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Yenching
Corres
Stuart, J.L. 1931 Jan-Feb

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January 5, 1931

Dear Leighton:

Thank you for sending copies of the following letters:

To Mr. McBrier, Nov. 27, 1930
To E. C. Corwin, Nov. 29, 1930
To Dr. Chas. F. Wallace, Dec. 4, 1930
To Rev. Geo. S. Conant, Dec. 4, 1930
To Mr. Carl Hamilton, Dec. 8, 1930
To Mr. and Mrs. Wm. Boyd, Dec. 8, 1930

I am very glad that you find it possible to write these detailed letters direct from the University to important persons here in America. I am sure this method of keeping up the contact is invaluable.

We have been trying recently the following methods for increasing our income somewhat under the present abnormal conditions. We sent out the little folder on religious life and ideals, of which you have received a copy, and received in direct response about $1300. I think under normal conditions we might have hoped to get several thousands of dollars from that folder. At present all of us here feel almost surprised when we get anything. We are sending the same folder to a large number of friends from whom we are not free at the present moment to solicit anything-- for various reasons. I think the folder and the letter accompanying it will strengthen our tie with these people. Then we have an especially prepared letter which is being mailed month by month to groups of friends who have at one time or another made a contribution in that particular month. We are making the strongest argument possible for recurring contributions at about the same time of the year. Not enough time has yet passed to see what will be the total result, but we are getting a little money. An indefinite annual pledge for $100 came in this morning from a man whose only previous gift was $25 made in 1925. I think we shall be able little by little to build up a group of supporters who will make annual contributions. Something approaching the relationship of the Princeton-Yenching Foundation to its supporters ought to be possible even without the special tie of Princeton University itself. It would be a great thing for Yenching if we could possibly get regular annual contributions aggregating even one-half as much as the steady Princeton-Yenching income.

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January 5, 1931

My latest attempt is a direct appeal to the members of the Board of Trustees. I have just addressed a circular letter to them, explaining the great need for developing a group of people who will give more or less regularly every year, and urging that the Trustees form a nucleus to help me in drawing in others. We hope for answers to this letter in the course of the next week.

I leave here this afternoon to be gone for the rest of the week. I shall attend a meeting of Princeton men arranged for Dwight Edwards in Chicago Tuesday. I am taking with me Princeton, Yenching, and Lingnan lists and shall do my utmost to see a small number of the most promising and important persons on each list.

You will be interested to know that the folder on religious life of the University brought a $500 check from Dr. and Mrs. Hoobler. This encourages me to believe that if I can see these friends in the near future I can convince them that now is the time to support Yenching.

I expect to cable you today through the Princeton-Yenching office regarding the appropriation that can be made by Princeton-Yenching Foundation for the fiscal year beginning next July.

I have again exchanged notes with Jenney, assuring him that I am looking forward to having him as soon as conditions become more favorable. I have had a very friendly reply. I hope we may be able actually to change the tone of our letters, which must be very discouraging to you. I know something of the strain under which you are working there, and shall be very happy if anything we can do here will relieve you of any part of the burden.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peking, China

ODW*KK

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January 5, 1931

Dear Leighton:

(PERSONAL)

There seems to be no need for me to write in detail regarding your letter of November 27th to Mr. McBrier. After receiving it, I secured a copy of his letters to which you were replying and read them both through. I can understand completely how you reacted to those two letters. I am sure that in your place I should have found it almost impossible not to write very vigorously under such incitement. At the same time I hope you will not misunderstand me when I say that the situation that has arisen through this correspondence is unfortunate and not helpful for the University. Mr. McBrier does not talk very much voluntarily with me concerning his personal feelings. He confers more frequently with Garside. He and I, however, are maintaining an extremely friendly relation, and once in a while I have a brief chat with him. I took occasion a few days ago while he and Garside were together in conference to drop some casual remarks which I felt confident would exert an influence upon any letter he may write you in the near future. I told him jestingly that if I were in Peking and Garside here, I should recommend that I pour cold water on you and Garside pour cold water on him. I then went on to state very earnestly to him that you were under a terrific strain and that I felt uneasy for fear you might break under it. Garside joined heartily in this statement, saying to Mr. McBrier that he agreed with me and felt uneasy because of the overstrain under which you are working. Both of us had the same purpose in view- to hint to Mr. McBrier that he should not make matters more difficult by writing his views so bluntly.

Garside feels that the impression one gets from reading such letters from Mr. McBrier is very much stronger than was the feeling of Mr. McBrier when writing the letter. He says- and I think probably correctly - that Mr. McBrier was trained in a school of rough speech, and that even when he feels perfectly friendly, he may speak in a seemingly harsh fashion. I know he has always had a great admiration and affection for you.

I may add, however, that three things have within recent months somewhat disturbed, not only him, but some other members of the Board. You know about all of these items. He has the sincere feeling that the active religious work of the University has been side-stepped, not from any wrong motive, but through a mistaken judgment as to the wisest policy. Then he feels, and some of the most important members of the

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Board feel this very strongly, that the University has the habit of annual expansion in a degree which needs to be toned down. Some of the most important members are nervous from the feeling that there is no force to prevent this insistence upon adding items for which there are no ready funds. In the third place, the Chou Tso-Min proposals still seem to some of the most experienced business men on the Board entirely unpractical.

I am sure you will understand that I am mentioning these matters only because I wish, so far as possible from this great distance, honestly and sincerely to cooperate with you. You have had a marvelous hold upon your Board of Trustees. There are not many cases where a Board will follow with such complete confidence the executive head of the institution as this Board has been willing to follow you. The developments of the last twelve months, have to some extent, shaken this relationship -- not that the members of the Board have less affection and admiration for you as the head of the University, but that they feel that some restraining force must be exerted to prevent your yielding to your natural impulse to see the University grow and continue to grow. They feel that this impulse may lead you into such an arrangement as that proposed with Chou Tso-Min, which from their point of view was dangerous for the University.

If I may venture to make a suggestion, it would be this: You are irreplaceable as head of the University. No American could possibly step into your place, and no Chinese could possibly function under present conditions, if he were placed there. Your effectiveness will depend to some extent upon your continuing to hold the high degree of confidence on the part of the Board which you have always held. I would suggest, therefore, that you deliberately set out to create in the mind of the Board the impression that you realize fully that we are now passing through a period when there must be no expansion and that you are setting to work to perfect the details of administration, avoiding any uneconomical use of funds and otherwise perfect the administration of the University, looking forward to the time when there can be another advance.

I hope you can very shortly submit to Mr. McBrier and his committee a definite proposal for the use of the income from his special fund. Can you not bring in either a Chinese or an American who will give part of his time to teaching and part of his time to personal religious work? I presume Ritter will not qualify because of the fact that his budget is already supplied. Lingnan University has during the present year taken on the son of Stephenson of the Princeton Seminary, an admirable young man whose primary interest is in definite religious work, but who is giving half of his time to the teaching of history.

Please use your own judgment as to whether to destroy this purely personal letter or file it.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peking, China

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YENCHING

INDEXED

TRANSFER

Yenching University

January 5, 1931
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Dr. J.Leighton Stuart,
Dr. Howard S. Galt,
Yenching University,
Peiping, China.

My dear Dr.Stuart and Dr.Galt:

We are hurrying to you herewith the minutes of the meeting of the special sub-committee appointed by the Committee on Finance, Property and Investment which was held in Mr.Barber's office on the morning of Saturday, January 3.

Trustees' contribution toward 1931-32 budget. The item of first rank importance which this Committee was created to consider is that of the Trustees' contribution toward the 1931-32 budget. Appendix A attached to the minutes gives the details of the anticipated income for 1931-32 and shows the tentative allocation of this anticipated income. Action SCF-2917 states that the amount which the Trustees will probably be able to contribute next year, not including contributions of the Mission Boards in personnel and in cash equivalents for vacancies, and not including the contributions of the Harvard-Yenching Institute for postgraduate work, amounts to G$181,612.95. This action is, of course, conditional upon the approval by the Board of Trustees or the Executive Committee of action F-2910 which proposes a plan for the more homogeneous control of current funds within a unified budget.

We will seek a meeting of the Board or the Executive Committee at the earliest possible date. I hope that such a meeting may be held within the next month. As soon as such a meeting is held and action is taken on F-2910 I will dispatch a cable to the field reporting whether or not action F-2910 has been confirmed. However, this whole matter has been so thoroughly discussed by the Board of Trustees that I believe it is highly probable that the Board will give its agreement to the proposal of the Finance Committee, and accordingly the field should be able to go ahead with its plan for 1931-32 with a fair assurance that the procedure recommended by the Finance Committee and its special sub-committee will meet with support by the full Board.

Appendix A sets forth fully and frankly all the current income which the Trustees have any hope of receiving during the year 1931-32. We have not omitted a single item of estimated income concerning which we have any knowledge whatever at this time. There appear to be only two other possible sources of income which are not included in this list:- (1) surplus income on endowment funds above 5%. Possibly there will be a small amount of surplus income from this source, but the investment policy of the University has been so definitely in the direction of more conservative securities yielding lower rates of income, that any surplus above 5% is [illegible] (2)

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come from new contributions for general current purposes. In the past the University has received almost nothing in the way of contributions available for the general budget. Nearly all current gifts coming in are for designated objectives which cannot be allocated for any other purpose than the ones specifically indicated. There is little hope, therefore, for any new income from this source.

Counterbalancing the possibility of a small amount of additional income from some source as yet unknown is the ever present possibility that some of the sources of income on which we are now relying may not produce as much as we anticipate. If, however, the Board of Trustees approve the procedure now proposed it will mean that the Board is responsible for providing the field with the full amount of G$181,012.95 even though there should be a serious shortage in total income from one or more of the anticipated sources.

I am sure you will at once appreciate the importance of the proposal to define the contribution of the Board of Trustees in gold rather than in local currency. This means a long step in the direction of transferring full responsibility for the control and administration of current finances from New York to Peiping. In transmitting to the field in gold the entire amount of their current income, the Trustees turn over to you full responsibility for the wise administration of all the current funds of the University. If any reserve is to be set aside in prosperous years to carry the University through times of difficulty the initiative must be taken by the field. If the total amount of available income in prosperous years is fully expended it will simply mean that when less prosperous times come the University will have to retrench its program proportionately. Moreover, the field will have to find ways to provide from the current funds transmitted by the Trustees under the budget whatever amounts are necessary to take care of such special extra budget items as the Finance Committee has sought from year to year to provide from current surpluses accruing here in America from such sources as gains on exchange and surplus income.

Somewhat in the nature of a parting word, of warning in transferring this responsibility to the field, the sub-committee calls attention in SCP-2918 to serious decreases in income which are now threatening for the fiscal year 1932-33 and subsequent years. In the first place, the Laura Spelman Rockefeller grant begins next year to decrease at the rate of $5,000 a year until it disappears entirely on June 30, 1935. As yet the efforts of the Princeton-Yenching Foundation to secure additional income from endowment and other sources have not been sufficiently successful to justify the hope that income from this source will increase with anything like the rapidity that the Laura Spelman Rockefeller income decreases. We know of no other source here in the East where there is any immediate likelihood of securing substantial contributions for the work in the Social Sciences. This seems to mean, therefore, that the College of Social Sciences must either find new sources of income in China or elsewhere, or else must choose one of two alternatives:- (1) Reduce its program for 1931-32 to such an extent as will make it possible to carry on without reduction for several years to come; or (2) expend during 1931-32 all the income available for that year with the realization that year by year its program will probably have to be radically reduced.

In the second place, the income for work in Natural Sciences is at present far from assured beyond the fiscal year 1931-32. One-half the income from the Rockefeller Foundation, $12,500, expires as of June 30, 1932. Thus far we have obtained only G$10,000 toward matching the Rockefeller grant of G$250,000. and even this $10,000 has been called into question. The prospect

of securing the remaining G$240,000 within the next eighteen months is extremely dark. It would seem to be most unwise for the College of Natural Science during 1931-32 to maintain a program which would require the full expenditure of all available income, when the college was facing the probability of a decrease of 33% of its income during the next year. The wiser course would seem to be that of maintaining the work for 1931-32 on a more conservative basis that could be continued for at least three years more.

In the third place, the advantage which the University has secured during the past year or two as a result of the rapid decline in the price of silver cannot long be maintained. Already costs of every kind have risen rapidly because of the decreased purchasing power of the silver dollar; but this rise in prices is almost certain to continue for some time longer before the adjustment is complete. There is also the possibility that a change in the market value of silver may cause an upward swing in the price of the silver dollar. This would materially reduce the amount of income of the University without effecting any corresponding reduction in operating expenses.

It seems to us here in New York that all these considerations make it imperative that for 1931-32 the University should adopt an extremely conservative budget which would permit the creation of a substantial reserve in practically every department of the University, and particularly in the colleges of the Social Sciences and of Natural Sciences. However, care has been taken to make it plain that these are merely recommendations which the field may ignor if it chooses.

You will note that one change is proposed in the procedure of the Board ofTrustees in meeting the expenses of the Promotional Office. Heretofore all expenses in connection with promotion, both the continuous expense involved in the maintenance of the Promotional Office itself, and also the fluctuating expenditures which are made in connection with any definite campaign activities of the University, have been met from whatever special sources of income can be found by the Trustees. As both of you know, the problem of supporting the Promotional Office and campaign activities of the University has been one of the most difficult financial tasks confronting the Board of Trustees. At times the deficit in the Promotional Expense account has grown to staggering figures, and special campaigns have been necessary to secure undesignated funds which could be used for the clearance of such deficits.

It is proposed that for the future the regular and continuous expenses of the Promotional Office (including salaries of office workers, the University's share of Mr.Wannamaker's salary, the publication of the Peiping News, the issuance of periodic letters and circulars, and the miscellaneous expenses of the Promotional Office for rent, stationery, postage, etc.) should be made a regular charge against the current income of the University. This seems to be the only business-like way in which to handle the Promotional Office organization. Wherever special campaign activities are entered into the cost of such activities is to be made a first charge against the receipts obtained. At the present time the items of expenditure which would thus be classed under campaign activities are the disbursements made to Pierce and Hedrick and the salary and allowances to Dr.Chester E.Jenney.

In the past the Finance Committee has been forced to seek wherever possible for funds to take care of the operating expenses of the Promotional Office. In the future it will have practically no sources whence such funds can be secured. It is necessary, therefore, that the expenses of the office be made

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one of the regular budget items.

As a matter of fact, there is now standing on our accounts a deficit of approximately G$40,000 in the Promotional Office account. By June 30, 1931, this deficit will be substantially increased. The Trustees do not have at present any definite sources of income whence this deficit can be cleared. At best we will have to use every possible source of surplus revenue for some years to come in wiping off this serious deficit already standing on our books.

These estimates of income for the 1931-32 budget are being transmitted to you several weeks later than they should be. This has been made inevitable because of the difficulty of securing a meeting of the Finance Committee. We have considered the advisability of cabling you in as great detail as we could these estimates of the income available for next year. However, the procedure proposed for next year is different from the present plan at so many points that we fear any cablegram we might send would be misinterpreted and would complicate rather than simplify the situation. We are, therefore, sending all this material to you by mail and will not attempt to transmit it by cable. We trust that these facts will reach you in time to permit the field to make a thorough study of the budget situation and send us your budget estimates in time for action by the Board of Trustees at the annual meeting which is usually held in April. If, however, more time is required the Trustees can either postpone the annual meeting to some later date, or can refer to the Executive Committee with power all matters referring to the 1931-32 budget.

