel that the University is endeavoring to maintain its close connection with the work of the cooperating Missions.

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Auf wiedersehen!

RECEIVED
JAN 1 1936
JOINT OFFICE

8260

SHANTUNG
CHEELOO UNIVERSITY
TSINAN, CHINA

TELEGRAPHIC ADDRESS:
CHEELOO

OFFICE OF THE TREASURER

3rd February, 1936

ACK 3/23/36

Mr. B. A. Garside,
150, Fifth Avenue,
New York.

Dear Garside,

INDEXED

In the last two letters which I have written to Evans I have answered part of your letter of December 13th but I failed to answer the first paragraph in which you ask what is done with the portion of the Presbyterian North grant which is paid in as interest on the endowment fund, namely U.S. \$1740.30. This has gone into the regular current budget, although for the past two or three years the report has always been at least one quarter behind the actual situation. This money, as you probably know, has been paid in in quarterly instalments into our account in New York, although this year it was all paid in in one lump sum. If you will add up the A.P.M.N. receipts in the various departments, you will find that they considerably exceed the net amount of the A.P.M.N. appropriation which is paid in local currency through the Mission Treasurers' office in Shanghai. As the matter of exchange affects this \$1740 it is impossible to make out a budget accurately to the dollar, but the disposal of the whole sum shows on the treasurer's annual reports. *with the exception of the amount assigned to repairs on the Presbyterian residences*

President Liu will be writing the covering letter to accompany the minutes of the Board of Directors which met last Thursday. It is perhaps not out of place for me to say here that a tentative budget was presented to that meeting and studied rather carefully. It was out of balance by some \$45,000. If the grants from the Rockefeller Foundation and the China Foundation to the School of Medicine are renewed for next year this will take care of \$20,000 of this and if the request which we are making for permission to use the interest on the \$40,000 of the building fund held in reserve for this purpose toward current expenses of the hospital, this will take care of the \$5,000 which was reported as a probable deficit on the hospital budget, although as you know it is extremely difficult to envisage a budget for the hospital eighteen months in advance, and that is especially difficult now so soon after moving into the new buildings, as the cost of operation cannot be foretold with accuracy. President Liu has hopes of raising a considerable sum in China before the beginning of next financial year, so definite action on the budget was postponed until the June meeting when we ought to be able to see the prospects much more clearly than we can at this time.

Nothing was done at this meeting in regard to juggling the H.Y. fund as Menzies was away and I did not want

0629

CHEELOO UNIVERSITY
TCHIAN, CHINA

ILLUSTRATION

OLD BENTLEY, 1936

OFFICE OF THE TREASURER

Mr. B. A. ...
130, Fifth Avenue,
New York

Dear Sir:

RECEIVED
UNIVERSITIES
MAR 4 1936
JOINT OFFICE

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0630

3.2.36

- 2 -

FEB 3 1936
Mr. Garside

to take responsibility for starting something which would be difficult to stop. I have read over carefully your long letter to President Liu and we will make the best use possible of such portion of the H.Y. funds as may not be needed for the distinctive work of the Research Institute.

I am anxiously awaiting word of the appointment of Miss Myers. You probably know that our Shantung Mission have transferred Lauten back to Cheeloo, the transfer to become effective next autumn. If Miss Myers is appointed this will fill twelve of the thirteen places on the A.P.M.N. quota.

I am enclosing a condensed statement of the Hospital Building Fund expenses for the Power Plant and the West Wing and O.P.D. You will see that this figures out at a rate of $31 \frac{2}{3}$ per c.foot, which is under the original estimate.

Best wishes to the family and to yourself

Ever cordially yours,

H. P. Lair

HPL/GMH

*Notices of payment of \$200 on Dec 31 or 98/ on Jan 7
have just arrived — I will report in about
a week as to what the exchange was on the 98/.*

P.

0631

FEB 3 1936
Mr. Garrison

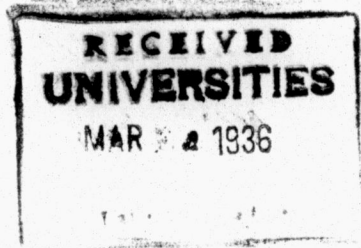
3.8.36

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be difficult to stop. I have read over carefully your long
letter to President Lin and we will make the best possible
of each portion of the H.Y. Funds as may not be needed for the
distinctive work of the Research Institute.

I am anxiously awaiting word of the appointment of
Miss Myers. You probably know that our Shanghai Mission have
transferred Lantier back to Chefoo, the transfer to become
effective next autumn. If Miss Myers is appointed this will
fill twelve of the thirteen places in the A.P.A. group.

I am enclosing a condensed statement of the Shanghai
Building Fund expenses for the last financial year and also a
list of the A.P.A. group. You will see that this figure is \$1,100.00
and \$1,100.00, which is under the original estimate.

Best wishes to the family and to the mission.



2260

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Sent up to
Rais letter
1/3/36

January 18, 1936

STATEMENT OF COSTS

NEW HOSPITAL BUILDING ACCOUNTS

CHEELOO UNIVERSITY TSINAN SHANTUNG CHINA

POWER PLANT

\$67,746.02

HEATING MAINS & HEATING OLD BUILDINGS

14,350.30

NEW HOSPITAL WEST WING

yr 09632

Contract	\$64,800.00	
Misc & Extras	12,988.15	
Heating	11,427.60	
Plumbing	4,515.02	
Lighting	2,014.80	
Paint	3,848.53	
Hardware	1,820.47	\$101,414.57

OUTPATIENT CLINIC

Contract	27,700.00	
Misc & Extras	12,590.19	
Heating	7,293.14	
Plumbing	2,200.00	
Lighting	1,006.00	
Painting	3,600.00	
Hardware	1,600.00	\$55,989.33
		\$157,403.90

OLD HOSPITAL RECONSTRUCTION \$12,815.94

HOSPITAL EQUIPMENT 12,490.67 25,306.61
Total Expenditure \$264,824.83

yr 09632

New Hospital West Wing 307,000 cu.ft.

Out-Patient Clinic 187,000 cu.ft.

Total 494,000 cu.ft. @ \$0.3166 per cu.ft.

