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INDEXED

July 1, 1932

Dear Leighton:

I cabled you yesterday to give you as accurate information as could be transmitted regarding the status of the emergency campaign. Copy of the cablegram is enclosed herewith.

I think Mr. Garside will probably send you a copy of the very detailed report he prepared and we submitted yesterday to Mr. Appleget at 61 Broadway. This was the final report after the several preliminary conferences and partial reports in the course of the last few weeks.

On the basis of the detailed statement drawn up while you were here just at the end of March and the conference held at that time with Dr. Weaver of the Foundation, we thought that we had to raise about \$75,000 to obtain the appropriation of \$250,000, provided, of course, that the Foundation would waive its requirement that all our funds should be in cash. Later studies of our figures and later conferences at 61 Broadway indicated that we had to raise much more money than we had supposed. In the first place the Foundation informed us that any securities we had purchased with money raised to meet their condition would have to be reported to them at the market price and not at the purchase price. This entailed a heavy reduction in the available funds we could report. Then we discovered that a considerable number of pledges which had been included in our first report to Dr. Weaver represented pledges obtained prior to the date of the original offer by the Rockefeller Foundation and had to be eliminated. Finally, The Foundation declined to accept a considerable portion of the fund offered by the Women's College on the ground that it did not represent newly acquired money but represented surplus accumulated on previously acquired money.

In short, in place of \$75,000 lacking, we discovered that we lacked - as nearly as I can now remember without reviewing the figures - more than \$130,000.

We raised in new pledges and cash during the three months period more than \$112,500. We reported as available, in addition, one-half of the \$50,000 pledged by Miss Manger. These two items added to what seemed to be entirely acceptable to the Foundation in our earlier preliminary report, made up the aggregate required.

In alluding to "acceptable" funds above, I am yet not entirely on safe ground. In our conference yesterday Dr. Appleget told us that in two respects we had obviously failed to meet the conditions of the provisional grant. Besides failing to report all funds in cash, we had

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reported a certain amount of money raised for the Women's College Endowment and later allocated it to the present objective. He was emphatic in saying that this did not seem to the Counsel of the Foundation as meeting the conditions of the provisional grant.

The committee which reported yesterday to the Foundation - Mr. Barber, Mr. McBrier, Mr. Garside, and I - came away with a feeling that we are <sup>not</sup> certain to receive a confirmation of the provisional grant. We did, however, bring away a feeling of very great optimism. Dr. Appleget emphasized certain unfavorable aspects of the situation very strongly, but at the same time he also emphasized the friendliness of the Foundation to Yenching and its desire to see the University strengthened, as well as the strong feeling that the University had made a very fine showing in raising so large an amount of new funds under such extremely difficult circumstances. After having stated emphatically that the funds transferred by the Women's College to the College of Natural Sciences could not be considered as technically meeting the conditions of the grant, he later emphasized even more that he did not wish us to go away feeling that much importance attached to his negative statement regarding this.

In the early part of the conversation he rather definitely stated that the condition attached to the provisional appropriation had not been met and that the executive committee would almost certainly pass a resolution declaring the appropriation lapsed. He intimated that the Executive Committee would then pass a new resolution, but he was not willing to indicate to us at all what the nature of the new resolution would be. Later, when we called his attention to the large amount of money secured by us on pledges conditioned upon our securing the full amount of the appropriation from the Foundation and told him that failure to meet the conditions of the Foundation might place us under ethical obligation to report to such conditional donors this failure and thus endanger their gifts, he rather intimated that the executive committee might think it practicable to take some action which would not involve the lapsing of the existing resolution, but would modify its content.

We all came away, I believe, with the feeling that we may reasonably hope that the Foundation will agree to give Yenching University \$250,000 toward the endowment of the natural sciences as a result of our effort. The trustees may feel that under the present conditions they should not sell securities or even transfer securities to Yenching at the market price, which would involve in a certain sense a heavy loss for the Foundation. The trustees may vote the appropriation, stipulating that until market conditions change, the Foundation will pay the University a certain annual interest - 6% for instance on an amount equal to the amount we have reported to the Foundation as now held by us in cash and securities quoted at the market value today. The Foundation would then add to the interest paid us in proportion as we collect on pledges and would ultimately transfer the capital sum to us.