Salary of Mr.Vernon Nash. I believe that very little need be added to what is set forth in the minutes. The Finance Committee made a tentative study of this problem and the sub-committee went into it considerably more in detail. Frankly we do not understand the basis on which Mr.Nash is asking for payment of salary during 1929-30 on a gold basis. When the Trustees took action in the winter and spring of 1929, giving a bonus of 12½% to all members of the University supported Western staff for the fiscal year 1929-30 it was generally thought here in New York that their action was sufficiently generous to meet the needs and wishes of the University staff. The correspondence from the field does not clearly state whether or not Mr.Nash has received this 12½% bonus on the same basis as did the other members of staff. However, the letter written to me by Mr.Nash on November 26 has a summary of income he received during 1929 which seems to indicate that he did receive this bonus. Mr.Nash's figures as to amounts received may be summarized as follows:-

Payments on insurance by New York office	G$438.51		
Payments to Miss Helen Rooker	150.00		
Refund of balance on travel account	256.00		
	G$844.51 @ 2.10	L.C.	1,734.71
Remittances received on field		"	2,991.98
Received during 1929-30		"	4,726.69

Mr.Nash's figures give only the amounts of G$844.51 and L.C.$2,991.98. The method of arriving at a total of L.C.$4,726.69 is our own.

According to our figures the amount to which Mr.Nash was entitled during 1929-30 on the basis followed for other University supported Western members of staff was as follows:

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Basic salary	L.C.$3,120.00	
Children's allowances	800.00	$3,920.00
12½% bonus on above		490.00
		$4,410.00

Perhaps the difference between the two totals given above, L.C.$4,726.89 and L.C.$4,410.00 can be explained by variations in exchange rates used. At all events, it appears that Mr.Nash has already received in full the amount to which he is entitled under the basis used for the other University supported Western members of staff. Here in New York we do not have sufficient information available to justify giving him preferential treatment that is far in advance of any accorded to the other University supported Western staff. While we appreciate the value of the services Mr. Nash is rendering and recognize that he has struggled with a good many serious financial problems, we know that many other devoted members of the Yenching staff could present fully as convincing a case should they decide to appeal for special assistance. To give such marked preferential treatment to one member of staff would, it seems to us, create an extremely dangerous precedent and would not only cause dissatisfaction throughout the entire faculty of the University, both Western and Chinese, but would also throw the door wide open for innumerable requests for special disbursements. Most of the Committee were inclined to say that no matter how valuable a member of staff might be, if he were to present a demand for such preferential treatment on the threat of his resignation otherwise, they would immediately invite him to tender his resignation.

The above comments reflect the informal discussion of both the Finance Committee and the special sub-committee in dealing with the question of Mr.Nash's salary. We all recognize, however, that the information we have available is inadequate to enable us to reach a fair decision here in New York. Moreover, as a matter of general policy, it is foolish for the Trustees to attempt to pass judgment on the merits of individual cases of this kind. The function of the Trustees is to deal with matters of general policy and to leave the adjudication of specific cases to the authorities on the field who are in intimate touch with each individual case and know what decisions are fair and equitable.

Very cordially yours,

BAG-H

Enc.

CC: Later mail.

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HONORARY CHAIRMEN

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JUDGE JOHN F. HYLAN
JUDGE JOHN HETHERINGTON

MRS. SMITH ALFORD

JUDGE FRANK F. ADEL

HON. GEORGE U. HARVEY
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Emergency Relief Fund
of the
Borough of Queens

Room 409 - Crescent Plaza Building
Queens Plaza, Long Island City, N. Y.
Telephone: Stillwell 2610-2611-2612

January 6, 1931.

Dr. J.Leighton Stuart,
Pekin, China.

My dear friend Stuart:

Have enjoyed your letters and Christmas card which were forwarded to me by Mrs. Conant.

On this campaign in New York since the middle of November but will close January 31, after which I will probably return to Denver to spend a few days with the family. Any communication you may have for me please send to me at my Denver address.

I have not seen Wannamaker since coming to New York as Mr. Hedrick thought it best to let him handle the situation and as I am employed by Pierce and Hedrick I must take orders from them. However, I am hoping that some day I can be a regular man on the staff of Yenching University and not have to work through a finance organization.

From the information that Mr. Hedrick and I have been able to gather together, it seems that as soon as you started for China your board here in America said "no more money shall be spent trying to procure funds for Yenching until conditions are better in the U.S." Perhaps they are right but I do believe that someone should keep up the contacts ~~even~~ during these times of distress even though he could get only enough pledges in a year to pay his salary and expenses. The other institutions, while they have retrenched a great deal, are keeping up their contacts and Yenching may lose some of hers unless she does likewise. Please dont misunderstand my motive in suggesting this. As well as I would like to be that man if I could work with you, there are many men in the U.S. who doubtless could do a far better piece of work for Yenching than I could do. I hate to lose all we have gained during the last year and I honestly believe your Board has taken the wrong attitude. Hedrick tells me that he has no contract whereby he can do any work for Yenching until ODW and the Board see fit to begin again.

Mrs. Conant writes me that she is k eping up the contacts we made in Denver. In fact she and Mrs. Sweet put on quite a show for Yenching at the YWCA there some time ago when they were having a big party for missionaries. Leave it to the women to give publicity where it should be given! Mrs. Conant was a hostess at the Y and she took all of the pictures and literature we had on hand and let it be known that Yenching is on the map in China.

Our lad seems to be improving a wee bit. Our faith makes us believe that we will keep him with us for a good while yet.

Stenogs all busy so I have written this myself and its a poor job I have done but you can overlook errors.

See other side for General Committee

Sincerely yours,

George S. Conant

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General Committee

Acker, Ambrose B.
Adikes, John
Alexander, W. C.
Allen, Eric J.
Andrews, Elmer
Ashmead, Nelson B.
Askew, Harry R.
Auman, Rev. Lester Ward
Ball, Alfred J.
Beard, Rev. Paul B.
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Bornemann, Henry
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Eckman, S. W.
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Fahey, Edwin J.
Fallon, Bernard
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Fosdick, Sheldon, J.
Franck, Frederick J.
Fuchs, Walter H.
Fulcher, J. W.
Garing, Miss Lillian A.
Gehringer, Martin
Genevese, Leo
Gertz, Harry
Gipson, Richard M.
Glasow, Rev. E. M.
Gosdorfer, Louis C.
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Halleran, Laurence B.
Hallinan, Jas. T.
Harrison, John T.
Hazelton, E. F.
Heinman, William
Heistand, C. M.
Hendry, Chas.
Higbie, R. W.
Hof, Henry
Hoffman, Cromer
Hofman, William F.
Horn, A. C.
Huber, F. H.
Iorio, Michael
Johns, Wm. H.
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Jordan, R. L.
Julig, Mrs. Wm. J.
Kadien, Judge Thomas C., Jr.
Kempner, Clarence
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Ketcham, H. L.
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King, Ernest L.
Kleinert, H. I.
Kramer, Charles P.
La Bar, Leland E.
Lane, John B.
Lange, Harry
Large, Wm. J.
Latham, LeRoy
Lowerre, Charles P., Jr.
Lowes, Clarence
MacDevitt, James C.
MacDonald, M. J.
MacDougall, Edward A.
MacKenzie, Rev. T. H.
Mack, William A.
Magly, G. Wm.
Man, Alrick H.
Matting, E. H.
McCulley, Chas. P.
McGahie, Louis P.
McTigue, John
Meyer, Rabbi Max
Moore, Mrs. Clara L.
Morris, William J., Jr.
Morton, George
Neuffer, H. A.
North, John
O'Hara, Frank
Palmer, Matthew T.
Palmer, Ray
Penchoen, John H.
Plitt, E. A.
Reardon, John
Ringe, Herman
Roberts, Chas. H.
Roberts, Walter
Rodger, Mrs. David R.
Roe, Clinton T.
Rosenberger, Graham
Savacool, William L.
Schlief, John H.
Schloh, Henry
Schumann, Rev. Donald F.
Schwoeber, Peter
Scutt, F. W.
Smith, R. Leslie
Smith, Solwin W.
Spear, Maynard H.
Stewart, I. R.
Strebel, Henry F.
Stutzmann, Rudolph
Sullivan, Francis X.
Symington, Moses
Tisdale, J. B.
Toback, Samuel
Vaughan, M.
Viebrock, George
Visel, Jacob A.
Walker, Rev. J. E.
Weber, Richard
Weston, Ellis
Wicke, George H.
Wiley, Rev. J. C.
Williams, H. P.
Winchsh, Charles
Witherstine, Wilbur C., Jr.
Wolf, Edwin N.
Wolfe, N. M.
Wood, Howard O.
Woodward, P. W.
Woodin, Ray P.

燕京大學
YENCHING UNIVERSITY
PEPING, CHINA.

OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 6, 1931.

Mr. O.D. Wannamaker,
150 Fifth Avenue,
New York City,
U.S.A.

My dear Olin:

I am writing to you in regard to a possible form of financial assistance which you can handle. Our Dr. Learmonth is going on a short furlough beginning next month and we have made arrangements to secure the temporary services of Dr. E.J.M. Dickson to supply his place for six months. The last two of these (July and August) are his vacation and he is free to use those as he wishes. He has chosen to contribute his time to us for that period. We are to reimburse his home Board for the other four months at his regular salary which is $1,900 per annum. In other words we owe the Board gold $633.33. He is a member of the Associate Reformed Presbyterian Church the head quarters of whose mission are 2410 North Marshal Street, and the secretary is the Rev. F.M. Wilson, D.D. I suggest, however, that we would stand a much better chance if we deal through Mr. Joseph Steele who is treasurer of the Board. Mr. Steele is a well known layman in Philadelphia and has been one of the patrons at a promotional dinner held in that city in one of our earlier campaigns. My thought is that a request might be made that they contribute Dr. Dickson's time without charge to us as an evidence of goodwill to another Christian enterprise in China. Dr. Dickson has been on a special mission to Manchuria and is being delayed in this region. His own station is in Kwangtung province and it might be necessary for him to stay a large part of the spring away from his station while at the same time unable to be actively employed on his Manchurian errand. This church is extremely conservative and opposed to all forms of union effort. Possibly C.F. Ludington could help as it may be that he and Mr. Steele are business acquaintances. If not, some conservative minister or layman in Philadelphia might be asked to undertake this errand by a personal call or you might make an appointment and do so yourself.

In regard to the suicide of Li Chienfan, I hope that you and Dr. Moore of the Missouri Botanical Garden have reached an adjustment that involves us in as little loss as possible. The

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outcome was so unexpected that since we advanced the money on a scholarship to be repaid to us, the ethics of the settlement cannot be clearly defined.

Very sincerely yours,

J. Leighton Stuart

Yours of Jany. 13 describing trip to Chicago. Just to hand.

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YENCHING

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TRANSFER

Yenching University

February 6, 1931

President J.Leighton Stuart,
Yenching University,
Peiping, China.

My dear Dr.Stuart:

We are enclosing herewith three copies of the minutes of a meeting of the Committee on the McBrier Foundation for Biblical Instruction and Christian Work, held on February 3.

The Committee devoted its attention chiefly to the consideration of proposals made in your letter to Mr.McBrier under date of December 10 concerning two specific objectives to which a part of the income from the McBrier Foundation fund might be applied during the coming year.

You will note that the Committee has given its cordial approval both to the appropriation of L.C.$2,000 as a contribution toward the salary and other expenses of Dr.Koo, and also the appropriation of an indeterminate amount for providing ten scholarships for Christian students along the lines described in your letter.

The Committee expressed regret that it did not have available more definite figures as to the amount which would be required to provide these ten scholarships. Referring to the Yenching""Guide Book for Students" issued in June 1930 yielded the statement that "The average student budget is about L.C.$350.00 a year including all personal expenses, as well as fees". It was the understanding of the Committee that each scholarship would be for such a fraction of this $350.00 as would provide for fees, and possibly some of the other essential expenses. The exact amount of each scholarship was left to the determination of the field.

The Committee made an appropriation for only one year in the case of each of these two objectives. As regards the scholarships, the Committee recorded its willingness to consider the continuation of such an appropriation after 1931-32 if recommended by the field on the basis of your initial experiment. I presume that the Committee would likewise favor othe continuation of the appropriation for Dr.Koo's work if the arrangements for the first year are continued. As soon as you know what amounts will be required to meet these two appropriations, and the dates at which funds should be remitted, will you please let us know so that we may make disbursements accordingly?

You will note that the Committee also expressed an earnest desire that the field present for the year 1931-32 a budget of the proposed

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work to be undertaken with income from the funds of the McBrier Foundation. This does not necessarily mean that the budget presented will require all the available income. The members of the Committee expressed the feeling, however, that at the present time they have only the haziest kind of an idea as to the plans the field has for the use of this income, and stated that the presentation of a budget for the work to be undertaken next year would help them greatly in clarifying their own thinking and gaining a picture of what is being projected.

In this same connection the Committee stated informally that it would be very grateful if the field would send some kind of a report as to the results which have been attained from appropriations previously made from the McBrier Foundation income during the past two years. Most of the money sent out has been disbursed in response to specific proposals covering single items, and, for the most part, no report has been made by the field as to just what progress was made possible in each case. A report, which could be both simple and brief, would greatly help the members of the Committee to clarify their impressions of what is being accomplished.

After some urging we were able to persuade Mr.McBrier to attend the meeting of the Committee. He has consistently maintained the attitude, ever since the McBrier Foundation was created, that he prefers to take no active share in the determination of a specific program to be followed by the University in line with the conditions under which the principal funds of the McBrier Foundation were given, and desires that the determination of such policies, together with all correspondence on these matters, be left with the Committee. However, Mr.McBrier is, of course, profoundly interested in all these matters, always welcomes information as to what is being done and planned, and can usually be persuaded to state informally his own judgment with regard to any specific proposals submitted.

Very cordially yours,

BAG-H

Enc.3

CC: Mr.McBrier

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TRANSFERRED

Yenching University

January 7, 1931

Dr. J.Leighton Stuart,
Yenching University
Peiping, China.

My dear Dr.Stuart:

While we have sent you in the last few days a number or letters dealing in a general way with the matters discussed in your letter of December 8, I have not specifically acknowledged, or replied to, that letter. This letter will, therefore, supplement what I have already written on the subjects discussed in your letter of December 8.

Natural Science rate of exchange. I am sure that the recent actions of the Finance Committee, together with the statements we have transmitted to the field of the financial situation now confronting the University, will clearly show how impossible it is for the Finance Committee to take favorable action on the recommendation of the Faculty Executive Committee that approval be given the request of the College of Natural Science that they be granted a fixed rate of three to one on the income available for work in Natural Science.

In the first place, the disbursements made thus far during the present fiscal year of general University funds, including the income for the work in Natural Sciences, have been largely in gold. Not only have we paid from these funds the salaries of all the University supported Western members of staff, but we have also made large deposits here in New York toward the checking account from which the Field Treasurer has paid for purchases of University supplies from business houses here in the West. We could not, without a great deal of tedious research and computation, ascertain just how much of the income for the work in Natural Science has actually been expended for salaries and for purchases here in America. As a matter of fact, it would probably be impossible for us to obtain even an approximation of this figure without seeking the assistance of the Field Treasurer. We have reason to believe, however, that a substantial part of these disbursements have been either directly or indirectly connected with the work in Natural Science.