\$1690.00 per bed

Signed;- Jesse B. Wolfe
Architect



0633

1/2
 1/2
 1/2

January 18, 1936

STATEMENT OF COSTS

CHICAGO UNIVERSITY TRINITY SHANTUNG CHINA
NEW HOSPITAL BUILDING ACCOUNTS

20,746.02	DOWN PAYMENT
12,350.30	HEATING MAINS & HEATING OLD BUILDINGS
18,820.27	NEW HOSPITAL WEST WING
1,820.27	Hardware
2,848.23	Paint
2,074.80	Lighting
4,215.02	Plumbing
11,427.60	Heating
12,988.15	Misc & Extras
384,800.00	Contract

1,800.00	Hardware
2,200.00	Painting
1,008.00	Lighting
2,200.00	Plumbing
7,232.12	Heating
12,520.12	Misc & Extras
27,700.00	Contract

12,812.94	OLD HOSPITAL RECONSTRUCTION
12,440.64	HOSPITAL BUILDING
25,253.58	Total Expenditures

197,000.00	New Hospital East Wing
197,000.00	Out-Patient Clinic
424,000.00	Total
316,000.00	Per day

Approved: _____
 Witness: _____

RECEIVED
 UNIVERSITIES
 MAR 2 1936
 JOINT OFFICE

SHANTUNG

H. P. Lou

齊魯大學

CHEELOO UNIVERSITY
TSINAN, SHANTUNG
CHINA

山東濟南

OFFICE OF THE PRESIDENT

INDEXED

22nd February, 1936

Dear Dr. Weir and Mr. Garside,

Dr. Williamson asked me to write a financial statement to enclose in his letter to you.

It is very difficult this year with conditions so unstable as they are in Shantung, especially this winter, to make anything like an accurate estimate of the financial standing of the University by June 30th. However, an approximate forecast based on the income and expenditure of the first half of the year would indicate that there will be a probable increase in the deficit on General Administration of about \$2,000. This however should be more than covered by one of the A.P.M.N. substitute salaries which is being assigned to General Administration. The status of the Schools of Arts and Science on June 30th, assuming the present rate of payment of salaries to be continued, will probably result in a deficit of not less than \$3,000. There is hope however of getting gifts in China to cover at least a part of this. The status of the Medical School on June 30th will probably show a deficit on this current year of about \$5,000. This will be partly covered by the other A.P.M.N. substitute salary which is being assigned to the Medical School, and there is still a sufficient balance in the Rockefeller Foundation Suspense Account to cover the remainder. This is assuming that only the \$3,000 called for in the budget is transferred to the hospital. The Hospital is the most difficult department for which to make a definite financial forecast, as the income, aside from the small transfer from the Medical School, is entirely from local fees, and it is too early as yet to predict with any assurance the additional cost of operating the new buildings. At the end of the first half of the year the hospital showed a deficit of approximately \$5,000, while the budget allows for only \$3,000 for the entire year. There is always a slump in hospital fees at the time of China New Year so that the report for January is far from encouraging. We are of course expecting that the request for permission to use sufficient funds from the income of the balance of the Hospital Building Fund which is being held in America to balance the hospital budget for next year will be approved. In the tentative budget presented to the Board for 1936/37 it was estimated that the \$5,000 probable deficit on the hospital budget would be cared for in this way. Even so the budget submitted by the Medical School showed a deficit of \$26,000. There are good grounds for hoping that \$20,000 of this will be met by renewal of the emergency grants from the Rockefeller Foundation and the China Foundation. The budget for the Schools of Arts and Science as submitted showed a deficit of \$3,600, but this was made out on the assumption that the present practice of paying the salaries on a percentage basis would be continued. I doubt if this can be done for another year. Some economies will probably be possible in reducing the numbers of the staff, but if salaries were to be

0635

22.2.36

- 2 -

193

Dr. Weir
Dr. Garside

SHANTUNG

paid in full this deficit would have to be increased by about \$6,000. In other words, assuming that the extra expenses of the hospital are cared for by interest on the building fund, the best budget which we were able to present to the Board of Directors showed a deficit of over \$35,000. This was presented without any expectation that it would be passed with a deficit of this magnitude, but to impress upon the Board and the Board of Governors the necessity for securing additional income from some source if the institution is to keep open.

I regret the necessity of writing such a pessimistic letter. We were extremely grateful for the liberal gift from the Canadian women of U.S. \$2500, which will substantially reduce our present deficit on current funds. In the course of the next few weeks when the income for this year is more definitely known I hope to be able to make a more encouraging report.

With best wishes,

Very sincerely yours,

H. P. Lair

H. P. Lair

HPL/GMH



0636

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193

Dr. Weir
Dr. Garstide

- 2 -

SHANTUNG

22.2.36

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With best wishes,

Very sincerely yours,

M. S. Lair

HPL/GMH

RECEIVED
UNIVERSITIES
MAR 19 1936
JOINT OFFICE

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SHANTUNG

CHEELOO UNIVERSITY

TSINAN, CHINA

OFFICE OF THE TREASURER

26th February, 1936

TELEGRAPHIC ADDRESS:
CHEELOO

Mr. B.A. Garside,
150, Fifth Avenue,
New York.

Ack 3/23/36

My dear Garside,

Thank you for your personal letter of January 25th in which you give a statement of my \$500 investment. If I had only had \$5,000 to have you invest instead of \$500 my next furlough might be a real enjoyment. Under the circumstances I can only again thank you for all the trouble you have taken in putting this money where it will apparently bring in a satisfactory income. If all your friends impose on you in this way you must have plenty of odd jobs to fill in your half-holidays. Incidentally I sold your sewing machine some time ago for \$60 Mex. and as exchange does not seem to be fluctuating much now I am enclosing a cheque for the equivalent of that sum in order to get one more account off my books.

*seems like
a small sum
when converted
into U.S. dollars*

I think it behoves me in this informal note to comment briefly on your rather revolutionary plan of reorganization of Cheeloo. You say: "From New York, London, and Cambridge have gone the strongest statements which could be sent that all support from the West is hereafter to be concentrated on medicine, theology, and the rural program. The only justification hereafter for any courses in the fields of arts and sciences must be that such courses are an essential part of the work in one of these three departments. This means in effect that the whole program and personnel of the former colleges of arts and science should be put in the discard - and that from the heap should then be chosen, course by course and individual by individual, such work and such staff members as will be needed under the new organization." While I am thoroughly committed to the rural programme I do not read the letters from New York, London and Cambridge to be anything like as emphatic as this statement of yours implies, and even if they were, my judgment is that it would be quite impossible to put them into effect with the suddenness that your letter suggests. The last time that President Liu saw the Minister of Education he asked him a pointed question about the effect of such a reorganization scheme on our government registration, and was told that of course the government would have to cancel our present registration, that they had no objection to our doing that type of work, but that it would be necessary to take up the process of registration de novo, and that we could be re-registered only when the government inspectors were satisfied with the programme we were putting on and the work we were accomplishing. This, it seems to me would be a very dumb way of going at the ruralization process, and would of course meet with nothing but

0638

FEB 26 1936

Mr. Garside

26.2.36

- 2 -

whole-hearted opposition from the alumni. It would also, I think, ensure the resignation of our new president. His position is not too stable in his own mind as it is. You will recall that he said when he came that he would try it for a year. Most of us considered that statement at the time as being just k'o ch'i hwa, but from recent conversations with him I believe that if any pressure is exerted to bring about a sudden and revolutionary change such as you suggest, he will just throw up the job, and I have not the foggiest idea where we would look for a successor at the present moment. If we can only keep our heads above water and keep going for a year or so I believe that ~~the~~ same result can be achieved by a gradual rebuilding of the staff and transformation of courses.