In its practical result this request from the Department of Natural Science that they be granted a fixed rate of three to one on the sum of G$37,500 means that the Trustees are being asked to increase their appropriation for 1930-31 by the amount of L.C.$31,875. An examination of our budget analysis as of November 30 will at once show how impossible it would be for the Trustees to grant such a request. Even on the basis of our present commitments we will be extremely fortunate if we close the year without serious deficits; - a further appropriation of L.C.$31,875 at this time is simply beyond the thinking of the Board of Trustees or any of its committees.

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Our Finance Committee has been very much concerned at such statements as the following:-

> (appearing in Mr.Tsai's letter of December 3, T30-93) "Enclosed please find a copy of our revised budget for the current year..... You will note that we have incorporated items 1, 2, 3, 4, 6 and 7 of the preferencial list submitted to you with the budget itself last spring. Items No.1, and 2 were approved by the Trustees at their annual meeting April 23 under action 2823 and items 3 to 8 were referred to your Budget and Finance Committees with power. Subsequently on May 21 your Budget and Finance Committee, in view of the income on the second half million dollars of endowment for Natural Sciences, allocated this additional income. In this allocation you, under certain conditions which we will not attempt to detail, approved items 3, 4, 6, 7 and a part of 8. If you did not have to return to the Rockefeller Foundation the first half million dollars on account of the unfortunate development connected with the Chinese gift, the income on the second half million dollars can be really treated as 'additional'. The problem of meeting the extra budget items will then be simple whether the exact allocation.....is carried out or not. But, alas, as events have proved, it is not so simple. We have had no word from you as to how the budget as a whole is affected by the fact that you had to return the first quarter million dollars. In the meantime we are operating as if nothing adverse had happened."

It would have been extremely easy for Mr.Tsai to have set forth the "certain conditions" which he does not attempt to detail, under which the Finance and Budget Committees on May 21 approved the incorporation of items 3 to 8 in the supplementary list of extra budget askings. These conditions were very plainly stated as being simply that "no expenditures be authorized beyond funds available". It was known on the field within a few weeks after the 1930-31 budget year began that the income from Mr.Chou's proposed gift would not be available, and that the income from the first quarter million dollars of the Rockefeller Foundation gift was in the greatest jeopardy. It is hard to see how the field could be justified in "operating as if nothing adverse had happened" under these circumstances. Here in New York the Finance Committee and the other committees of the Board ofTrustees acted with all possible promptness in restudying the whole budget situation and reminding the field of the fact that their approval the inclusion of items 3 to 8 in the extra budget list was conditional upon the completion of this half million dollar endowment for Natural Science coming from Mr.Chou and the first Rockefeller gift; but it was a matter of more than three months from the time that the field knew Mr.Chou's gift would not be available before it was possible for the action of the Finance Committee to reach you.

Your letter points out quite correctly that the sum ofG$37,500 received from the Rockefeller Foundation and the Harvard-Yenching Institute must be used for work in Natural Science. However, it is not a simple matter to draw a sharp line of demarkation as to the point at which the financial responsibilities of the College of Natural Science terminate. The question brings us at once face to face with the problem of the apportionment of the general University expenses for administration, operation, maintenance, and the like. It has long been a principle in most of the other Universities in China to which the Rockefeller Foundation has contributed support, that each of the specialized departments supported by such gifts should pay its fair share toward the general expenses of the University. A part of the income received from the Rockefeller

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Foundation has, in such institutions, been paid in toward the general expenses of administering, operating and maintaining the institution. This fact has been well known to the Rockefeller Foundation and they have raised no objection to it. So far as Yenching is concerned, this question in future will be entirely a matter of field administration because the Trustees are now taking ~~rapid~~ strides in the direction of transferring such matters to the control of the field as rapidly as possible. For the year 1930-31, however, this question may have to be faced in connection with this plan of the College of Natural Sciences that they are entitled to expend the entire local currency proceeds of the G$37,500 for the specific use of the College of Natural Sciences.

We are quoting to the members of the Finance Committee and also to the Yenching Promotional Office the comments and suggestions you make on the subject of Natural Science endowment. This problem is already receiging the most serious attention of everyone in connection with the Yenching Board of Trustees. It is, however, the judgment of the Board of Trustees, as reflected in numerous actions taken recently, that the University should immediately revise its program in the light of the probability that this Rockefeller gift will not be matched by June 30, 1932, and that the University may be forced, for the time being at least, to carry on without this $12,500 a year income. It seems to them that this is a far more logical course to pursue than for the University to so develop its work as to require the full amount of this income and as a result, to be brought face to face in 1932 with the possibility you mention that the institution might have to be closed. Even should this income of $12,500 a year be lost, the remaining income of G$25,000 per year should enable the Department of Natural Science to continue to do reasonably effective work for the time being, unless within the period of two years when the larger income was available the College had so expanded its work as to make its operation on a more conservative basis impossible.

Transfer of endowment to China. The Finance Committee gave the most careful and most sympathetic consideration to the minutes of the meeting of the Finance Committee of the Board of Managers held on November 26. This meeting dealt specifically with the proposed transfer of G$250,000 University endowment funds to the field for investment under the direction of the Finance Committee of the Board of Managers.

Everyone here in New York heartily approves the policy setforth in the first sentence of your action, "Whereas the policy of Yenching University is to become gradually a more completely Chinese institution, which should involve the corresponding transfer of the responsibility of financial administration to the field", The primary emphasis of most of the discussions held by the Trustees and their various committees during recent months has been on the desirability of transferring to the field as rapidly and as completely as possible the financial administration of the University. In my recent letters I have touched on this subject again and again. Many of the actions recently taken have had this ideal very distinctly in mind.

The Finance Committee has, however, found itself unable to agree with the conclusion in the second part of your action "Whereas an examination of the financial report of the China Foundation for Education and Culture indicates that funds aggregating large sums are invested according to conservative policies in both gold and silver securities which produce a relatively high percentage of income". Our office is now engaged in making as detailed a study as we can of the investment list of the China Foundation

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which the field has submitted as an example of what investments are available in China. The preliminary findings are, to say the least, startling. I hope that within a few days we will be able to complete our study and I will then send to you and to Dr.Galt a summary of the results. The field may rest assured that whenever the Trustees feel that they can, in fairness to their obligations to Western donors who have contributed substantial sums to the endowment of Yenching University, transfer these funds to the field they will be only too happy to do so. I know at least three very busy gentlemen here in New York who would heave a tremendous sigh of relief if they could be relieved of the heavy duties they are now carrying in looking after these funds. The simple facts of the case are that as yet we have not been able to convince any of the Trustees that large sums can be invested in China with safety and security.

Very cordially yours,

BAG-H

CC: Dr.Galt

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YENCHING

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Personal

January 10th, ~~1930~~ 1931

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My dear Dr. Stuart,

During recent weeks I have been increasingly distressed over the fact that there has been going out from our offices here at 150 Fifth Avenue a great deal of correspondence which I know will prove disappointing to you, and will add to the heavy burdens you are already carrying. So I am led to send this purely personal note to try to add some elements of reassurance and encouragement which may not appear in the more formal correspondence we have been sending.

In the first place let me say emphatically that there has never been a time since I have been here in New York when the members of the Board of Trustees have been more profoundly or more sympathetically interested in the work of the University than at present. This is shown in the way in which the members of the Board attend meetings of the Board and its various committees, in the earnest and sympathetic way in which they deal with University matters, and in the way in which they support every effort to obtain increased support for the work of the University. I am sure that you on the field often feel that there are many things to be desired in the Yenching Board, but as I compare this group with the Boards of Trustees of our universities in China I am always impressed with the fact that Yenching has the greatest cause for rejoicing by reason of its Trustees.

In the second place, there was never a time when the Board felt any more keenly their admiration for the incomparable way in which you as the President of Yenching are carrying on the work there, nor when they were more anxious to render you every possible assistance. At every meeting the paramount question is "How can we best assist Dr. Stuart in dealing with these matters?" We all realise that Yenching would never have been built up to its present position without your leadership, nor could it be maintained and carried still further ahead if that leadership should not be continued.

Both these facts have been very manifest, though you may at times have doubted their presence, as the Trustees have dealt during recent months with so many important questions related to the two great themeseof the religious life of the institution and the financial support of the work there.

As yet we have not had time to receive the field's reaction to the unusually definite way in which the Board vetoed the suggestion that the School of Religion be segregated from the rest of the University and removed to a new campus, but I am afraid that in spite of all the

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assurances we gave you at the time this action was communicated to you, you will not only be keenly disappointed but will feel that action implied a lack of confidence in you and in the other members of the administrative and teaching body of the University. Such was far from being the case. The vote simply represented the definite conviction of the Board, based on all the information then available, that such a course would be seriously detrimental to the University, not only from the Christian standpoint but from annumber of other angles as well. The Board is keeping an open mind on the subject and will not only be willing, but anxious, to restudy the whole problem if there are other facts and viewpoints which they have not considered.

In this same connection, though on a more personal level, has been the interchange of correspondence between Mr. McBrier and yourself as to the program for the use of the income on the McBrier Foundation. Somewhat against my will I have been drawn into the matter because of Mr. McBrier's requests that I glance over preliminary drafts of his letters to you and that I make comments and suggest any necessary changes. You have had a longer - and in some ways a more intimate - acquaintance with Mr. McBrier than I have, so I need not attempt to interpret him to you. He is one of the finest and most earnest and sincere Christians I have every met, who lives his Christianity as thoroughly as he professes it. But he is very blunt and outspoken, and sometimes put things rather more forcefully than he realizes, so all of us who know him must make due allowances. Knowing that you were so well acquainted with him and could at once make these allowances, I did not try to dissuade him from sending you the two letters he wrote during the latter part of October, though I did suggest numbrous changes in phraseology which softened down quite a bit the brusqueness of the original drafts. I suspect that the latest letter Mr. McBrier has written on this subject in reply to your letter of the early part of December will also strike you as pretty blunt, though it also went through a rather long process during which some of the sharp corners were smoothed off a bit , or, as I once expressed it to Mr. McBrier, some of the "briers" were removed.

The important and fundamental fact in this correspondence is that Mr. McBrier needs reassurances that the income from the McBrier Foundation shall be used for some worthwhile program of constructive Christian work within the University but outside the formal curriculum of the institution. You can of course easily pick flaws in the suggestions he made as to program, and I am sure that he has no thought of pressing his own ideas in the matter but intended rather to make some definite suggestions as a point of departure. He realizes to some extent the fact that one cannot carry on such a program of religious work under present conditions in China as might meet with success and support in a church college here in the United States, and I believe he will be quite happy to accept any practical and effective program which you may work out in harmony with the conditions in China. His chief grounds for impatience during recent months have been that as yet he has been unable to glimpse even the general outlines of such a plan in the proposals that have come from the field for the expenditures of income from the fund. He feels that most of the itmms of expenditure thus far, while quite worthy intthemselves, have had little relationship to the primary purpose of his Foundation, and even less relationship to any unified and constructive program. It appears to him, therefore, that thus far this income has been used chiefly as a convenient contingent fund for meeting expenses that have not elsewhere been provided for. I have tried to reassure him at various times by pointing out the

extreme difficulties in building up such a comprehensive program on a basis which will be effective and relatively permanent, and have reminded him of the fact that during much of the time since this fund was created you have been away from the Yenching campus or completely immersed in administrative matters of the greatest urgency and importance. He recognizes these facts - but we both know that Mr. McBrier will always be typical of the American business leader who looks for prompt results and is involuntarily impatient of any delays. I am sure that these exchanges of correspondence will help both of you to see more clearly certain points in the other's position, and will therefore facilityte the working out of plans for the use of this income which will be mutually satisfactory.

The subject which has filled the major part of our correspondence during recent months is that of finance. While I am convinced that the field and the home base are absolutely at one on the general principles involved, I fear that there are some definite differences as to certain applications of these principles.

On the first principle - that of using the resources of the University in the way that will be productive of the maximum benefits - there can be no question. All of us are striving for that objective. There is not always complete agreement as to how this can best be accomplished.

On the second principle - that of the transfer of financial responsibility to the field as rapidly as circumstances permit - there is likewise no difference of opinion. The trustees are just as eager as the field to make this transfer just as rapidly and just as completely as possible. The difficulty has been that the transfer proposed by the field as a first step has been the one which in the judgment of the trustees should be the last one in order; to be effected only after the field had demonstrated their ability to handle successfully a wide variety of financial responsibility and after careful study by the trustees had shown them that they could safely, and with no lack of the precautions required of them by their trusteeship, take this final step in transferring responsibility from themselves to a group in China.

Various proposals from the field have led the trustees to believe that (with regard to a part of the University's funds at least), the the maximum benefits can be gained from investments gielding a high rate of income. The trustees feel that it is an almost immutable law that with every percent of increase in income you add tenfold percent of risk of loss in principal. They believe that this law applies to China with almost the same force that it does to America. All the conversations our Finance Committee has had with business men from China who know the investment situation thoroughly there, and all the investigations we have made of lists of securities suggested as possible investments, have confirmed this opinion. It is their conviction, then, that the only sane way to get around a difficult financial corner is not to jeopardize the principal funds on which ones whole future existence depends but to invest conservatively and keep expenditures rigidly within available income.

Of course there is very intimately associated with this proposed transfer of funds to the field the suggestion that such a step would aid in the securing of additional support in China.

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has so many complexities that it is difficult to make any very clear-cut decisions in regard to it. As to the specific suggestion that a transfer of funds be made to China in order to meet the proposal of Mr. Chou it may be pretty definitely stated that the unanimous judgment of the trustees is adverse. For more than a year the members of the Board have been studying this proposal from all angles, honestly seeking some way in which they could conscientiously approve it, eager to approve it because of your support of the plan. They have not only discussed it with all the wisdom they possess,but have consulted wherever possible with business men from China who know the situation, areffriends of the University, and would cordially endorse any plan which seemed to be forethe benefit of the institution. And the more they have studied the proposal the more they have involuntarily drawn away from it. (This through absolutely no lack of confidence in Mr. Chou, whom everyone has praised highly. If J. P. Morgan were to make a similar proposal, they would have turned it down far more promptly and decisively.) As the matter now stands, the trustees feel quite strongly, whether rightly or wrongly, that the propostion can not be accepted in anything like the form proposed by Mr. Chou. Any further pressing of the matter would work very definite harm. As to the value of such a transfer in securing other gifts from Chinese sources, the matter does not seem definite enough to the trustees to warrant the risks involved unless there is more positive evidence that such a move would be of large and permanent value. Any policy which seriously jeopardized substantial portions of the University's present endowment funds would have a grave effect on future gifts, not only from the west but also from China.

The keynote which the trustees have been sounding with increasing vigor for the last two years has been that of rigid restriction for the present in any further expansion in any direction. They sincerely believe that this in the only course the University can pursue at this time with safety. All during the campaign of 1928 we held out to the friends of the University that if they would make that one effort to help the University meet the objectives it was then seeking the University would then have sufficient resources to carry on for some years without further increases. When not only was the campaign of 1928 successful but the distribution of the Hall Estate gave Yenching an additional G.$25,000 per year for undergraduate work and still larger sums for postgraduate work (beyond what had previously been received from the Hall Estate), the Trustees felt that the current needs of the University were adequately met for a substantial period of time, and that the physical plant had also reached a satisfactory degree of completion with no other requirements for some time to come except the rounding out of a few building projects already under contemplation.

It was with this conviction of the trustees in mind that the Finance Committee on January 11, 1929, after some weeks of very careful consideration, passed action F-2445 in which it recorded its judgment "that the major emphasis of the policy of the University for the next few years should be to coordinate and strengthen what now exists rather than plan for further expansion in plant or program". The Committee then went on to express its further judgment that we had over an extended period placed so much pressure on both the trustees and the contributing friends of Yenching that we should not again turn to them for a long time to come in any further "extensive effort to secure large funds in America."

In thus seeking to call a halt to further expansion at Yenching [illegible]tees did not lose a single particle of their enthusiasm for nor their

loyalty to Yenching, nor was there any decrease in their resolve to make the University the finest institution of its kind anywhere in the world. They were animated by the profound conviction that the only way in which they could safeguard the permanency of the work already being done by the institution was to guard against its attempting too much in advance of the possibilities permitted by actual and potential resources.

It has been pointed out over and over again (and this is one point on which there is universal agreement among all the Western friends of our China universities, Dr. Paul Monroe and educators like him agreeing heartily for once with the mission board secretaries and business men on our boards) that no one of our Christian universities in China, nor all of them together, can hope to do all the educational work needed in China. Their task must be, rather, to outline a program wherein they select such types and departments of work as they have the resources to do effectively, and then to do these definite pieces of work and nothing more in a way that sets high standards for all national educational educational institutions and reflects credit on both the Christian enterprise and western educational systems and standards. In far too may places the greatest problem of our Christian educational work has been that institutions, in the face of the illimitable need about them, have spread their resources so thin in attempting to accomplish the impossible task of covering the whole field, that they have done nothing well and have worn themselves out with problems of inadequate personnel and finance. We all recognize the fact that should some stroke of good fortune double the physical plant, the staff, the student body, and the current income of Yenching, the University would not even then be able to accomplish all that we would like to have it do or to meet all the urgent needs which lie at its doors. And on the other hand, had the history of the last ten years been far less favorable, so that Yenching today possessed only half the plant, staff, student body, and resources it now has, it would still be possible for it to do a thoroughly fine, high-grade, and creditable piece of Christian educational service for China. In other words, there is no fixed ideal for an institution as to size of plant, staff, student body, or current income, save that of using to the full tho resources already available and striving constantly but not so hard as to strain its resources, to increase steadily as opportunity if provided.

All the above considerations are so obvious and axiomatic that my only apology for setting them forth is that they were the present or implied considerations on which the Finance Committee formulated its policy at the beginning of 1929. I am sure that everyone on the field will at once reply that they have endeavored during the last two or three years to limit the program within the bounds already occupied, and to undertake no new developments than the "rounding out" of the work already undertaken. One the other hand the trustees feel that too much further expansion has taken place since the Finance Committee sounded its warning two years ago and point to the recurrent need for added residences each year, and the rapid rise in the total of the current budget from year to year (exclusive of such recent additions as the U.Y.I. postgraduate work) as evidence of this fact. There is unquestionably much to be said on both sides of the question, and the important thing is not for one side or the other to prove itself right but for both to reach a closer understanding and agreement.

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It was in an effort to obtain accurate facts on such matters that the Finance Committee has requested the field to send us this year, along with the budget estimates for 1931-32, detailed comparative figures showing the number of staff members employed, and the number of courses offered, during the past four years and the numbers contemplated for next year. In an attempt to arrive at a rough approximation of these facts while awaiting more accurate information from the field, I have made a comparitive study of the information contained in the "Yenching University Directory" for the past three years. I am attaching a copy of the facts garnered, for whatever they may be worth. After eliminating such obvious factors as the duplication of names, the recent addition of the H.Y.I. post-graduate department, and the natural tendency of such a Directory to become more elaborate and inclusive from year to year, the following appear, on the face of the figures set forth, to be the case:- (1) In most of the departments of the University supported by general funds, there has been no substantial increase. (2) In several of the departments for which special funds have been available - particularly some of the departments in the College of Applied Social Science and the College of Natural Science, the development has been more extensive and more rapid than the amount and permanency of added income justify. (3) The student-faculty ratio at Yenching (after eliminating administrative officers, clerical helpers, and minor assistants, and making due allowance for part-time teachers and "honorary" staff members) shows a higher percentage of staff members than is found in such other universities as can best be compared with Yenching from the standpoint of program, enrolment, and linguistic problems, and shows a higher percentage of staff members than the standard set by the C.C.E.C. Council on Higher Education. I set forth these conclusions because the trustees believe them to be true, so that if we are wrong you can set us right.

It is important that both here and on the field we see in their proper perspective both the immediate and the more permanent effects of the present financial depression. It is difficult to do this, because we are still in the midst of very chaotic conditions, with exaggerated and oft-times conflicting rumors flying about us. There is no question that the immediate effect of the present situation on Yenching friends is to slow up seriously the payment of outstanding pledges and to postpone to the indefinite future the hope of any substantial new gifts. The immediate effect on the trustees is produce an attitude of caution and conservatism in all financial matters. Both these effects are inevitable, and must not be viewed lightly. However, depression will pass just as surely as the period of inflation in 1929 had to come to an end. Yenching may have to wait some years on gifts which would normally already be in hand, and may lose some altogether. Some new developments which are dear to our hearts may have to be postponed, or even abandoned for the time being at least. But prosperous times will come again and progress will be resumed, if we keep our financial solidarity and don't wreck the machine by trying to crowd on too much load up a steep hill.

This letter has already grown to far too great length. Perhaps it has degenerated into a gossipy attitude. Let me close it as I began by assuring you again of how eager the trustees are to see the work at Yenching continue and grow, and how great is their affection and admiration for the staff, the student body, and the administration - and above all for the President.

Cordially--

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January 13, 1931

Dear Leighton:

I must write very briefly because of absence for nearly a week from the office on a trip to Chicago. Unfortunately, there is very little to say about that trip. We wrote in advance to Miss Clark and she was enthusiastically ready to help me. Unfortunately, she had a violent attack of neuritis, was confined to her bed, and could do nothing except to have her mother send three notes of introduction to Chicago for me. One of these persons was out of the city; a second was in too remote a section for me to visit him; the third came to the door of his office and said whatever money he had to give would go to Olivet College, of which his wife is a trustee.

I tried a good deal of telephoning to get appointments with other persons on our list, but without success. I did, however, have a splendid talk with Mrs. Blair. I feared she had been a little annoyed by the information sent her by Dr. Lew that he had not received her gift allocated to him last year. She did not show any serious disturbance over this. A few words of explanation were sufficient. I raised various questions with her about cooperation in Chicago and found her extremely responsive. She gave me a good many names here in the East and made certain useful suggestions for Chicago. I shall pursue this matter further somewhat later, and believe she will really be of definite assistance to us. I emphasized the excessive strain under which you are working and our concern about this, thinking that perhaps a little later Mrs. Blair might be induced to pay her pledge somewhat earlier than the latest date previously mentioned. I did not, however, think it wise to ask her to pay at this time.

Edwards and I had a good meeting with 21 Princeton men, fairly important persons, including Mr. McCormick. The latter was enthusiastic about the encouraging report made by Edwards. I sat by him at the table and he amused me by remarking, "I always think of you as associated with all the best things at Princeton University." I told him he was very kind to take that point of view. He is seriously and deeply interested in Yenching and in the Princeton connection and expressed himself so heartily to the group of men. He urged us to try to get good stories in the Chicago press, and the President of the Club and Mr. Yard exerted themselves to make connections for us. A reporter came from The News and spent an hour

with us. That paper gave us about six inches of space. The Tribune failed to send a reporter as promised. The Editor of the Evening Post, Mr. Duncan-Clarke, invited us to his office in order that he might have a conversation and make an editorial comment. We had a long talk with him. He is evidently a man of the finest sort. He can certainly be deeply interested in journalism and in the University generally. He remembered Nash with pleasure. He asked me to send him something in printed or written form to use as a basis for an editorial. I sent him both printed matter and a lengthy letter for that purpose. I hope he uses it. I requested him to send me copy if he did. I intend to center on Mr. Duncan-Clarke as a point of departure either for a group of business men in the city or for a group at his suburban residence. I judged from an editorial in his paper that he has a sincere and deep-seated religious life.

I called on Mr. Steuart and had a most satisfactory conversation. He emphasized Mr. McCormick's interest and his own. He expressed only one misgiving - the feeling that you are too much alone as administrator of the College, and that anything which might eliminate you would leave the institution in a very weak position.

I requested Mr. Steuart to propose to Mr. McCormick that since the latter evidently hopes to give the Princeton-Yenching Foundation $50,000 instead of only $25,000, he should, therefore, give us in the meanwhile for our current budget, the interest on the larger amount - $2500 annually instead of $1500 which he gave in 1930. Mr. Steuart seemed to take rather favorably to the idea and promised to talk it over with Mr. McCormick this month.

I look upon this as a first excursion on my part to be followed by others. Things are working very nicely at the office, and I think I can get away increasingly. I shall try to use the good offices of Miss and Mrs. Clark in Evanston through a pre-arrangement long in advance before I go back to Chicago.

Dr. Jenney wrote while I was away to ask whether he should go to Pittsburgh and Philadelphia for a few days. I suggested that he postpone until we have a joint Princeton-Harvard-Yale gathering in Pittsburgh in the near future, I hope in early February. He agreed that this would be wiser. I think he and I can do some good work together.

There is no question, however, that the financial depression has cut very deep. I shall be writing you today about the meeting of the Executive Committee of Princeton-Yenching Foundation of yesterday, and about the unfortunate losses incurred by that organization in 1930 due entirely to the financial situation of the country.

Your friends, the Lyfords, have sent us $100 in response to the folder on religious life, bringing the total from that appeal up to $1481. We shall be issuing a new number of Yenching News shortly.

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J.L.S.....#3

January 13, 1931

My circular letter to the members of the Board, asking for annual or recurring contributions, has brought almost no response. Of course, some trustees have outstanding pledges.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peiping, China

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January 23, 1931

Dear Leighton:

I returned last night from two days spent in Philadelphia studying the situation there after a number of weeks in which a representative of Pierce & Hedrick, together with Mr. Murray, has been endeavoring to break the ice for Lingnan. I have felt that this would be a test case and from it we could learn whether we should request the active service of Pierce & Hedrick at this time for Yenching. Lingnan could make the test reasonably, because of the presence of Dr. Henry in this country. Without his presence here I should have thought it quite unwise to expend money under present conditions. This is my second visit to Philadelphia during this undertaking. My conclusions from the two visits are as follows.

First, it is probable - though I have not actually gone into the figures - that we have not obtained in the whole stretch of the effort one-half of the money we have expended. We have lost thus far, not only the money expended, but an additional amount beyond that. Secondly, I have no feeling that I can attribute this lack of actual success to the representative of Pierce & Hedrick. He, like all other agents who might be engaged, is deficient in certain ways, but as promising a man for that work as we could possibly find, and proven by long record an able solicitor under normal conditions. Even his complete unfamiliarity with China would not debar him from a reasonable success in such an effort as the present one if conditions were at all favorable. Thirdly, in other words, I am once more deeply convinced that the method we have been testing for Yenching and Lingnan is a sound method and if tried out for a long enough period will bring satisfactory results. I have drawn this conclusion from a very close questioning of the two men in Philadelphia, and a careful analysis of all information they could give me, and from going with Mr. Hedrick's man for three days continuously in a round of calls upon prospects. I believe use of Pierce and Hedrick is essential to the securing of systematic continuous effort whenever the conditions justify special expenditure for promotion. I do not believe that any other substitute we could adopt would get the same systematic continuous effort.

As I have been thinking over the matter for weeks past, and especially since my visit to Philadelphia, I am coming more and more to the conclusion that the suggestion Dr. Jenney made to me last June regarding his own share in this work can be slightly modified so as to become the very best arrangement for Yenching. In other words, I think

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we should use Pierce & Hedrick for all systematic, patient, continuous, persistent search for prospects, gathering of information for an effective approach to these prospects, formation of helpful committees, and also a large amount of the actual solicitations. On the other hand, we should call upon Dr. Jenney when we have especially promising prospects ready for direct personal solicitation and when we feel that Dr. Jenney will be more effective than anybody Pierce & Hedrick can command. I believe I can, by diplomatic handling, bring about such a modification in Dr. Jenney's intended connection with the University, which will enable him to retain his present pastorate, relieve us of a large portion of his budget, and yet, at the same time, accomplish just as much through his help as would be accomplished if he gave us his undivided time. I hope to work into this kind of arrangement gradually without any definite proposal of a change of plan, so that everybody will eventually be satisfied with it.

I believe we have been entirely right in not requesting the service of a Pierce & Hedrick man up to the present time. I think Yenching has gained more than it has lost by this delay - that is, I mean it has avoided the loss of several thousands of dollars almost unavoidable under present conditions. On the other hand, I am equally convinced that we should put a Pierce & Hedrick man in the field some time reasonably soon. I do not know just what date we should plan for. I had a special conference with Mr. McBrier some days ago, and he expressed the conviction that conditions are beginning to show slight signs of improvement, and that there will be a gradual, but very slow, upturn. He said he felt we should begin to use Dr. Jenney possibly as early as June. His feeling is, however, that until there is an appreciable change in the psychological condition of the country, we gain nothing by approaching our prospects. On the other hand, Mr. McBrier is deeply concerned that we should not fail to meet the condition of the Rockefeller gift. He will encourage us whole-heartedly in every aggressive effort I may recommend to the Finance Committee, provided it stands the test of common sense. I am happy to have Mr. McBrier so close at hand, with his deep-seated interest in Yenching and his concern that we should not fail in getting the value of everything offered us in these Rockefeller gifts.

While in Philadelphia I tried to see the Kurries, but failed to get any response when I telephoned. As I was spending my time in the careful study of the work actually being done there for Lingnan, I thought it wiser not to scatter my effort and fail to form a definite judgment about this matter. I did not, therefore, attempt personally to see any Yenching prospects, although I had a special list with me. There was one exception. I was very anxious to see Mr. Ludington, and had written in advance, hoping for a conference with him. Unfortunately, I found that he was away on a cruise and would not be back until March. I am sure, however, that I have gained the personal interest and good will of his secretary, and can henceforth confer with her confidentially, and use her as a mediary to help us get action by Mr. Ludington when he tends to procrastinate too long. I am sure that the nonpayment of his pledge is due to the extremely difficult financial conditions, and that his intentions are very definite to pay it. At the same time, I cannot quite see how a man who can go off for a cruise for several months cannot pay a few

thousands out of the $20,000 pledged by him. I think if I could have seen him personally, I could have collected $5,000 now without, in the least, annoying him. I wrote him some time ago, to get the matter of his verbal pledge of a residence, cleared up. I had hoped to get this all quite definite during this visit. We shall eventually get the whole thing in order and get more money from Mr. Ludington because of his inevitable sense of personal responsibility for delaying us so long.

I mean this letter to be optimistic and to give you a feeling of encouragement. That is the way I feel. I am sure we can obtain money for Yenching as soon as conditions lighten a little, and by the very methods which we are slowly evolving. I shall write you somewhat later more definitely about plans.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peiping, China

ODW+KK

CC- Mr. McBrier
Mr. Gamble
Mrs. Finley

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January 28, 1931

Dear Leighton:

More than a year ago, I examined carefully the bulletin of the Russel Sage Foundation giving a list of American foundations with comprehensive information about each. I checked every foundation from which it seemed at all possible that we might secure funds. I wrote to all these foundations for their printed matter. There seemed little promise in the whole proceeding and it was then held up by other things.