With best wishes from us all,

Cordially yours,

H. P. Lair

HPL/GMH

This seems to stop rather abruptly - I was interrupted just at this point & then had to rush off to a meeting so didn't get to finish - The big question in my mind just at present is whether or not we will be able to keep going at all with the political disturbances that are almost sure to come - However the thing to do is to keep sawing wood until they do come and hope for the best — Our best wishes to Margaret & Grant —

Ears yours
P.

0639

over
file
SHANTUNG

March 23, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

✓ Dear Lair:

Mr. Evans / I have for acknowledgment your letter of February 3rd. While this is addressed to me it also contains information on financial matters which I am passing along to Mr. Evans.

Thanks for the information you give clearing up the question I asked on December 13th as to how you arrived at the figure for the Northern Presbyterian grants for this year.

We note the comments in your letter with regard to the budget situation for 1936-37. We also have a letter from President Liu written on February 23rd, transmitting the minutes of the January meeting of the Board of Directors, and stating briefly that the working out of budget estimates has been postponed until the June meeting of the directors. While I tried to avoid commenting too critically on this matter in my letter to President Liu, this postponement of the preparation of your budget estimates puts those of us here at the home base in an exceedingly difficult hole. One of the major items which should come before our Annual Meetings during the spring is the study of budgets for the coming year and the determination of the appropriations our Boards of Trustees can make and of the remaining needs which we must try to secure from new sources during the coming year. This year the situation is rendered even more pressing by the fact that the Harvard-Yenching Institute has asked us to present them with information as to the 1936-37 budgets of each of the six universities in which they are interested together with recommendations as to the programs to be carried on with the income from the Harvard-Yenching Institute restricted fund.

not say like The absence of definite information as to the Cheeloo budget will not only gum up the works here but will also react very seriously to the disadvantage of your work in China. First of all, when we try to submit our report and recommendations to the Institute, we are not going to ~~give~~ ^{have} any detailed statement as to this situation and needs at Cheeloo or to lay before the Institute any program which will win their interest and support. In the second place, when our North American Section (and presumably the British Section) holds meetings during the next two or three months we will not have any information as to just what you are counting on us to supply next year, or where you are going to need increased support. Even though action by the Section consists largely of setting

0640

MAR 23
1936

down the income normally available, specific information as to the program, opportunities, and needs of the University can do much to stimulate the Governors to discover sources which they might not otherwise see, and to go out and get new money where it is imperatively required. When the field fails to send us this information, it always creates a critical feeling among the Governors, and tends to make them feel that if the field is not interested enough to send the budget to us, then the Governors need not concern themselves very much about the matter. In the third place, our Associated Boards will be formulating during the next two or three months the promotional objectives we intend to seek during 1936-37. With no definite information from Cheeloo as to just what you need it is going to be very difficult for us to prepare any convincing list of items which we should place well up in the group of urgent objectives we will be seeking during the coming year.

From the standpoint of administration, it is ridiculous to think of a Board of Governors trying to deal intelligently with a budget when the estimates do not reach them until some weeks or months after the fiscal year under review has actually begun. This is particularly important this year, since the Board of Governors at its meeting last ~~spring~~^{September} raised some very definite questions as to future policy and asked the field to give serious thought to these questions in planning your program for 1936-37. As matters now stand, your plans for 1936-37 will all be made, your staff engaged, and actual expenditures well under way, before our Cheeloo Governors will even know what you are planning. That puts all of us in quite a heck of a mess.

I can picture you rising to inquire mildly why I should seem to take you to task about all these problems. I am quite aware that the Field Treasurer can not rightly be blamed for all such shortcomings of the other administrative officers and of the Board of Directors. The main reason I am passing all these comments on to you is that I don't wish to bewilder and discourage President Liu by sending him such a frank communication. He has plenty of troubles closer at hand. And if he is like most of our other Chinese presidents he has a mental picture of the Cheeloo Board of Governors as made up of a lot of grim ogres anyway. But we would be grateful for your tactful assistance in bringing these considerations to the attention of our Chinese administrators and the Board of Directors. It's difficult enough at best to get the Cheeloo Governors to shoulder their rightful share of the burden. And when the field falls down on the job of telling them just what they must produce and why, then the task becomes pretty nearly hopeless. Even though it may be too late to do much to improve the situation for the present year, it is not too early to begin laying plans now to see that such a situation does not occur again in future. If there is any point at which our office here is not cooperating with you to the limit in sending you preliminary information as to possible resources for the new fiscal year for which you are preparing estimates, don't hesitate to bawl us out and tell us where we should mend our ways.

Dr. Shields is hopeful of a renewal of grants both from the Rockefeller Foundation and from the China Foundation. Also, he is laying plans to ask a few select friends to help out during the coming year, while he must continue to mark time on his larger plans for a medical school endowment. I believe that the North American Section will agree to let the Hospital use the income for next year from the \$40,000 portion of the Hospital Building Funds if that is found necessary.

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MAR 23
1936

-3-

Thanks for the comments in your letter of February 26th in response to my "rather revolutionary" remarks on the subject of reorganization at Cheeloo. Here again I directed my remarks to you rather than to President Liu, for very obvious reasons.

While I would not think it expedient to publish abroad my views on the subject quite as frankly as I expressed them to you, my feelings in the matter are still the same as when I wrote you in January. At the present time the Colleges of Arts and Science at Cheeloo do not have adequate resources to carry on an effective program. While unquestionably the work they are doing is very valuable, far too large a proportion of the funds available for Christian higher education in China is being put into colleges of arts and science, and we must make some radical adjustment somewhere along the line. Every impartial group which has surveyed the situation since the days of the Burton Commission has agreed that the Cheeloo Colleges of Arts and Science are among the first that could be dispensed with in the interests of the whole program. The only alternative to eliminating these two colleges altogether is to have them undertake a thoroughly worthwhile piece of training for rural leadership. We have been talking about such a rural program insistently now for eight years, and so far as we can see, not only has nothing constructive been accomplished, nobody in Cheeloo has as yet any inspiration for tackling such a program or even any intelligent conception of just what it would be. For eight years the folks at Cheeloo have been saying to the Governors "Don't hurry us too rapidly. Be patient, and allow us a little time. Within a year or two we will be able to work out such a reorganization without offending anyone or upsetting our whole program." The only trouble has been that, though we have waited with more or less patience for eight years, nothing has happened.

Your letter closes with the expression of an optimistic hope that under President Liu's very excellent leadership "if we can only keep our heads above water and keep going on for a year or so, the same result can be achieved by gradual rebuilding of the staff and transformation of courses." This is, of course, the thing we all desire to see accomplished. Only, one does hope to see some indication that things are going in that direction. I have not been able to see a single ray of hope for such a development in the minutes of the January meeting of the Board of Directors, or the covering letters from Dr. Liu.