I have recently taken the matter up again, sent a statement to every foundation that seemed in the remotest degree a possible prospect for us, and included certain ones which were named to me by Mr. Hedrick.

Thus far, the replies eliminate almost every one of these foundations, either absolutely, or almost so. There are one or two cracks through which a knife-blade might be thrust. I am trying to get through these cracks.

I went for a long conference with Mr. Wickman of the Commonwealth Fund, in spite of his letter saying it was hardly worth while to raise the question. He was most friendly in a personal way, and I think, sincerely interested. He once more assured me that a definite request would be considered by his Board, but that there was scarcely the remotest possibility of the Board's changing its policy in order to include any request we might make. I scarcely think it worth while to spend the time in writing. I am, however, considering carefully an appeal which might have weight with two new foundations - the Josiah Macy Foundation, and a smaller one with headquarters in Pittsburgh. You may be sure I shall inform you if we get any hope in either direction. It really almost seems as if the only foundation in America seriously concerned about anything outside the limits of this country, is the Rockefeller Foundation, except that the several Carnegie Foundations, in certain cases, are decidedly interested in foreign affairs, but not in such ways as to give us any money.

I have just had another long conference with Hedrick, assessing carefully the situation and discussing the probable date at which we ought to become more aggressive. He was more positive than in our previous conference against the expending of money at the present time. He said that had he supposed two months ago that the financial depression, instead of growing less serious, would become even more marked, he would not have

recommended, even mildly as he did, that Lingnan should use one of his organization's men for a trial. He stated very definitely that virtually all campaigns, other than those for purely local needs or current budgets of existing institutions, are, at the moment, either complete failures or temporarily abandoned. The National Boy Scout campaign is accomplishing nothing. He stated that many good prospects are now showing nothing but impatience at having any campaign, other than the special ones described, presented to them under present conditions.

Please do not suppose that I take special pleasure in such negative reports. Quite the contrary. I shall be only too happy when I feel that the time has come for a forward move. I do wish, however, to keep you continually informed.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peiping, China

copies to Mrs. J. H. Finley
Mr. E.M. McBrien

Mr. Gamble: To keep him informed

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January 31, 1931.

Mr. D.W. Edwards,
Princeton-Yenching Foundation,
150 Fifth Avenue,
New York City.

My dear Dwight:

I am writing to you officially now on behalf of Yenching University to make the requestwhich has more than once been discussed with you by several of us, that on your return from furlough you give a certain portion of your time to our treasurer's office and to other university affairs. More specifically, the Faculty Executive Committee requests that you give part time from the date of your return to China to the Treasurer's Office and to the general interests of the Princeton-Yenching Foundation within the University, serving thus as a connecting link between us and the American constituency. Another possibility would be to act as an adviser for such Y.M.C.A. secretaries as may be sent from time to time to Yenching for one or another form of special training. The relationship to the Treasurer's office might take the form of a resumption of your former position as chairman of the Finance Committee of the Board of Managers, or chairman of a similar faculty committee, or to serve under some such term as "Financial Adviser". We should like Stephen Tsai to feel that if he stays with us it would be as full treasurer in name and authority. He has been granted a twelve months leave of absence beginning April 1, 1931, with no commitment as to whether he returns to us after that or not, although we very much desire that he do so, and he inclines strongly in the same direction. No one is more cordial to the idea of the proposed relationship than is he, and you would find him very easy to work with. We realize the special circumstances in the Peiping Y.M.C.A. which would make it desirable for you to keep a very close connection there. Even though on your first arrival it seemed best to give full time to its problems for a limited period, we should like to urge our claim as taking effect as soon as it seemed that you could be freed from full time there and from such time as the International Famine Relief Commission ought to claim. I am

sending a copy of this letter to O.D. Wannamaker and also to Lennig Sweet, both of whom are familiar with the proposal.

With cordial regards,

Very sincerely yours,

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YENCHING

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Yenching University

February 2, 1931

President J.Leighton Stuart,
Mrs.Murray S.Frame,
Yenching University,
Peiping, China.

See Trustees' Minutes
Binder 1/29/31

My dear Dr.Stuart and Mrs.Frame:

We are enclosing herewith a confirmation copy of a cablegram sent you on January 28, and also a copy of the memorandum minutes of a meeting of the Yenching College Sub-committee on Building Plans held that same day.

I believe you will find the minutes self-explanatory, and that no detailed comments are necessary. The Committee was hearty in its approval of the principle of the proposal for the erection of a Women's College fifth dormitory for everyone recognises the need for such a dormitory at the earliest possible date. We were, however, confronted by the inescapable fact that for us to appropriate G$52,000 at this time for the construction of such a building would mean to scrape the till entirely clean of all available Plant funds, and also of a large part of the available current balances.

Also, if we were to make the appropriation at this time and undertake the construction of the dormitory it would be almost entirely impossible for us later to appeal for special gifts to cover this same objective. No matter how strong a promotional appeal a building project has before funds are secured and construction is begun, the moment construction is authorized from unallocated general funds, or even from loans negotiated to carry the cost temporarily, the strength of the promotional appeal is almost wholly lost. People may be persuaded to give funds without which an urgently needed building could never be constructed; but it is nearly impossible to persuade them to make contributions to clear off indebtedness on a building already constructed.

Bearing all these facts in mind, it was the judgment of the Committee that the only immediate steps we can take are in the direction of launching urgent appeals to all Yenching friends who might be willing to contribute toward such an objective, in the hope that within two or three months we may be able to secure sufficient funds to proceed with the construction of such a dormitory.

You will appreciate the fact that at the present time it is almost impossible to raise money here in America for any objective whatever, beyond the immediate and urgent needs for the relief of suffering right at our own doors. With the urgent Red Cross appeal now being made, and with innumerable local appeals for the relief of intense suffering and want, it is simply impossible for more remote objectives to get any attention what-

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ever, except occasionally from some very devoted friend whose keen interest is already aroused, and who is in the unusually favorable position of being able to make a generous contribution.

We hope that within two or three months we may have some good news to report, but until and unless substantial contributions are received, it will not be possible to take any steps toward authorizing the construction of the fifth dormitory.

I received Mrs.Frame's letter of December 23, 1930, The above discussion will deal with the first subject taken up by her letter - the fifth dormitory. I will write further on the other subject discussed by Mrs.Frame, the use of current balances now available in the Woman's College accounts on the field.

Very cordially yours,

BAG-H

Translation of cable:

J.LEIGHTON STUART: REFERRING TO YOUR TELEGRAM JANUARY 1,1931, WOMAN'S WORK COMMITTEE CANNOT APPROVE AT PRESENT CONSTRUCTION DORMITORY BECAUSE AVAILABLE FUNDS INADEQUATE. A STRONG APPEAL IS BEING MADE TO DONORS. MAKE NO PLANS FOR BUILDING AT PRESENT.

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燕京大學
YENCHING UNIVERSITY
PEPING, CHINA.

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 3, 1931.

Mr. C.D. Wannamaker,
150 Fifth Avenue,
New York City.

My dear Olin:

I have your letters of January 5 and appreciate heartily your writing so frankly about my correspondence with Mr. McBrier and the fears the trustees in general and he in particular are forming regarding our tendency here to expand. I have had in mind for some time writing on this latter point in time for the annual meeting, and shall try to carry out your suggestions in doing so.

I am enclosing herewith a copy of a letter to Edwards which explains itself. With the retirement of Dr. Galt from the responsibilities of the treasurer's office it would help in the matter just referred to as well as in many other ways to have the wise, conservative judgment and long experience of Edwards as a restraining force against any undue tendency to expand. It appears that recent developments in the Y.M.C.A. make it extremely important that he on arrival concentrate on these issues. Everyone concerned seems to be waiting anxiously for him to settle these difficulties. That, however, ought to be more or less of a temporary claim, and Dr. Galt will doubtless be willing to carry on until Edwards is available.

I sent you under separate cover the current issue of the Chinese Recorder and should like you to note pages ii , 14, 21 and 68. These will give further evidence of the active religious force that Yenching is in China. Mrs. Barbour's earlier book has been widely used in Chinese and was translated from Chinese into English both for use in America and here. The more recent one is being well received and in its own sphere seems to be regarded as having the same value. The articles by the Chancellor and P.C. Hsu reveal the vigorous Christian thought and earnest conviction of two members of our Chinese staff.

This is only a note to catch the next American mail. We are in the throes of budget making which has never been more difficult than this year, not because of expansion of which there is not the slightest, but because of unavoidable increase in costs here plus the refusal of the trustees to consider any form of investment in China, while at the same time unable to relieve the situation by any efforts of their own, and the sudden unloading of the cost of the promotional office upon our annual budget, which had never been done before, and for which there had not been the slightest warning. But all of this will be dealt with more fully in our preparation of the budget and other material for the annual meeting.

Very sincerely yours,

J. Leighton Stuart

Please read the letter to Garside and pass on to him.

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February 4, 1931

Dear Leighton:

Jenney came here yesterday from a short trip he had made in connection with the Presbyterian Church to Philadelphia. We conferred fully about the whole problem of Yenching promotion. From two trips he has recently taken, and from his observation in the Buffalo area, he feels that the financial condition is so bad that it would be distinctly unwise to spend money at this time on any intensive effort. At the same time, his enthusiasm continues, and while in Pittsburgh recently on affairs of the Presbyterian Church, as well as in Philadelphia, he sounded out friends of Yenching on his own initiative. He called on the Gillespies and had a fine talk with Miss Gillespie, although her mother was not at home. He telephoned Mr. Lockhart, who invited him to dinner, but Jenney had to hurry back and could not accept the invitation. I have impressed upon him once more that I believe in his ability to get $50,000 from Mr. Lockhart, which would insure the full $50,000 from Mr. McCormick for the Princeton-Yenching endowment. We shall do our utmost to put this through as soon as the situation seems to be favorable, and we will then follow up with an effort with John Scheide. I really think it wiser to wait a little longer.

Jenney telephoned friends in Philadelphia and had a strong feeling that they were most adverse to any solicitation just now. I conferred with him fully about the matter of Miss Anne Laughlin. He believes, from things he has heard, that she has recently completed payment of heavy commitments elsewhere and that she can safely be approached about May or June, not with reference to a bequest, but for a definite cash pledge. I discussed Miss Munger with him and he promised to discuss with Mr. Foster, who agreed some time ago to keep him informed about Miss Munger's estate. I am writing Jenney now to raise the question specifically as to whether he can help us directly or indirectly to get about $15,000 which would persuade the finance committee to authorize the erection of the additional dormitory for women.

In regard to the special $500 for William Hung, I talked fully with Jenney. He regrets very much the failure to obtain this thus far in his church, due, he tells me, to the acute financial depression. He has had a hard struggle to balance his very heavy budget. Under normal conditions he could have gotten this money without any difficulty, but just now, persons in the church responsible for raising funds are very adverse to any special effort.

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Jenney suggested that I go to Newton Center and try to persuade Mrs. Stewart to join with Jenney in signing a letter asking for William Hung's salary. I shall write Dr. Bradley and find out whether he can see Mrs. Stewart and sound out the matter.

I asked Jenney whether he felt that Mr. Agassiz might perhaps contribute to this special small fund. He answered, "no", that Mr. Agassiz had said he would contribute when the copper market improves and that the copper market is worse now than when Mr. Agassiz made this promise.

A special correspondent of the New York Times, writing a few days ago from Arkansas says, the condition in the Mississippi Valley States is worse than it has ever been since the close of the Civil War, and that all this region will have as hard and prolonged a struggle to recover from its practical bankruptcy as it experienced after 1865. The fund of $8,000,000 raised this autumn in New York City alone for direct relief work will be exhausted, says the New York World, by April, and indications are that an additional fund must be raised. At this moment, the Red Cross is having some difficulty in raising $10,000,000 in the country as a whole, of which $1,500,000 is being requested in this city.

I am sure you understand that I hesitate even to mention these adverse conditions.

I hope I may be able to send you better news and forecasts in the very near future.

Cordially yours,

Assistant to the President

Dr. J. Leighton Stuart
Yenching University
Peiping, China

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燕京大學
YENCHING UNIVERSITY
PEPING, CHINA.

TRANSFER

OFFICE OF THE PRESIDENT

YENCHING

TELEGRAPH ADDRESS
"YENTA"

Februry 6, 1931.
(Acknowledged ? "Acting President" 3/12/31)

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

INDEXED

My dear Mr. Garside:

We cabled you a few days ago suggesting that the trustees do not act upon the idea of sending one of their own number out here to study the problem of investments in China. The reasons for this are,

1) that since the total cost of the New York office including promotion has been suddenly and without any warning put upon us with a hardship in the preparation of our next year's budget which cannot be well imagined by those so far away, we cannot endure the thought of a further charge of this sort as would doubtless be done in the case of the expense of such a trip;

2) the mind of the trustees on this subject seems to be already made up and it is difficult to see how the visit of one of their own number would make any difference;

3) the trustees have a Board of Managers whose opinions on such matters if they are at all qualified for their responsibilities, ought to be more weighty after years of residence in China than those of one man on a short visit.

It would seem to us, therefore a needless expense.

In this connection may I ask that since all the expenditures in New York are being deducted from the amounts remitted to us, the trustees give as much consideration

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as circumstances permit to our judgment regarding such expenditures. What I have especially in mind now is the grants to the correlated program which we have been making for several years. It seems to us that we have done our full duty by that project and that since we have from the beginning been developing within the program as agreed upon for us while little if any progress is being made in East China toward a scheme that we could approve, any further drain on our funds is adding an uncalled for hardship.

Very sincerely yours,

J. Leighton Stuart

P.S. Your personal letter of January 10 has just come to hand. I appreciate your writing so fully and sympathetically even though the latter pages have resulted in another of advice against expanding with which the recent ones have been so largely occupied. I shall try to send evidences later on to prove my contention that no one has been more determined in this respect than myself, at any rate since returning here last summer. There is nothing you have said in these recent letters which puts it any more strongly than I did myself in my presessional statement to the faculty of which you received a copy, and during the recent anxious months I have reiterated it in every possible way. Not only so, but the budgets for this present year and the previous one, as well as the one just now in preparation, will bear evidence that except for units specially supported, we are rigidly avoiding any increase in cost except that which is unavoidable in commitments already made, or in the unavoidably increased cost of living. I have in mind a letter to the Trustees for the Annual Meeting which will deal with this whole subject, so that I shall not attempt to do more in this note than acknowledge your letter and assure you how heartily I appreciate the spirit in which it has been written and the facts upon which its conclusions are quite properly based.

As ever yours,

J.L.S.

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YENCHING

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Yenching University

February 10, 1931

No. 1.

President J.Leighton Stuart,
Dr. H. S. Galt,
Yenching University,
Peiping, China.

My dear Dr.Stuart and Dr.Galt:

We enclose herewith a confirmation copy of a cablegram sent you yesterday. You will note that the cable deals with three matters.