Back of this whole question lies the even more fundamental problem of what is to be the future of Cheeloo. If we are going to concentrate our efforts on medicine, theology, pre-professional courses in medicine and theology, together with some kind of rural institute, then we should face frankly the question of what is to become of the staff, student body, and alumni of the colleges of Arts and Science. We can appreciate the predicament in which the alumni would find themselves if these two colleges were abruptly closed up. Would it not, however, save everybody's face and give historical continuity if these colleges could be transferred, nominally at least, to some other institution? If, for instance, they were transferred to the University of Nanking, this would seem to safeguard the interests of the alumni, and such students as wished to carry on with distinctively arts and science courses. Some members of the staff might also be shifted to Nanking, though I doubt whether the University

0642

Dr. Lair

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3/23/36

would want or need many of the present arts and science faculty. The question would also arise as to whether under such a reorganization Cheeloo would want or need a president. It might be much simpler and more economical to have all the work under the direction of the Dean of the School of Medicine and the Dean of the School of Theology.

I recognize that all these are very fundamental questions and that they might involve some very radical reorganizations. But these are times when we have to do some pretty clear thinking and to give serious consideration to making just as sweeping changes as the situation demands. It is far better to do a modest amount of work well than to spread out so thin that everything is done badly.

Very sincerely yours,

B. A. Carside

BAG:MP

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SHANTUNG

Cheeloo University

March 23, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

My dear Dr. Lair:

over →
Yours of February 26th at hand, and we are hastening to send you a copy of our letter of January 20th which included the forecast for the budget for 1936-37. Again may I repeat that these figures have not been acted upon by the Board of Governors, but represent merely a guidance amount for use in setting up your budget.

Surely we expressed the appreciation of the University and the North American Section to the Canadian Women's Board for their generosity. There is no objection, however, to the field expressing its gratitude, the address of the Women's Board being:

Mrs. H. R. Inksater, Secretary
Apartment 8
65 Kendall Avenue
Toronto, Canada

Very cordially yours,

CAE:RC
Encl.

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January 20, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

My dear Dr. Lair:

First of all, let me acknowledge your letter of December 16th, which gives us the very welcome news that Dr. Yen has been elected as representative of the Shantung Presbyterian Mission. We feel he should be of considerable value to Cheeloo.

I am also writing you regarding the amount of income which will be available for 1936-37. This by no means is an accurate forecast, as many things might happen between now and June 30th. I am, however, tabulating the items so you will be informed as to what is included. I have made deductions on the basis of the present-year operations.

American Board-School of Theology.....	\$ 800.00
General Endowment.....	4,695.00
Harvard-Yenching Institute.....	8,421.00
Special Gifts.....	250.00
Day of Prayer Offering.....	750.00
Woman's Unit.....	2,346.00
Rohrman Fund.....	52.00
	<u>\$17,512.06</u>

From the above amount is to be deducted first of all \$1,280. representing the Home Administration, Executive Office Incidentals and Governors' Expenses. This is a very definite reduction from the \$17,512.06. In addition to that there are the expenses of the promotional work which this year amounted to \$2,888. However, contribution to date have reduced this to \$2,361. What the efforts will produce between now and June 30th is problematical, and what Cheeloo will have to bear in relation to any deficit already accrued is also an unsettled question. We most sincerely hope that these charges will be still further reduced. It is thought advisable to have you informed as to conditions so that you will not be too optimistic in claiming too large a portion of the total income.

Again may I say that these figures are unofficial. Neither the North American Section nor the Executive Committee have had an opportunity to study same. It seemed best, however, to get them in the mail rather than wait for any action.

Very truly yours,

C. A. Evans.

CAE:RC

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SHANTUNG

INDEXED

June 4, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear P:

I enclose a copy of a letter I have just written President Liu on the subject of the preparation of budget estimates. The letter starts off in a somewhat official vein, and ends up by expressing some of my own unofficial views on this subject.

As I have been saying for a great number of years, the administrative authorities at Cheeloo are making a tremendous mistake in not taking the Board of Governors into their confidence when it comes to preparing budget estimates, and making the Governors feel a real sense of responsibility in grappling with Cheeloo financial problems. Just a few days ago I wrote a letter to Dr. Weir in which I stated frankly that I wished our administrators at Cheeloo had the knack of bedeviling the Board of Governors in the same way that the administrative officers do in a number of our other China Colleges until the Governors are finally compelled to realize that they have a measure of responsibility for financing an active and ~~un~~nourished university in China. At the present time about the limit of responsibility felt by either the North American Section or the British Section, is that of once a year adopting a pro forma resolution which they have not studied at all, defining the small amount of endowment income which the Governors themselves control, directing the secretaries to find out what the Mission Boards can give and communicating this to the field, and then ordering the field authorities to cut down their budget until it balances.

The only way we will ever overcome this situation is for those of you on the field to begin each autumn to inform the Governors in a very definite way just where your finances stand and what you still need to carry on and keep hammering away at them until you begin to get results. Your first response will probably be sympathetic letters stating that the Governors are extremely sorry but that they can do nothing more. When you hammer a little longer they will begin to get irritated and one would hope before long that they will become quite wrathful. Just before they have an apoplectic stroke they will begin to realize that after all they have a genuine sense of responsibility and had better get busy.

Just one week from today you folks at Cheeloo are beginning the fiscal year 1936-37. Here in New York we haven't a ghost of an idea what you are going to do or where you are going to get your funds. Neither the

0646

Dr. Lair

-2-

June 24,

North American Section nor the British Section have made any appropriation and as a result neither Section has any sense of responsibility, or could reasonably be expected to have any sense of responsibility. If the University goes broke, that's the responsibility of those of you on the field. Obviously that is a crazy way of trying to run an institution. Let's hope that this will be the last year when such a situation will prevail.

Cheerio!

Cordially,

B.A. Cairside

BAG:MP

Encl.

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Dr. Liao *Over*

SHANTUNG

June 9, 1936

President Shu-Hing T. Liu
Cheeloo University
Shantung, Tsinan, China

Dear President Liu

INDEXED

I enclose herewith a copy of the minutes of the meeting of our Cheeloo Committee on Promotion held on May 19th.

Promotional Objectives. You will note under action NASCP-455 the Committee's tabulation of the promotional objectives to be sought during the coming year, and also during the next five-year period. The Committee tried to set down in the tabulation a list of what, in its judgment, the University really needs during the next five years in order to carry on efficiently the work it is asked to take as a part of the whole program of Christian higher education in China. On the one hand, we have tried to avoid "padding" the list by inserting items that are not really essential. On the other hand, we realize that it is not at all likely that we can get during the year 1936-37 all of the amounts set forth in the first two sections of this list, and that it is by no means certain that we can secure the entire amount of these objectives during the next five years. All we can do at this time is to define what the University really needs, and then, in cooperation with the Associated Boards, to strain every resource to attain as many of these objectives as we possibly can.

We all regret that the time limitations under which we have been working do not permit our securing from the field your own views and estimates on just how much is needed and for what purposes. We would, however, urge that the Board of Directors and the administrative officers of the University go over this list carefully, and suggest any changes you feel should be made including the reduction and elimination of items as well as possible additions. Such a list of financial objectives should, of course, be reviewed from year to year and should be revised as the needs and objectives of the institution gradually change.

Plans for Dr. Shields and Mrs. YB. I need not add much to the discussion and actions appearing in the minutes under this head. So far as Dr. Shields is concerned we have all been anxious to follow whatever course would best serve the interests of the University. We do not wish to keep him here over-long, and on the other hand would regret to see him return to the field before he has been able to take advantage of the very excellent

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June 9, 1936

preliminary work he has done so far this year. We tried to leave Dr. Shields entirely free to form his own judgment as to the wisest course for him to pursue. After giving a great deal of thought to the matter and discussing it from various angles with a number of his friends, Dr. Shields reached the decision that it would be wiser for him to remain in America during the fall, with a general expectation that he would leave for China about the end of December. Just today we have received from Dr. Shields' mission board the information that it has approved this extension of furlough. The Promotional Department of the Associated Boards is actively engaged just now in making plans for the coming year, and is eager to do everything possible to assist Dr. Shields in his work during the autumn.

We are also looking forward eagerly to having Mrs. Yü with us this year.

Very sincerely yours,

B. A. Casside

BAG:MP
Encl.

Copy for Dr. Lair

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June 24, 1936

President Shu-ming T. Liu
Cheeloo University
Tsinan, Shantung, China

My dear President Liu:

We have already sent a copy of the minutes of the fourth Annual Meeting of our Associated Boards to the administrative officers at Cheeloo. I believe, however, that we did not call specific attention to action AB-503: -

"VOTED, in conformity with the recommendation of the March 18th meeting of the Executive Committee, to approve the following proposal of the joint meeting of representatives of the Associated Boards and the Harvard-Yenching Institute on February 7th, 1936: -

"(1) That beginning with the fiscal year 1937-38, each of the six universities in China receiving a grant from the Restricted Fund of the Harvard-Yenching Institute prepare each year budget estimates showing in detail the expenditure it desires to make from the grant of the Harvard-Yenching Institute, together with similar expenditure to be made from other funds, and also a summary of the whole budget of the institution, this information to be forwarded both to the Associated Boards for Christian Colleges in China and to the Harvard-Yenching Institute;

"(2) That the Harvard-Yenching Institute be requested to give consideration to any comments or recommendations that may be submitted by the Associated Boards before acting upon requests of the individual institutions."

In this same connection, the Associated Boards strongly recommended (AB-486) that steps be taken to secure from the field authorities of the various institutions budget estimates for the new year in time to get these in the hands of the Committee on Finance not later than March 15th. We all appreciate the fact that this will involve speeding up the entire process of preparing our Cheeloo budget estimates each year. No doubt the first step in this process should be set in motion by our offices in New York and in London in collecting and transmitting to the field just as complete information as we can concerning the funds that will be available from Western sources. Mr. Evans and I will try to see to it that our New York office undertakes this task during the autumn, and that as complete information as possible is on its way to Tsinan before Christmas. We would welcome your suggestions as to any other steps we can take here to facilitate the preparation of the Cheeloo budget.

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June 24, 19.

While we can appreciate all of the practical difficulties involved in your getting even tentative budget estimates into our hands here by March 15th of each year, we believe that in the final analysis this should prove of tremendous benefit to the support of the University. Not only the Harvard-Yenching Institute, but also our Cheeloo Governors and the Associated Boards would then be able to study well in advance of the actual beginning of the fiscal year the program and the needs of the University. If at any point the University is facing the necessity of drastic cuts in its program in order to balance its budget, it might be possible that somewhere here in the West we could secure additional support which would reduce or eliminate the necessity for such cuts. If you are uncertain as to whether certain items of income are to be received, we might be able to help clear up this uncertainty.

I have for many years been writing very frankly to the administrative authorities at Cheeloo urging that you proceed in such a way in preparing your budget each year as to take your Board of Governors into your confidence, and impress them with a real sense of responsibility. Of course, the final responsibility for preparing, approving, and administering, the budget lies with the Board of Directors, and the Governors' responsibility is merely that of making as large a contribution as they can. This does not, however, prevent our putting pressure upon the Governors both individually and as a Board, to take a real responsibility for lending their maximum assistance to the solution of the financial problems of Cheeloo. In some of our other China Colleges the field authorities keep the boards of trustees here at home fully informed of just how their finances stand, and look to the trustees to render valuable aid in solving the problems with which they are confronted. It frequently happens that six or eight months before the new fiscal year is to begin, these trustees are hard at work studying the situation the field will confront for the new year, and seeking new sources of support which they can make available when that new year begins.

Our Cheeloo Governors have for many years done little more than take a purely negative attitude of warning the field to keep its budget within the funds available and have not had the sense of responsibility that they should have possessed. The only way to overcome this situation is by patient cultivation of the Governors and steady pressure upon them to feel the weight of the burden which you on the field are carrying. The best initial step we can take in this direction is for you on the field to get as complete budget estimates as you can into the hands of the Governors in New York and in London by the 15th of March. Naturally these budget estimates can not be in final form. Some items of income may have to be shown at first as only probabilities, or even possibilities. On the expenditure side, you may have to show places where cuts must be made if further reductions are necessary; or, from a positive standpoint, you may wish to indicate new work which should be undertaken if funds are available.

We will welcome your comments and suggestions as to ways and means by which our office here in New York can best cooperate with you in these matters.

Very cordially yours,

B. A. Casside

BAG:MP

Copy for Dr. Lair

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Over

SHANTUNG

Cheeloo University

June 25, 1956

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

INDEXED

My dear Dr. Lair:

Action NAS-445 taken April 24, 1956 requested "the Secretary to secure from the North American Mission Boards cooperating in the University information as to the contributions they plan to make to Cheeloo University during 1956-57 and to transmit this information to the field authorities of the University."

This morning's mail brings the last reply to the letters we sent out immediately subsequent to that meeting. All of the Boards have been in the midst of annual meetings and some have been unable to make any quotations until after their own financial budgets were established for the immediate future.

The Women's Missionary Society of the United Church of Canada reports that their appropriation will remain as in the past, which is \$2,000. less 12½% cut, or a net of \$1,750. per annum. This amount is to be paid through the field treasurer of their Honan Mission, Mr. Hugh Mackenzie. This is a definite appropriation as the amounts have been established through 1957.

Board of Foreign Missions, Presbyterian Church in the U.S.A. You have received general letter No. 58, which sets forth the appropriation for the Presbyterian Mission. This shows that the endowment interest has been cut to 3½% and that the total of securities held in the endowment fund is \$1,522.76. In addition to the foregoing, there is an appropriation of LC\$18,000 which is paid on the field.