Approval of finance Committee action F-2910. At this time we are sending you the minutes of the Executive Committee meeting held on February 6, together with a covering letter discussing the actions taken by the Committee. You will note the action taken giving approval to the policy proposed by the Finance Committee in action F-2910 with regard to a unified budget policy for the University. I promised you in my letter of December 29, 1930, that I would let you know as soon as this action received formal approval by the Board of Trustees or the Executive Committee, so that you would be able to proceed more confidently in preparing your budget estimates for 1931-32.

Authorization to draw Harvard-Yenching Institute funds for undergraduate work. Our office has been remiss in not authorising the Field Treasurer to draw from time to time the income from the Harvard-Yenching Institute Trust Fund of $500,000. We estimate that this income for 1930-31 will be approximately G$26,000. At the present time we have received the first three quarterly remittances from the Institute so we have a substantial amount of cash on our books to the credit of this account. Since at the present time the rate of exchange is more favorable than it has ever been, it is the more desirable that we authorize the Field Treasurer's office to draw on us for these funds at any time he may choose.

As a matter of record the number of this authorization to draw G$16,000 is 3125. This draft will be charged on our books to account 135.6.

In order to regularize the drawing of the remainder of this G$26,000 we give herewith the following authorizations:-

Authorization #3126. On or after March 1 you are authorized to draw at three days the sum of G$5,000 on the Harvard-Yenching Institute Restricted account (income from $500,000 Trust Fund) This draft will be charged on our books to account 135.6.

Authorization #3127. On or after May 1 you are authorized to

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draw at three days the sum of G$5,000 on the Harvard-Yenching Institute Restricted account (income from $500,000 Trust Fund). This draft will be charged on our books to account 135.6.

In accordance with the budget policy for 1930-31 as approved by the Board of Trustees, these Harvard-Yenching Institute Restricted funds are considered by the Trustees as Class B, or specially designated funds for the current budget.

South wing of Warner Gymnasium. Dr.Galt's letter of December 8, G347, requests us to authorize six drafts totalling L.C.$31,000 at monthly intervals beginning February 1, to provide funds for the erection of the south wing of the Warner Gymnasium. I am at this time writing a separate letter discussing the status of the Warner Gymnasium finances, so at this place it is only necessary that we confirm the authorization given by our cablegram for you to draw on us for these funds required to construct the south wing of the Warner Memorial Gymnasium.

You are authorized to draw on us at three days the six drafts indicated below totalling L.C.$31,000. These drafts will be charged on our books to account 2681, Warner Memorial Gymnasium:-

Authorization No.	Date draft authorized	Amount L.C.$
3128	February 1	5,000
3129	March 1	5,000
3130	April 1	5,000
3131	May 1	5,000
3132	June 1	5,000
3133	July 1	6,000

Very cordially yours,

BAG-H

Enc.

CC: Laterenail to Dr.Galt

Accounting Office

(Translation of cable)

BOARD APPROVES OF FINANCE COMMITTEE ACTION 2910. YOU MAY DRAW AT 3 DAYS BUT NOT TO EXCEED G$18,000 HARVARD-YENCHING INSTITUTE UNDERGRADUATE RESTRICTED. REFERRING TO H.S.GALT'S LETTER OF DEC.8,1930, WOULD SAY YOU MAY DRAW AT 3 DAYS MEX.$31,000 WARNER MEMORIAL GYMNASIUM AS PROPOSED. B.A.GARSIDE

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YENCHING

INDEXED

TRANSFER

February 10, 1931

No 2

ack. by SG 4/6/31

Dr. J. Leighton Stuart,
Yenching University,
Peiping, China

My dear Dr. Stuart:

Let me acknowledge receipt of your letter of December 29th. This arrived just too late for presentation at the meeting of the Finance Committee held on February 6th. However, I am taking steps at once to send copies of the letter to members of the Finance Committee for their study in advance of the next meeting of the Committee.

In this present acknowledgment of your letter, I will attempt no more than simply to pass on in an informal and personal manner such of the discussions and expressions of opinion as have come to my attention during recent months, as proposals involving the transfer of endowment funds to China have been considered. I will try to avoid bringing in any of my own personal convictions except insofar as they appear to me to reflect the attitude and viewpoint of members of the Yenching Board of Trustees.

Since my mind works in such a way that I find it difficult to grasp a proposition until I have it down in a coldly logical order, let me first attempt to summarize briefly the essential points, as I understand them, of the proposal in your letter of December 29th as to the transfer of G$250,000 to China for investment:-

1. You will endeavor to secure an advance of L.C.$1,000,000 (assumed to be equal to G$250,000 at present exchange) on gifts in China which will be realized in the course of the next few years from Chinese sources known to you.

2. As soon as these funds are in hand, evidence of that fact will be presented to the local representatives of the Rockefeller Foundation, who will recommend to the Foundation that it pay over to the Trustees of Yenching University its own gift of G$250,000 to match the amount received in China.

3. Upon receipt of this G$250,000 from the Rockefeller Foundation, the Trustees will transmit this sum (using either the Rockefeller Foundation

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funds or an equivalent amount of other University endowment funds) to you for investment in China at your personal discretion, you to assume personal responsibility for the handling of this G$250,000 and, as a protection to the University in case of any accident to yourself, will deposit with the Field Treasurer and the New York Treasurer a statement to be opened in the event of your death, giving all needed information as to how the funds were being held and would ultimately be replaced.

4. This proposal is quite distinct from the recent request of the Finance Committee of the Board of Managers that a sum of G$250,000 be transferred to China for investment under the direction of the Board of Managers, so that if both proposals should be approved by the Yenching Trustees, the total amount of endowment funds transferred to China for investment would be G$500,000. It would thus be possible for the Trustees to transfer the G$250,000 to be received from the Rockefeller Foundation to the Board of Managers for investment under their direction (possibly with the addition of Mr. Greene as Adviser), and to transfer to you for your personal administration a second G$250,000.

Let us first glance at a few specific items in connection with these various points, and then attempt to consider the proposal as an entity.

With regard to the first point, it would be necessary that we have a somewhat clearer understanding as to the exact nature of the "advance of one million dollars local currency on gifts in China which will be realized in the course of the next few years". It was at this point that we narrowly avoided a serious misunderstanding with the Rockefeller Foundation last year. In our last conference with the representatives of the Foundation, they made it quite clear that nothing could be considered as honestly meeting the conditions of the Rockefeller Foundation grant except the actual transfer to the University of G$250,000, or its equivalent, in such a manner that the University had clear and absolute title to the amount and could not later on be called upon to surrender this sum or any portion of it because of some unmet condition unknown to the Foundation at the time their portion of the endowment fund was paid over. That is to say, we could not report to the Foundation that we had actually secured G$250,000 or its equivalent, if the funds in hand represented merely a temporary loan or advance that might later have to be repaid, either in whole or in part, if anticipated gifts should not materialize.

For example, on the second page of your letter you suggest the possibility that "the Trustees effect a loan in America guaranteed by a group of themselves as individuals, and that this be used to match the Rockefeller grant". I doubt whether the Rockefeller Foundation would knowingly accept this specific arrangement as meeting the conditions of their grant unless the loan was of such a nature that it was in reality a loan by individual members of the Board to obtain funds by which they could make, in effect, personal contributions to the Yenching endowment funds totaling G$250,000. A group of the Trustees might enter into such an arrangement in the expectation that they would be protected from personal loss by the later receipt of contributions for the endowment of the University, but they would have neither a legal nor a moral claim on the University to repay them any of the amount they had

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advanced if later on it should prove impossible to secure the amount they had borrowed from gifts which could properly be used to effect such a repayment. Moreover, it is squarely opposed to experience in promotional work to negotiate loans in order to attain an urgently needed objective in the hope that later on these loans can be secured from new gifts, or even from the payment of outstanding pledges. Once an objective is attained, even though this is made possible by mortgaging the resources of an organization or a group of individuals, 90% of the strength of the promotional appeal for such an objective is at once lost. Even the collection of outstanding pledges is somewhat impaired, unless it was clearly understood when the pledge was made that such a loan would be necessary to the welfare of the institution.

This distinction between the actual and final turning over to the University of a sum of money to meet the Rockefeller Foundation, and the effecting of some temporary expedient that might later have to be modified, is of such vital importance that we cannot stress it too much. We dare not risk any possibility of a second misunderstanding with the Rockefeller Foundation at this point as it would involve not only this particular pledge of G$250,000, but also their second pledge for the same amount, as well as having a serious effect upon the standing of the University in the eyes of the Foundation and other friends here in America.

With regard to the second point in your proposal, the Trustees would not be directly involved. It would be purely a matter of adjustment between the field representatives of the University, the Peiping representatives of the Rockefeller Foundation, and the New York headquarters of the Rockefeller Foundation to determine when the conditions of the Rockefeller Foundation grant had been adequately met so that the Foundation would be justified in turning over its G$250,000 to the Yenching Trustees.

With regard to the third point, the first question which arises is the nature of the representation, if any, we would make to the Rockefeller Foundation as to the use we intended to make of the G$250,000 received from them. When they paid over this $250,000 last year, they stated that they had no objection to the transfer of the funds to China, though I presume they either stated or implied that they assumed that the transfer would be made in such a manner that the Trustees would exercise every reasonable care in safeguarding the principal of the fund. Because of the experience we had last year, it would be all the more desirable that in case this transfer to China were contemplated, when the fund was paid over a second time we should give to the Foundation a frank and clear-cut statement of the conditions under which the funds were being transferred to the field for investment.

In this same connection there arises the question of how the investment of the L.C.$1,000,000 received from Chinese sources would be handled. This is not made clear in your statement of the proposal. I presume, however, that it would also be turned over to you individually by the Chinese donors to be handled on the same basis as G$250,000 to be received through the Yenching Trustees. This is a point where a clear understanding is necessary.

In connection with your fourth point, you refer to the recent request of the Finance Committee of the Board of Managers for the transfer of another sum of G$250,000 for investment under the direction of the Board of Managers. This at once raises the question of which of the two requests should have precedence if the Trustees should find it possible to send out one, but only one fund of G$250,000. The request from the Managers' Finance Committee has priority in chronological order, but might not be considered as so urgent as the proposal you make, since your proposal involves the receipt of another fund to match the amount sent out through the Board of Trustees.

So much for the technical aspects of the proposal. Let us now turn to consideration of the plan as a whole.

I believe that we can be sure the Trustees will consider this latest proposal of transfer of endowment funds to China in the light of all the discussion that has gone on during the past year in their consideration of somewhat similar proposals. You are familiar with the long-continued discussions by the Trustees and its various committees a year ago on the basis of the proposal made by the Chinese banker. I think it fair to say that all the members of the Board at that time made earnest efforts to adjust their own thinking to coincide with your viewpoint even though many of the Trustees were never able to overcome some serious misgivings with regard to the entire proposal. When, however, the Trustees agreed to create a committee of three men named by yourself to cooperate with you in being responsible for the administration of this fund in China, it was the general feeling of the Board that it had gone the full way in making possible the transfer of these funds to China. There was a great deal of surprise manifested here when we learned at the end of the summer that the one member of the committee in addition to yourself on the field at the time you arrived there found it quite impossible to agree to the proposed arrangements. Later on members of the Board had an informal consultation with a second member of the committee in which it was apparent that in spite of the warm admiration and friendship of the member for the University and for you personally, he found himself quite unfavorably disposed toward this proposal for the transfer and investment of funds in China. These facts naturally had a very depressing effect upon the Board of Trustees as a whole because they had considered that the transfer of the G$250,000 was practically an accepted fact, and that only the final technical details remained to be cleared. This situation was inevitably made considerably more acute when our conferences with the Rockefeller Foundation showed that the men at the head of the Foundation, while maintaining a most friendly and cordial attitude toward the University, were thoroughly convinced that the University had never actually met the conditions under which their grant of G$250,000 was to be made, and that had their own gift of G$250,000 been allowed to leave the United States and be so invested as to make recovery difficult, a very grave situation would have been created at any time in the future that the Foundation might have become informed of the actual facts in the case.

Following this original proposal, there came the suggestion from the Board of Managers that the sum of G$250,000 be transferred to China for investment under the direction of the Board of Managers. On this point, too, the Finance Committee made an earnest attempt to avoid forming a decision on any preconceived ideas of the members of the committee, and turned for advice to men of large prac-

tical experience in investment matters in and around Peiping and to such other reliable sources as to the investment situation in North China which were available here in New York. Several weeks were spent in working out a careful analysis of the list of investment securities held by the China Foundation, which was submitted by the Board of Managers as evidence to support their contention that it is possible to secure a higher rate of income in China without any serious jeopardy to the safety of the principal. I sent to you and Dr. Galt a long letter summarizing the results of this analysis, so I need not comment further on the matter at this point than to say that it appeared to us that the analysis showed that for every 1% gain in income above 5 or 5½%, the risk of serious loss in principal was multiplied tenfold. We will be glad to have any further interpretation of this analysis the field may be able to make which will show that we are wrong in this conclusion.

In addition to the problems which have already been considered in relation to these other two proposals, we face in connection with this most recent proposal the contemplated violation of a principle that is one of the most fundamental commandments in the handling of large investment funds. Over and over again experience has shown that in the great majority of cases, sole responsibility for the administration of a large sum of money cannot advantageously be placed in the hands of a single individual, no matter how expert and consecrated that individual may be. It is not primarily a question of ability or integrity. The difficulty is caused rather by the fact that we are ignoring the fundamental fact that endowment funds should be permanent, whereas individuals must come and go on the stage of life. The only reasonably satisfactory solution of the problem of permanence in the administration of any large fund lies in the creation of a committee of qualified men which can carry on even though one by one its members pass on their way and are replaced by new recruits. This is not an ideal solution, but experience has shown it to be superior to any other plan as yet evolved. We could say most emphatically that should the most prominent financier in the United States come personally before the Finance Committee and pledge his own personal integrity and reputation that he would safeguard the University's interest and would gain a large income for the University if we would place under his sole control for a period of years a substantial part of the University's endowment funds, the Committee would be forced to decline such an offer. If, therefore, the Finance Committee of the Board of Trustees seem to hesitate in making a decision on the proposal that you are making, we earnestly plead that you will not feel such hesitation represents in the slightest degree any lack of confidence in your ability or integrity or any decrease of the warm affection in which you are held by every member of the committee. Rather, such hesitation is a most eloquent proof of the confidence and love of the Trustees, for there is no other individual alive today for whom the Trustees would hesitate one moment in giving an abrupt negative reply to such a proposal.

The Trustees are bound also by certain inescapable moral as well as legal obligations to the donors of the endowment funds now held by, or being sought by Yenching University. With regard to the transfer of the Rockefeller gift of G$250,000, if and when that gift is received, the obligation of the Trustees would simply be to acquaint the Foundation with what is contemplated and give them an opportunity to protest if they so desire. With regard to the transfer of any of

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the other endowment funds held by the University, it would be necessary for us to know, in a general way at least, which endowment funds were thus being transferred to China, and to be certain that by such a transfer we were not violating any of the conditions under which these funds were received by the University.

A glance at the endowment funds now held by the Board of Trustees shows that the funds amount to approximately $1,350,000, and might be summarized as follows:

Hall Estate Endowment	$1,050,000
Harkness Endowment Fund	144,000
Scholarships, Annuities, Maintenance Funds, and Miscellaneous	51,000
McBrier Foundation	100,000
	$1,350,000

The McBrier Foundation funds are now invested in F.W.Woolworth Common Stock, which could not possibly be disposed of for transfer to China without a loss of approximately 40%, nor would Mr. McBrier agree to the transfer of this fund to China.