The Women's Foreign Missionary Society of the Methodist Episcopal Church. The treasurer is unwilling to make any statement regarding the possibilities for the coming year. This Board has suffered severely from losses in income, and it would appear as though they do not desire to make any definite commitments at the present time. The treasurer states "We are in process of an important revision of our budget which may possibly affect the appropriations to Cheeloo University as well as all other items of appropriations on the field. Since this is the case, I find it difficult to give you definite figures on this item. It is quite possible that there will be no change, but I am not in a position to say that there will not. Since this is the case I suggest that you use the figures for last year with a question mark. In other words, using them as the nearest estimate possible at the present time."

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6/25/36

The United Church of Canada. Dr. Armstrong reports that Gold \$2,000 is the 1936 appropriation for Cheeloo University, which is in addition to the incomes paid to Dr. Struther in Medicine, Mr. Menzies in Arts and Science, and Dr. Ross in Theology.

The Augustine Church. We have also received a note regarding the contributions from the Augustine Church, Winnipeg, Manitoba. Dr. Armstrong states "that their contribution is no longer separate from their general givings but has for the last few years been absorbed into their total contribution to Missions. For some time after they provided the funds for the building of Augustine Library the congregation contributed specially for the maintenance, but that proved to be difficult for them to handle when the years of depression began."

Undoubtedly the budget for the coming fiscal year is on the way, but we will have these appropriations in mind upon receipt of same and make such adjustments as seem necessary before making a report to the Executive Committee.

Very cordially yours,

C. A. Evans

CAE:RC

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SHANTUNG

CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

29th June, 1936

TELEGRAPHIC ADDRESS:
CHEELOO

Dr. H. H. Weir
China Universities,
2, Eaton Gate,
London, S.W.1.

Dr. B. A. Garside,
150, Fifth Avenue,
New York City.

Dear Dr. Weir and Dr. Garside,

I enclose herewith my annual report. You will have observed in the minutes of the Board meeting that the Board has asked Mr. Fred Boulton, in charge of accounts of one of the big foreign firms in Tsinan, to audit the accounts this year. I do not know whether it will be possible for him to do this within the next few days, so it may be necessary to send this report without the auditor's statement, to be followed by this statement as soon as it is possible to secure it. I have to go to Tsingtao to attend the Mission Executive Committee on July 6th, but I hope to be able to get the books audited before that time.

You will notice that the financial condition is considerably better than indicated by my report to the Board of Directors. This improvement has resulted from several causes, a specially good month in the hospital, a strenuous effort to collect as many as possible of the outstanding bills from the hospital and the income-earning departments of the University, and from some last minute contributions secured by President Liu. I should like to add my own personal testimony to the appreciative remarks that have already been made by the Board of Mr. Liu's year's administration. It has been a real pleasure to work with him and a great personal satisfaction to me to be able to feel that I have had the sympathetic backing of the President in my efforts at enforcing economy. This shows in the figures of the report.

We are of course especially grateful to the Canadian Women's Board for making available their special grant of Canadian \$2500 to apply on reducing the current deficit. This sum, in accordance with the request of their mission representatives, has all been applied to reducing the current deficit on the Schools of Arts and Science, and this, together with a considerable saving on this current year, has reduced this deficit from \$13,494.30 to \$2,117.91. By the application of one of the Presbyterian substitute salaries on the salary of the President and by crediting various contributions which he has been able to secure to the general administration account it has been possible to wipe out entirely the deficit on

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JUN 29 1936

- 2 -

Dr. Weir
Dr. Garside

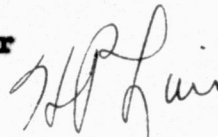
General Administration, and also give a subsidy of \$500 to the Library and another \$500 to the Rural Institute, and transfer a small balance to the Arts Building Fund deficit. You will observe that this has also been practically wiped out this year. This has been made possible by the sale of securities representing the investment in the Banque Industrielle which closed fourteen years ago. These securities were sold at a very favourable rate which produced sufficient money to balance off the Banque Industrielle account on my books and also allow the transfer of nearly \$6,000 toward the clearing of the Arts Building Fund. The other Building Fund debit balances represent overdrafts on residences, which will of course in time be met by rents, so they are not a matter of serious concern so long as it is possible to keep the university in operation.

It will be observed that the Medical School closed the year with a slight credit balance instead of a small debit balance as predicted in my report to the Board of Directors. However they have now arrived at the time when the diminishing surplus from the Rockefeller Foundation grant left over from many years ago when this grant was made in gold at a high rate of exchange, is practically exhausted, and unless new sources of income can be secured the Medical School will have to radically restrict its expenditures. The small amount of the transfer from the Medical School to the Hospital to balance the hospital accounts, is a matter for real satisfaction. True this transfer is somewhat in excess of the \$3,500 provided in the budget but it is far less than appeared probable a few months ago and even one month ago when my report to the Board of Directors was prepared.

We are still hard up of course, but the situation is so much better than seemed possible a year ago that I send this report with considerable satisfaction.

Very sincerely yours,

H. P. Lair



HPL/GMH

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Dr. Volk
Dr. G. G. G.

JOINT OFFICE

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SHANTUNG

CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

10th November, 1936

TELEGRAPHIC ADDRESS:
CHEELOO

Dr. B. A. Garside,
150, Fifth Avenue,
New York.

rah 12/23

Dear Garside,

In reply to your second letter of October 5th in regard to the possibility of putting up to the Governors the clearing off of some of our old debts, this would be a very admirable gesture of goodwill on the part of the Governors to President Liu and would doubtless do a great deal to buck him up and encourage him to remain at Cheeloo. We are of course hoping to do this anyway and if there is not a war or some other calamity which seriously affects our income from fees during the next term, I am hoping that we can clear off this year all the current deficits, unless it be the deficit on the Rural Institute. If you will glance at my reports for 1934-1935 and 1935-1936 you will see that the deficits on current accounts on the General Administration, Arts and Science, Library and Rural Institute were reduced last year from a total of \$22,637.76 to \$5,086.25 - not so bad for an institution which was bankrupt at the beginning of the year. Also the deficits on capital accounts were reduced from \$14,197.87 to \$4,868.75. If the Governors are looking for a chance to do a good deed, it would be most encouraging to pay off these remaining capital account deficits for us and it would be most encouraging for my substitute during my furlough to have these red items off the books. For your convenience and economy of time I am appending a summary of the important items under these two headings in the two annual reports. I shall of course keep this hope strictly under my own hat and will see that it does not leak out in quarters where it might weaken efforts to clear off these bad debts under our own steam.

this covers all present & future bonds

With high hopes,

Ever cordially yours,

H. P. Lair

H. P. Lair

1934 1935		<u>Current Deficits</u>	1935 1936
Gen. Admin.	4,535.97		
A & S	13,496.30		
Library	1,900.00		
Rur. Inst.	2,705.49		
	22,637.76		
		<u>Capital A/cs</u>	
A & S	8,621.57		
Mod. Vil.	1,082.90		
Double Ho.	4,493.40		
	14,197.87		
			5,086.25
			2,117.91
			633.92
			2,334.42
			452.45
			418.90
			3,997.40
			4,868.75

87485 as a result of selling French Bank bonds - balance being U.S. surplus

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CHEEBOO UNIVERSITY

THAM CHAY

INTERNATIONAL ACADEMY

CHEEBOO

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THE UNIVERSITY OF THE TREATY

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CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

10th November, 1936

TELEGRAPHIC ADDRESS:
CHEELOO

Dr. B. A. Garside,
Associated Boards,
150, Fifth Avenue,
New York.

INDEXED

SHANTUNG

Ack
Ack 12/23

Wrote again 1-12-37vc

Dear Garside,

I acknowledge with thanks your letter of October 5th enclosing a cheque for L.C. \$631.50, being the proportion of Mrs. Yui's salary for 1935-36 which was not covered by the appropriation from the Women's Committee. You are quite correct in assuming that our budget for 1936-37 does not provide a salary for a substitute dean of women while Mrs. Yui is in America. Thus far we have been able to get along without employing a substitute. Mrs. Fan is acting as dean while Miss Myers and Miss Deens are sharing with her the duties of overseeing the girls' dormitories. We hope to be able to get through the year under the present arrangement. This does not mean of course that we will have a large surplus without anything to do with it, as we are having to pay rent for the Anglican Hostel, which is being used for the accommodation of those girl students who cannot be housed in Leonard and Miner Halls, and there is always a deficit on the women's dormitory accounts, as the dormitory fees do not bring in sufficient income to pay for the running expenses.

I am sorry that I neglected to write to you in regard to the payment of Mrs. Yui's salary while on furlough. My recollection is that I did write saying that I was not sure whether the women in America were merely paying the cost of her travel or were undertaking to pay for both travel and her salary while there, and giving you the amount of her present field salary. Your action, however, in paying her a monthly salary of \$60 U.S. currency or more if this is found inadequate, is all right with me, and I will take into consideration the amounts thus paid out as they appear on your monthly statements. Mrs. Yui's field salary is L.C. \$200 a month with accommodation rent free in Leonard Hall. Reckoning the rent of the apartment at \$45 a month this amounts to approximately \$250 L.C.

With best wishes

I am,

Very cordially yours,

H. P. Lair

H. P. Lair

HPL/GMH

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OFFICE OF THE TREASURER

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CHEELOO UNIVERSITY
TSINAN, CHINA

OFFICE OF THE TREASURER

25th November, 1936

TELEGRAPHIC ADDRESS:
CHEELOO

Dr. B. A. Garside,
150, Fifth Avenue,
New York.

SHANTUNG

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My dear Garside,

I have your affectionate letter of October 20th in regard to the non-arrival of the Harvard-Yenching Institute financial report. I was certainly under the impression that page 12 of my annual report was in exactly the form desired by the Harvard-Yenching Institute, at least this is the form which Mr. Menzies left with me, together with notes saying that details and such items as book purchases, publications, museum purchases and so forth were not expected. I also have the assurance of Mr. Chi, the clerk in the President's office, that this report was attached to the copies of the Sinological Research Institute Report which were sent to your office and to Cambridge. Our postage book shows that these were posted on July 29th. I do not know the cause for the delay, as my report was ready and audited before July 4th.

If this report is not what you want or what the Institute requires, then I hope you will send me exactly the nomenclature which they want us to use, and the categories under which they want items reported, as this present year's report was made out in accordance with such information as was available.

I also have your letter about the picture of Kumler Chapel which was to be sent to your office to be held until Dr. Luce's arrival. I left instructions with Mr. Li, the Arts & Science steward who has been in charge of getting these enlargements made, to do this when I went on my vacation last summer, but there is no written or other record of its being done, so probably it was not sent. We are now sending the picture with apologies for the oversight.

Cordially yours,

H. P. Lair

H. P. Lair

HPL/GMH

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CHEEBOO UNIVERSITY
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SHANTUNG

December 17, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear Lair:

Thanks for your letter of November 25th.

The question of what happened to the financial statement in connection with the 1935-36 Harvard-Yenching Institute report seems to be something of a mystery. If the clerk in the President's office assures us that he attached the statement to the copies of the report sent to Cambridge and to New York and if the statement was missing from both copies of the report when they arrived here, the only conclusion we can draw is that the Japanese removed these statements from the letter when they were in transit as a part of their nefarious plot to alienate America's friendship for China.

I would not presume to imply that the material on page twelve of your annual report is not in exact form desired by the Harvard-Yenching Institute, because I am frankly a little hazy as to exactly what form the Institute does desire. I am under the impression that they wish somewhat fuller details than are given on page twelve of your annual report, but perhaps these details are not necessary or desired.

Of course, the important thing is to see that our future course is such as to keep the Cambridge friends as happy as possible. Dr. Elisseoff is to be in Tsinan during the next few months, and I know that you will see to it that a clear understanding with him is reached as to the exact form in which future financial statements are to be prepared. It also seems to me that it would be desirable that the one responsible for the preparation of these annual reports to the Institute would see to it personally that the reports are in complete and accurate form, and are actually put into the mail. No matter how reliable a clerk may be, sometimes mistakes are made which could be avoided if the one actually responsible for preparing such important documents has these gives his personal attention to the assembling and mailing.

As yet, the picture of the Kumer Chapel has not reached us, but no doubt it will be coming in within the next few days.

Very sincerely yours,

B.A. Carside

BAG:MP

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SHANTUNG

December 23, 1936

Dr. H. P. Lair
Cheeloo University
Tsinan, Shantung, China

Dear Lair:

Thanks for your two letters of November 10th.

First letter. This deals with Mrs. Yui's salary while in America. I have talked over all these salary matters with Mrs. Yui quite frankly. As you know, she has particularly difficult financial problems to cope with this year, because of the illness of Mr. Yui and the fact that she has to make special provision for their daughter while she herself is here in America.

Taking Mrs. Yui's field salary as approximately LC\$250 per month, and converting this into United States dollars, at the current rate of exchange gives approximately US\$75 per month. We are therefore planning to pay her at that rate. Thus far, our office has been charging these disbursements against account #31. We will, however, transfer all these charges to account #41, the Woman's College Budget. By June 30th, 1937, these charges will therefore amount to US\$900. It would seem to me that the simplest way to show this on your books would be to consider this \$900 as exactly equalling your budget item for Mrs. Yui's salary and allowances, approximately LC\$3,000. This would leave US\$770 in the Woman's College budget appropriation transmitted to the field for other expenses in connection with the office of the Dean of Women or other items connected with the work for women approved by the proper body representing the Cheeloo Woman's Committee on the field.

It is quite probable that the Woman's Committee will find it necessary to make some supplementary salary grant to Mrs. Yui this year to compensate for the additional expense involved in her stay here in America. But if this is done it will probably be taken out of the Woman's College surplus here and will not in any way affect their appropriation to the 1936-37 budget.