So far as our records show, there are no conditions attached to the Harkness endowment fund of approximately $144,000 which would legally restrain the Trustees from transferring this fund to China for investment if they so desired. I do not know what assurances may have been given Mr. Harkness at the time his pledge was made, nor do I know how far he was influenced by the fact that the endowment policy of Yenching University was to invest its endowment resources under the direction of an American Board of Trustees. If we contemplated transferring this $144,000 to China, it would be wise to consider whether or not any approach should be made to Mr. Harkness to ascertain whether he had any objection. At best, such an approach would be a very delicate task.

Of the $51,000 in Miscellaneous capital funds, a portion could undoubtedly be transferred to China without embarrassment, but certain of these funds could either not be transferred at all, or could not be so transferred without consultation with the donors.

It will be seen from the above that if the University should transfer to China all endowment funds now in its possession, exclusive of those received from the Hall Estate, which could possibly be considered as available for transfer, we would not have anywhere near G$250,000 available for such a transfer. Thus any transfer of endowment funds amounting to G$250,000 raises inevitably the question of whether there is any legal or moral objection to the transfer to China of a part of the Hall Estate endowment. I have asked Dr. Eric North this question in an informal way more than once during the past year, for he had the direct contact with Mr. Johnson and Mr. Davis and is most familiar with both the official correspondence and the unofficial conversations and understandings. Dr. North has pointed out that Dr. Hall's will expresses the desire that the institutions to receive assistance from his estate are to be "limited to those managed or substantially controlled by Boards composed of Americans or British". I believe it

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is the general understanding that this provision in Dr. Hall's will reflects his solicitude that endowment funds received from his estate should be kept under the control and administration of Boards composed of American or British Trustees, rather than that the expenditure of the income from these funds, or the administrative control of the institutions benefitted should reside in the hands of American or British Boards. It is Dr. North's opinion that Mr. Johnson and Mr. Davis would both view with the greatest disfavor any suggestion that a portion of the funds for which they were Trustees should be transferred to China for investment. Since the title to these funds has now passed into the hands of Yenching University, it is probable that no legal obstacle would or could now be raised by the Trustees of the Hall Estate, but undoubtedly we would wish to give every consideration to any moral obligation involved.

It seems to me that the facts set forth above with regard to the conditions under which the Yenching endowment funds are held, indicate pretty clearly that even though all other difficulties and objections are removed, it would be extremely difficult, and probably impossible, for the Yenching Trustees to transfer to China G$250,000 of the funds they now hold, without violation of their legal or moral obligations to the donors of at least a part of the funds so transferred.

There is one other aspect of all these proposals for transfer of endowment funds to China, which have caused the Trustees some concern. This is the implication that the only way in which any substantial support can be secured from Chinese sources is through the transfer to China of equal amounts of funds secured here in the west, which are to be placed in the hands of the Chinese donors as an evidence of the confidence and good will of the Trustees here in the west. So far as I know, none of the other institutions in China and the other mission fields that have been successful in securing substantial support from the people among whom they have been working, have been limited by this extremely embarrassing situation. You are quite familiar with the way in which Lingnan University has gone far ahead of any of our other institutions in China in securing support from Chinese sources, yet at no time have our Lingnan Trustees here in New York been called upon to place a single dollar of endowment funds secured here in America in the hands of either the Chinese Board of Directors on the field or any of the Chinese friends of the University. (We recognize of course that Lingnan is in a uniquely favored position so far as its sources of Chinese support is concerned, and my comparison deals not so much with the amount of possible support as with the similarity of principles involved.) The University of Nanking has also made substantial progress in this direction during the last few years, though as a matter of fact most of Nanking's anticipated gifts are still promises rather than actualities. On a somewhat smaller scale Fukien Christian University has been remarkably successful in securing hearty support from its Chinese friends, but at no time have our Fukien Trustees been asked to match any gifts secured in China. Outside our own group of union institutions, we have such other conspicuous examples of successful promotional work in China as Shanghai Baptist College and St.Johns. Shanghai has been particularly successful in enlisting a large amount of Chinese support, but I believe that no funds secured in the west have ever been transferred to China for investment. Yenching has also been very successful

during recent years in enlisting the support of Chinese donors, without any suggestion of such a transfer of funds from the United States, and it has been the hope of our Yenching Trustees that this measure of support from Chinese sources would continue to grow. Perhaps the day will come when it will be wise to transfer all, or at least the major part of capital funds from the United States to the fields where these institutions are located. But the judgment here in the west is that such a transfer should mark the final step in the turning over of these institutions to the Christian people among whom they are located, instead of being one of the first steps in this process of gradual transfer of control to the field.

While we are all very much concerned over the approaching termination of the period for matching the first Rockefeller Foundation gift of G$250,000, we hope that the situation is not quite so desperate as you picture. In the first place, should the University not succeed in raising the entire $250,000 before June 30, 1932, but was successful in raising a substantial amount toward meeting this objective, I think we could feel reasonably confident that the Rockefeller Foundation would make some provision for matching the part of the endowment already secured. Our friends at 61 Broadway know just as much about the present financial depression and the extreme difficulty of securing contributions of any kind as does anyone else. If we are able to convince them that we have done our utmost and have played the game absolutely squarely, I think we can rely on their continued interest and assistance. For this reason alone, if no other, we must be extremely careful that no propositions are made to them that would impress them as in any way questionable, or opposed to either the letter or the spirit of their offer. Looked at from this viewpoint, it would appear that the immediate task of the University is to seek from every possible source, both Chinese and western, gifts in both large and small amounts which may go to build up the $250,000 fund to match the Rockefeller gift. As you know, the Finance Committee has already allocated to this objective, one gift of $10,000, and there are other gifts in varying amounts which are either in hand or in prospect. Should there be any early relief of the present economic depression, there is hope that substantial progress can be made before June 30, 1932, even though the final objective is not attained. If such progress here in the west could be assisted by the receipt of even a comparatively small amount of gifts from China, it would help us materially toward our objective.

I am taking the liberty of deleting from the copy of your letter which I am sending to the Finance Committee, the following passage:-

> "As in so many other aspects of University policy--primarily in maintaining such an institution at all--are the Trustees willing to trust the judgment of their representatives in China, or will they continue to be controlled by their own preconceptions of conditions here? If the latter, it is only reasonable to insist that they compensate by their own successful efforts for their repudiation of mine as outlined herewith."

My reason for this deletion is that I am sure you do not mean these statements in the way they might easily be interpreted, and that their quotation to the Committee might create unfortunate results.

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In the first place, it is hardly just to say that the Trustees of the Finance Committee have been "controlled by their own preconceptions" of conditions in China. Specifically, in dealing with the proposals for the transfer of endowment funds to China, the Trustees and the Finance Committee have laid aside their own convictions and have sought advice from men of large practical experience in financial affairs right in the city of Peiping. It is on the basis of the judgment of such men as Mr. Roger Greene and Mr. C.R.Bennett that the Trustees have been unable to carry out the original proposals for such a transfer. The Finance Committee has gone further and has proposed that some member of the Committee be sent to China to make a careful first-hand study of the situation, and to consult with all the financial leaders you might suggest, with regard to the merits of such a transfer. On January 29th we received your cablegram advising that the sending out of such a representative be delayed for the present. For the time being, therefore, this particular proposal is necessarily in abeyance. If, however, there is any other way in which the members of the Board of Trustees can ascertain the judgment of financial leaders in China with regard to these matters, they will be happy to do so, and we will welcome any suggestions you may be able to make along these lines.

In the second place, while it may be reasonable, I am afraid it is not practicable, to insist that a Board of Trustees must succeed in securing G$250,000 before June 30, 1932 if they find it impossible to agree to the proposals made by the field for obtaining this sum. I have frequently said that I consider our Yenching Board of Trustees by far the most active and effective organization of this kind related to any one of our Christian colleges in China. I believe we could enlarge the field still further by including the other mission fields as well, without materially modifying this statement. Yet, there are certain necessary limitations in the organization of any Board of Trustees. Every member of our Yenching Board is sincerely and profoundly interested in the University, and is willing to devote as much time and earnest thought to its affairs as is possible; but each member is a very busy individual who is not only carrying his own personal responsibilities, but is also a member of numerous boards and committees of philanthropic organizations. We always drive our Yenching Trustees, and particularly those who are members of its important committees, just as hard as we dare. At the present time several of the most active and invaluable Trustees we have, have stated categorically that they will not accept reelection at the end of their present terms of office. I believe that with the exercise of care and tact we can keep practically all of these men, to continue as members of the Board, but if we put any more pressure on them they are certain to say, in all friendliness, and with the interests of the University very much at heart, that they find it simply impossible to give the amount of time and thought, and possibly personal resources, as the interests of the University demand, so they have no alternative except to withdraw. Such an outcome would be an irreparable loss to the University, and we must take every precaution to avoid it.

This letter has gone to a far greater length than I intended, but perhaps the seriousness of the issues at stake will justify its length. I began by saying that what I would write represents my own convictions as to the various elements in the situation. You may rest assured that in bringing this proposal

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before the Trustees I will do everything within my power to present the views of the field just as vigorously as I have here presented to you the views of the Trustees and the factors which are present here in New York.

Very cordially yours,

RAG:SA

P.S. When I discussed the draft of this letter with Mr. Wanamaker he mentioned that he had received a letter from you on the same subject. I presume therefore that he will be writing you in regard to these matters.

燕京大學

YENCHING UNIVERSITY

PEPING, CHINA.

TRANSFER

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 13, 1931.

(Acknowledged : "Acting President" 3/12/31)

YENCHING

INDEXED

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

Dear Mr. Garside:

I am writing to request that the Trustees apply to the Natural Science Fund for the current year the principle they have adopted for the whole income as applied to the coming fiscal year; that is that this be remitted to us in gold and adjustments be made locally. No unit in the university is more careful and conservative than this one. On the other hand, they feel very strongly their responsibilities to the Rockefeller Foundation to use this as expected of them, especially in regard to premedical work. They have a fear that the Trustees are drawing on this Fund for such items as Power House equipment, or other general expenses, or that other dispositions may be made of it contrary to the terms upon which it was secured. They also point out what is perectly true, that in view of our present inability to match the first quarter of a million dollars, or even the interest thereupon, that the university is making a questionable claim in asking for any of this income for its own overhead or operating expenses. They have worked out in great detail evidence to show that they are not expanding, when it is remembered that almost all of their equipment has to be purchased in gold. I am very sure that they can be trusted to husband their resources and to keep in mind all future contingencies to an extent which I wish were equally true of the College of Public Affairs and various other units. All the more because of this confidence and because of a ~~certain~~ scientific precision of mind which also has a certain unimaginative rigidity, I request that the Trustees permit the disposition of whatever sum there is to the credit of this account by the College of Natural Sciences Dean subject to the approval of the Faculty Executive Committee. I also pledge myself that every consideration will be given to the repeated warnings we have received in recent letters, and that there will be literally no expansion the coming year in staff or equipment, with as

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much to be put into a reserve fund as seems best, consistent with obligations to the P.U.M.C. and minimum requirements of efficiency. The moral effect of the Trustees' action in regard to the general budget for the coming year justifies me in assuring you that a similar confidence in regard to this unit will tend to increase the pleasant relations between all concerned and to make them more reasonable and careful rather than otherwise. I can also already see evidence that there will be actual saving of money by this procedure.

I am enclosing herewith a copy (See "Salary Schedule" January 1931) of the new single standard salary scale which has been made the basis for the new budget but has not yet been passed by the Board of Managers. As the Managers instructed us last June to adopt a single scale for foreigners and Chinese in principle, the application to be made when this seemed practicable, there is little question but that the general basis will be accepted and there probably will be no changes even in detail. Our Chinese are quite satisfied in the bearing of this on themselves, and it will be easier hereafter to avoid some of the irregularities and inconsistencies which have given cause to much irritation among them. It was determined that this scale should not be retroactive in application to any foreigners now on the staff, but would apply to all new members. I am very happy to report, however, that everyone who is now here has voluntarily agreed to come on this basis beginning with the coming fiscal year. One member whose family responsibilities are peculiarly heavy has claimed the accumulation of the grants for his children in gold, and this is felt to be not only reasonable but very generous on his part in comparison to what he could otherwise get and in the light of years of hardship because of treatment in past years that worked to his disadvantage. This is one way in which the request about the Natural Science Fund if granted can clear off past obligations, and considerably reduce one item of expense in years to come. I am enclosing a copy of a letter which I have just sent out to this group as it may be of interest.

Very sincerely yours,

J. Leighton Stuart

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RECEIVED
UNIVERSITIES
MAR 11 1931
JOINT OFFICE

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燕京大學
YENCHING UNIVERSITY
PEPING, CHINA.

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

YENCHING

February 19, 1931. TRANSFER

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

INDEXED

My dear Mr. Garside:

I am sending you herewith the budget for 1931-32 in order to catch a fast American mail. This is not final as it has not yet been passed by the Board of Managers which meets the day after tomorrow, but there is no reason to think that it will be disapproved by them, so that unless you hear to the contrary by cable or a later mail, the budget in its present form can be treated as final. I am also sending by this mail a rather lengthy memorandum from myself to the Trustees which I think explains itself. The main points of the budget which call for action apart from the major issue dealt with in that report are the following:

Campbell Gift of G$10,000. You will note that we are including the interest from this to help toward the maintennce of the Practice Schools as per our original request. Whether this is counted toward the G$250,000 to be raised by June 1932 or not, it would seem that meanwhile the interest might be allowed us for the purpose named.

School of Religion. This is a primary question of policy for the Trustees. I am enclosing a copy of a letter sent me recently by Dean Chao which is an excellent summary of his point of view. Do the Trustees wish us to continue the operation of this School as a fully equipped graduate school for the training of Christian workers, it being the only one of its kind in China? If so, and especially if it is to make its contribution to general overhead and operating expenses, it should have special resources of its own which will make it entirely independent. Whatever may be the

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outcome of the point at issue between the Trustees and the local administration regarding its segregation it will be protected from criticism and interference most effectively if in any case it can be a financially independent unit. Desirable as it would be to try to keep Mr. Barker, reductions must be made somehow, and if we did not take advantage of his own willingness to go back to evangelistic work in Manchuria we should have to make other reductions. Meanwhile as a matter of economical giving of instruction the staff can obviously be much reduced, and for continuing a Department of Religion in the College, two or three persons would be sufficient, but the maintenance of the present staff or some increase along the lines of Dean Chao's suggestions would enable us to carry on as we have been doing with a view to serving the whole Christian movement in this distinctive form. In other words, treated as an administrative problem in the whole university it is at present a liability, and uneconomical expenditure from the standpoint of the teaching load to be carried. But as a contribution to the Christian cause it already is, and can be made more so, a uniquely important if not essential feature. My recommendation, therefore, is that the Trustees make efforts to secure special provision for its support to be reserved exclusively for this purpose, and that this amount be large enough to include its percentage of general costs.

Women's College. I mention this chiefly to call attention to the economies which have been effected in order to secure a balanced budget within its own resources and to urge that these ecomonies have carried it below the line of efficient operation. This will appear chiefly in the items omitted or reduced to figures so small that they are almost eliminated in order that the necessary instructional items may be retained. Here again, either special funds must be secured for this unit or it also will become a liability drawing on the general income.

College of Natural Sciences. The accompanying report deals with this feature at great length. My only comment here is to call attention to an enclosure giving details as to expenditure over a period of years.