Second letter. In this you give us the details of the current and capital deficits as of July 1st, 1936. These amounted at that time to \$9,955. I hope that the careful management of President Liu and yourself has succeeded in reducing the total somewhat during the past six months. (For instance, you may have been able to apply the LC\$631.50 we sent you on account of the Dean of Women's Women's salary for 1935-36 against these deficits. I note that all the general

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December 23, 1936

administration surplus for 1935-36 was applied against the deficits, and since this \$631.50 would have increased the general administration surplus if you had received it before July 1st, it would be logical to have applied it in the same way as the remainder of the surplus.)

You and President Liu certainly deserve congratulations for the very effective way in which you reduced these deficits during the year from over LC\$36,000 to less than LC\$10,000 despite the fact that the University was carrying on with very inadequate resources.

The Cheeloo Governors have consistently maintained the position that they have no direct responsibility for these deficits, and that it is unwise, as a general procedure, to assume responsibilities which properly lie with the Board of Directors. However, in view of the fact that these deficits are a heritage of a previous administration, and that it is unjust to put the entire burden on President Liu, the Governors have been inclined to make an exception to this very wise general policy if they could find a good opportunity to do so. The opportunity was presented two days ago when we received from the Aluminum Company of America back dividends on our Aluminum preferred stock amounting to US\$4,875. The North American Section has voted that these dividends be divided into approximately two equal parts, one of which is to be set up by the North American Section as an income stabilization fund to guard against future fluctuations in income, and the other to be made a special appropriation to the field to apply against the current and capital deficits you carried forward on July 1st. We have therefore sent President Liu a Christmas message reading as follows:-

"ADDITIONAL APPROPRIATION GRANTED AS FOLLOWS:- US\$2,450 TO BE APPLIED IN (PART) PAYMENT CURRENT CAPITAL DEFICITS FOR SEVERAL YEARS PAST. YOU MAY DRAW AT SIGHT. CHRISTMAS GREETINGS TO YOU FROM NORTH AMERICAN SECTION BOARD OF GOVERNORS OF SHANTUNG CHRISTIAN UNIVERSITY."

We hope that this will not only bring cheerful Christmas greetings but will also serve to stimulate the morale of the administrative staff and to reassure them of the interest and goodwill of the Board of Governors. At the present rate of exchange, this US\$2,450 ought to produce close to LC\$3,300. If you have been able to apply the LC\$631.50 referred to above against these deficits, this should reduce them below LC\$1,000. I am sure that you and President Liu will be able to find some way in which this small residue can be taken care of and these old deficits wiped entirely from your records.

With all good wishes for the New Year, I am

Very sincerely yours,

B. A. Carvide

BAG:MP

*copy to
Miss Clark*

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SHANTUNG

October 5, 1936

Dr. H. P. Lair
Chee-loo University
Tsinan, Shantung, China

Dear Lair:

This is an unofficial request for a bit of information.

There seems to be a very good likelihood that the Aluminum Company of America will, within the near future begin to pay the dividends which have been accruing for several years.

The North American Section has begun to do some thinking as to what is the wisest way to use these back dividends if and when they are received. I believe the Section is favorably inclined to the general principle of setting up an income stabilization fund which we can use in future to maintain a steady income from year to year at the rate of 5% (or whatever figure the Section considers a conservative one) rather than having the situation of recent years where we have fluctuated all the way from 5% down to less than half of that amount.

Before such a stabilization fund is set up, however, the Section might be willing to use some of the back dividends to help wipe out the residue of the deficits which you on the field have had to carry forward from the Linn-Davies administration. Whether the Section will do this is still very uncertain, since it has already gone on record once as holding that these deficits are the responsibility of the Board of Directors and that the Governors should not have any share in them. There is, however, a growing sentiment that we should not be too insistent upon saddling President Liu with the sins of his predecessors, so it is quite possible that the Section may be willing to give some help in clearing off these old deficits, if we know just exactly what they are. In order to present the matter in any effective way, I would need to know just exactly what outstanding deficits you still have, how they arose, and what progress the field already had made toward clearing them off. I have a general understanding that you have made substantial progress in getting rid of these debts during the last year but do not have the exact figures easily available.

Will you please get off all this information to us as promptly as you can. I am, of course, writing entirely unofficially and cannot give any assurance that anything will be accomplished. It might be just as well for you

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not to say anything at this stage which might arouse hopes on the field,
or cause the groups there to lessen their own efforts to clean off these
old debts.

Cordially,

B. A. Garside

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SHANTUNG

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October 5, 1936

Dr. H. P. Lair
Cheeloo University
Tainan, Shantung, China

Dear Lair:

If you have seen the minutes of the Cheeloo Women's Committee during the last year or two, you will have noted that they undertook to provide during 1935-36 the full amount of Mrs. Yui's salary and allowances. From your Field Treasurer's Report as of June 30th, 1936, I find that the regular appropriation of the Women's Committee produced only LC\$2,418.50, while the expenditures on Mrs. Yui's salary and allowances was LC\$3,050. This appears to leave a deficit in this account of LC\$631.50. I am therefore enclosing herewith a Shanghai draft to your order in the amount of LC\$631.50. Please let us know whether this exactly clears the 1935-36 account for Mrs. Yui. If any changes in the account have been made since your Treasurer's Report was prepared you will probably wish to make adjustments in your 1936-37 account.

We have received from Cheeloo a request that for 1936-37 the Women's Committee provide not only for Mrs. Yui's salary and allowances but also for the expense of whatever substitute you must employ to take care of her duties during her absence in America. The field has not informed us, however, as to the exact - or even the approximate - amount of money involved. The 1936-37 budget estimates show LC\$2,940 to be the salary and allowances of the Dean of Women. I cannot identify any item in these estimates for a substitute to carry on in her absence. In the 1936-37 budget appropriations of the North American Section, you will find the contribution of the Women's Committee defined as US\$1,670. (This figure is subject to ratification by the Women's Committee but I do not think it is likely to be reduced.) At the present rate of exchange this amount ought to produce around LC\$5,500 which should be ample to take care of Mrs. Yui's salary and also to provide for any substitute you may have to employ. Please send us definite information just as promptly as you can as to how the matter stands, so we can make a report to the Women's Committee.

A third item in connection with Mrs. Yui is the question of where and how her salary this year is to be paid. She tells me she has not received any remittances from you, and that she had the general understanding that her salary payments this year would be made by our office here in New York. I do not recollect having received any letter from you instructing us to make these payments, but perhaps such a letter has come in and I have either not seen it or have forgotten about it. We have made one payment to Mrs. Yui on her salary account

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amounting to US\$60. We will continue to make payments to her from month to month unless and until we receive instructions from you to the contrary. The most logical method of handling the question of exchange on these payments would seem to be for us to charge such disbursements at the rate of 3.30 to 1, which has been about the average for the last year. As you receive information concerning these payments from month to month in our monthly cash statements, you can credit the appropriation of the Woman's Committee to the 1936-37 budget and charge Mrs. Yui's salary account. If this is not satisfactory, please let me know.

Very cordially yours,

B. A. Casside

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