Henry S. Coffin's Contribution. This was not listed by the Trustees in expected income. Dr. Coffin has not made the actual pledge but gave me to understand that if he were reminded in June each year he saw no reason why he could not continue it. We have ventured, therefore, to include G$900, being one half of this amount.

The report comments on some of the above items and the only other detail requiring action by the Trustees which comes

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to my mind is the suggestion that the Boards are not any longer providing in any adequate way for the vacancies in their quota when they give us silver $250.00 per month. On the new salary schedule even for Chinese professors this begins at $360.00 per month.

In view of the inability of the Mission Boards to provide for our requirements as is doubtless true more or less in the other institutions, it seems incredible that they would continue to encourage the correlated program along the lines of Cressy's scheme to establish a new centre in Shanghai for graduate and professional courses while maintaining other colleges in East China essentially as they are. This is in effect to coordinate the whole system and secure the accession of each of the existing institutions by adding one more, and this of the most costly type in the most costly place in which it could be located.

May I ask that you show my memorandum to Wannamaker. Just at this point in dictating this letter two telegrams have come, one signed by both Wannamaker and yourself and the other by him alone. My first reaction is that my reply will be found in the report being sent herewith. The problem of meeting the Rockefeller Foundation conditions will from now on be for them to deal with. I have done my best to provide other solutions. If at the coming annual meeting they themselves feel that nothing more can be done it would be well to have them decide whether they will permit the institution to be closed a year later or indicate whom they wish to carry on in my place after that. It is not that I am making a threat or am in a recalcitrant mood, but I literally do not believe that it can be done, and in any event would probably not by then be in a condition either of spirit or body to make it wise for me to undertake so heavy a responsibility.

Very sincerely yours,

J. Leighton Stuart

I shall not take any action locally regarding the advisability of closing after next session unless the College of Nat. Sc. can be assured its required income, nor announce my own decision until the actions of the Trustees at the Annual Meeting will have arrived.

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燕京大學
YENCHING UNIVERSITY
PEPING, CHINA.

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 19, 1931.

Mr. O. D. Wannamaker,
150 Fifth Avenue,
New York City.

My dear Olin:

I want to get off a line to you by the same fast mail that is taking our budget and an ~~annual~~ memorandum I am sending to the Trustees. Perhaps it is superfluous to make any further comment on the contents of that memorandum than that which is dealt with therein. By a curious coincidence as I was dictating a letter to Garside this morning concerning this communication, the two cables came, one of which was sent by him and you jointly and the other by you alone. They confirmed my feeling that the time has come when our Trustees and the Mission Boards behind most of them must assume more responsibility for our finances than they have done in the past. I refer, of course, to the getting of new money which continues to be our chief problem. I am disappointed and yet not surprised at their attitude regarding the more recent proposals for investments in China.

Regarding Mr. Henry Ford, I feel that Phillip can do as much at this stage alone as though I hurriedly dropped everything and tried to see him before he sails for Europe on March 20. Or that if Phillip has made sufficient progress to justify my clinching things by a trip now, he would have done this sufficiently well for me to be about equally successful later on. I may send a cable recommending that Phillip go on with Mr. Ford to Europe and I join them both there. If this letter is in time for consultation on this point you might cable me to do so. I should not want to make the trip unless Mr. Ford practically invited me to.

As to other suggestions for matching the Rockefeller Foundation grant, it occurs to me that treating the Women's College support as one unit and including the four constituent Boards of the university we have five. Each of these might be asked to underwrite $50,000 to be specially raised or in some way guaranteed before June, 1932. The Women's College,

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if it felt unable to do anything else might either use part of the endowment already raised, and let it count toward this special feature, or have the Women's Boards divide their share among themselves. Our promotional office might cooperate with the Boards in an endeavour to secure this amount in their own respective areas by the given time, the Boards having already pledged their guarantee in so far as special efforts fail to secure the full amount within the time limit. Only on some such underwriting would I be willing to consider helping in a campaign for this purpose.

If the Boards are unwilling even to share in our problems to this extent I incline to feel that the time has come for a definite break. We might then undertake a universities' university in China, beginning with Princeton and Harvard, adding Western Reserve and any others whose constituencies or whose personal leadership would be most worth while and willing, or we might simply select from among the biggest men and women of America those who were willing to serve on an independent Board, knowing in advance what it involved in the way of financial responsibility.

These are suggestions hurriedly noted down in an effort to help you to work upon the problem after reading my report. You will of course have a copy of the report from Garside and share it with Phillip.

As ever yours,

J. Leighton Stuart

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February 20, 1931

Dr. J. Leighton Stuart,
Yenching University,
Peiping, China

My dear Dr. Stuart:

I am attaching hereto a copy of the minutes of the meeting of the Committee on Finance, Property and Investment, held on the afternoon of February 17th.

This meeting was called at very short notice to give consideration to the important matters dealt with in your letter of December 29th. Philip Fu had also arrived in New York City a few days before, and had talked informally with a number of the members of the Finance Committee as well as to those of us here in the office. Philip spent a night at the home of Mr. McBrier and discussed with him at length the prospects Philip had been exploring since his arrival in the United States, which he hoped might be productive of large gifts toward matching the Rockefeller Foundation endowment. I will not enter into any detailed discussion of these prospects for I am sure that Philip or Mr. Wannamaker will be writing you at length on this subject. Mr. McBrier has been intensely interested in the matter, and urged that we arrange a meeting of the Finance Committee at the earliest possible moment to give serious consideration both to the proposals contained in your letter of December 29th and to the desirability of your coming to the United States to follow up such prospects as Philip has already developed, or other prospects that might later be discovered.

The fact that the Finance Committee took only a single action does not adequately reflect the amount of time or thought the Committee gave to its study of your letter of December 29th and the various questions arising out of this letter.

The whole attitude of the Committee was that of striving in every way possible to give you maximum support and to adopt whatever line of procedure will be for the best interests of the University.

The Committee gave its attention first to the discussion in your letter of December 29th as to the steps you have taken in China toward

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securing "an advance of $1,000,000 Local Currency in China on gifts which will be realized in the course of the next few years from Chinese sources" known to you, which you trust will be accepted by the Rockefeller Foundation as satisfactorily meeting the conditions of their first conditional gift, and upon the basis of which they will pay over to the University the sum of G$250,000. The Committee expressed an earnest desire for more detailed information concerning this proposed advance, for on the basis of the very general statement contained in your letter it was extremely difficult for them to form any judgment as to whether such an advance would be acceptable to the Rockefeller Foundation. However, it was the emphatic conviction of every member of the Committee that the only way in which we can honestly match the Rockefeller contribution is by the actual securing, cash in hand, of unconditional new gifts to the value of G$250,000 applicable to the endowment of the work in Natural Science. From their admittedly inadequate information concerning the proposed arrangements in China, they expressed the fear that these arrangements would not satisfactorily match the Rockefeller Foundation gift. The Committee recognized, however, that the decision on this point must rest first with the Peiping representatives of the Rockefeller Foundation, and finally with the headquarters of the Foundation here in New York. If the Foundation accepts these arrangements on the basis of representation from their Peiping representatives and pays over the G$250,000 to the Yenching trustees, our trustees would of course not be called upon to enter into the negotiations in any way up to the point when they receive the G$250,000. If the situation were somewhat different, so that the trustees were asked to make representations to the Foundation upon which this G$250,000 was being asked, then we would have an entirely different problem. The Committee did not attempt to reach any final judgment as to what its attitude would be with regard to transmitting this G$250,000 to China once the money had been received from the Rockefeller Foundation. Several members of the Committee stated categorically that if the Rockefeller Foundation were fully informed of the conditions under which transfer of this money to China was contemplated, and with this information before it did not raise any objection to such transfer, they would not put any obstacle in the way of such a transfer of these funds to China. Some of the other members of the Committee were more non-committal. I believe that the reason this particular point was not discussed more fully was the underlying conviction of almost everyone present that the Rockefeller Foundation would not agree to the turning over of this G$250,000 on the basis of the arrangements in China outlined in your letter.

The Committee then turned its attention to a consideration of other possibilities of matching the Rockefeller Foundation appropriations. It discussed at length the prospects reported by Mr. Fu, and attempted to form a decision as to whether these prospects are sufficiently encouraging to ask you and the University to make the sacrifice involved in your coming to America this spring.

The Committee also considered the desirability of having you come to the United States to make a personal presentation to the Rockefeller Foundation of the arrangements you are making in China for matching their first contribution of G$250,000. It was the Committee's thought that by means of such a personal presentation it would be easier both to convince the Foundation that

the arrangements made in China met the conditions of their gift, and also to secure their approval of the transfer of their gift of G$250,000 to China for investment. In this discussion the members of the Committee stated frequently that they had no thought of the Board of Trustees shirking any of its responsibilities in these matters, but that they felt rather that you could more effectively carry on such delicate negotiations in person than could any group of Trustees here in New York, especially when our own knowledge as to the details of the proposed arrangements is at best very scanty and probably inaccurate.

The Committee agreed that the decision on this matter must rest with you and the field, and that all we could do here in New York would be to report these prospects to you, and assure you that if you decide to make a trip to the United States, the trustees will give you the warmest welcome and will assist in every possible way.

Recognizing that there are still fifteen months before the termination of the period of the first conditional grant, the Committee also discussed the desirability of our continuing for the next six or nine months the present efforts being made, both in the United States and in China, to secure gifts, large and small, for matching the Rockefeller Foundation appropriation, without asking you to come home at present. The hope was expressed that by the end of 1931 our joint efforts in the west and in China ought to be productive of gifts amounting to a substantial total, even though the complete objective of G$250,000 might not be reached. If, at the beginning of 1932 it appears that an intensive drive to complete the endowment before the Rockefeller conditions expire on June 30th is both necessary and likely to meet with success, it might then be desirable to invite you to return to the United States for such an intensive campaign. The Committee agreed that a decision with regard to such a trip early in 1932 had best be postponed until somewhat later.

In the end, the Committee appointed a sub-committee consisting of Mr. McBrier, Mr. Wannamaker and myself to draft a cablegram summarizing, as well as we could, the discussion of the meeting. This was sent you on February 18th. I enclose a confirmation copy herewith. We have this morning received your cablegram of February 20th, which we have decoded as follows:-

"HAVE DECIDED TO REMAIN. CANNOT BE SPARED FROM THE WORK AT PRESENT. REGARDING FORD AND SIMILAR POSSIBILITIES, YOU MAY RELY ON PHILIP FU TO DO THE VERY BEST POSSIBLE."

This decision was not unexpected, for we appreciate the urgent need for your presence on the University campus, and the seriousness of the problem that your absence for several months would create. We are disappointed that we will not have the privilege of seeing you during the coming months, but we know what an added physical and mental burden such a trip to America at this time would cause you.

Please continue to keep us informed of everything we can do here in the United States to assist. If you ever make any suggestions we are not

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able to adopt, you may rest assured that our failure is due solely to a lack of ability rather than any lack of eagerness to cooperate.

Very cordially yours,

JWGarside

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Encs.

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February 24, 1931

Dear Leighton:

I have read Mr. Garside's communications to you with reference to the various suggestions for meeting the conditions of the Rockefeller Foundation. I have just read his letter of February 20th. I think there is scarcely anything for me to add. The reason that I have not written you directly since receiving your letters on this subject is, that it seemed useless to write until decision had first been reached as to whether something could be accomplished here without you or whether you yourself would come to America. We have given a great deal of time and most earnest thought to the whole problem. I have talked many times at great length with Philip to get as clear a comprehension as possible of the whole situation in China and also to assess the degree of probability of any success at the present time if you should come to America. I have raised with him the question as to whether he alone could bring this matter to an issue with Mr. Ford, or whether he and I together could do so. He has been quite clear-cut in his opinion that he would not help Yenching if he presented this request to Mr. Ford, but would simply spoil both the possibility of assistance to Yenching and also the possibility of Mr. Ford's continuing his negotiations with the Chinese Cultural and Economic Institute. In this judgment of Philip's, I must say that I, myself, completely concur. I think the impression made upon Ford by a direct approach by Philip will surely be that the other matter was more or less a blind for gaining access for Yenching. I suppose Philip is also entirely right in his feeling that I, myself, could not be used effectively with Ford, under present conditions.

On the other hand, I have tried very earnestly to form a clear judgment as to what prospect there would be of your securing a large gift from Mr. Ford if you should come to America, and also to form a right judgment as to the other prospects besides Mr. Ford. I, naturally, am not in position to be very definite about Mr. Ford, since I have never met him. I know only in a vague way his reputation for not assisting existing institutions. I am, however, definitely impressed with Philip's belief that Mr. Ford is interested in doing something in China, and that he might very naturally feel that a large gift to such an institution as Yenching which stands in a very favorable relationship

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to prominent Chinese leaders of various types, would give Mr. Ford a good send-off in his direct possible connections in China. I feel that the prospect is certainly worth testing. Since the only possible way of testing it would be for you, yourself, to call personally on Mr. Ford, I felt justified in recommending that you come to America.

Especially did I feel so because of two other items in the present situation. (1) Mrs. MacLean. Philip has tried to bring about a normal sort of relationship between Fred Eldridge and myself. This seems to be impossible. Fred still says that he "hates everybody in the Yenching office." It is not exactly a personal feeling on his part, but he cannot think of me in any other way than an instrument for extracting money from him and Mrs. MacLean. I have even seriously considered whether I would seek an interview with Fred on a purely private personal business matter of my own in order that in a round-about way I might get into friendly relationship with him. After Philip's latest conversation with Fred, however, and his report to me, I decided that any move on my part would only injure the relationship with Yenching. Since, however, Philip tells me that Mrs. MacLean is showing very clearly the signs of rapidly advancing age, and he believes that you have an excellent opportunity for getting an immediate written committal if you should spend two weeks at her home. This seems to me sufficiently important to justify me in urging that you come to America. In other words, if it should seem necessary, you might make a definite effort to get an understanding with Mrs. MacLean regarding a committal of $250,000 to the School of Education and another committal of $250,000 to the natural sciences to match the Rockefeller gift.

An additional reason why I felt justified in advising that you come is the present attitude of Mr. McBrier. I have never known any member of the Board connected with the University to be so earnestly and actively interested in helping you to solve your problems. I felt that when Mr. McBrier was so interested as to offer voluntarily to take you to talk with Mr. Boyd, and perhaps a few other people, that this in itself constituted a sort of committal on the part of Mr. McBrier to bring this thing through to a satisfactory conclusion so far as might lie in his power, and that such a semi-committal on his part was too valuable to be lost through default. For that reason, I have been glad that he, himself, entirely spontaneously followed up my cablegram to you with one of his own.

I am dictating this letter with the consciousness that it may be wasted because we may hear from you by cable that you are coming to America. So long, however, as I do not yet know what your decision will be, I prefer not to delay longer writing you about this important matter.

J.L.S.....#3 February 24, 1931

I have just dictated a letter to Miss Clark, the chairman of the Women's College Committee, suggesting that she arrange certain meetings in Chicago where we can use the unusual representatives of Yenching now temporarily resident there -- Professor and Mrs. Wilson, Doctor Leonard Hsu, and other teachers and alumni. If she could do something of this kind, I will go to Chicago and get Jenney to join me in a follow-up.

Cordially yours,

Dr. J. Leighton Stuart
Yenching University
Peiping, China

CDW*KK

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