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Of course I am reporting in large measure my own personal opinion in this matter, but after conversation with the other members of the committee. Mr. Garside may wish to write you from a somewhat different point of view.

My official connection with Yenching University ceased at the close of office hours yesterday. I shall, of course, attend to certain matters of correspondence here which should be handled by me to give a neat finish to this effort. I shall be glad to cooperate in any way in facilitating the transfer of responsibility. I am gratified that this final effort in behalf of Yenching has proven successful. I may perhaps be able to send you an analysis indicating through what effort various amounts of money were secured. The principal thing to say, however, is that the University is under great obligation to Mr. McBrier especially and also to Dr. Thompson for the success in this effort. Mr. McBrier has devoted himself just as untiringly as if he had been an employed officer of the trustees responsible for the campaign. It has been a great satisfaction to me to have him so thoroughly immersed in the campaign. Dr. Thompson has been very active and extremely generous - he and Mrs. Thompson - as has Mr. McBrier also.

Lingnan has been very seriously neglected during these three months. I am now endeavoring to see whether we can possibly obtain a few contributions to reduce the amount of money which the trustees must immediately borrow from the bank to pay their absolutely fixed charges through September. It will be a difficult task to strengthen the financial basis of the institution.

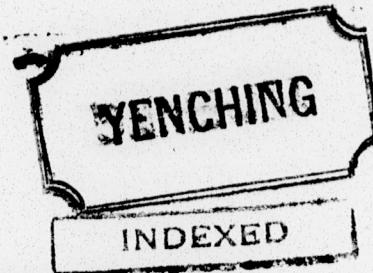
Hoping that the final report from the Foundation may be what we all wish for, I remain

Sincerely yours,

Dr. J. Leighton Stuart  
Yenching University  
Peiping, China

ODW:LM

P.S. I neglected to say that Mr. Applegat said the Executive Committee would be called to meet as early as possible - "perhaps within one month; possibly within two weeks - which we all very much desire."



Yenching University

July 2, 1952  
E-7-2-52-1

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

Dear Friends:

This is the Saturday before Independence Day and due to the fact that the Fourth falls on Monday the New York streets are nearly deserted as most of the business houses have closed down today to give their employees an extra holiday. The Presbyterian Board rooms and the Methodist likewise are deserted. However, there is such an accumulation of mail and odds and ends, due to the pressure of the campaign, that we have asked the entire staff to help us today in cleaning up some of the left-overs.

One of the particular reasons for haste is to get off to the field the minutes of the joint meeting of the Executive, Finance and Promotional Committees held last Tuesday, June 23th. We are enclosing two copies as most of the items dealt with were Home administration.

We were indeed fortunate to secure as good a representation as is shown on the list of members. Four members of the committees were either abroad or on their way to their summer vacations. Rev. G. H. Duff was ill and Mr. Rounds received a hurry call to go to Washington just a few hours before the meeting. We will touch upon those items only which have special reference to the field interests.

Appointment of Miss Soo Hoo: Several communications from Mrs. Lee indicated that Miss Soo Hoo was favorably considering an invitation to become Dean of the College for Women. Shortly before the meeting a letter was received stating that she had accepted the invitation. Accordingly action 5079 was taken which approves of the selection subject to final approval by the proper administrative authorities.

The next two pages deal with items that require no comment, except as we may refer to them in connection with other matters considered.

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July 2, 1952

Closing 1951-52 Accounts. The report presented to the committees as covering the closing entries for the fiscal year was predicated upon the assumption that Princeton-Yenching Foundation would be unable to meet its deficit of \$7,625. toward the 1951-52 budget for social sciences. It developed, however, that they are making plans to secure this amount plus the apportionment for the 1952-53 budget. This will mean that the Foundation will have to secure \$14,625. during the coming year, whereas during the present year they have only been able to pay \$5,375. toward a budget of \$13,500. The Foundation has secured the services of Mr. Woodhull Hay, a Princeton graduate, who during the next three months will give all of his time in meeting Princetonians in an effort to arouse new interest among the constituency. It is hoped that this will be productive of much good. Assuming that the Foundation will pay the entire appropriation for last year, we will close our books on the basis of a surplus of around \$2,500. This fund will undoubtedly held in abeyance until the status of the Rockefeller Foundation gift is established. Every dollar that can be corralled and set aside in being reserved in case some of the items included in the list submitted to the Rockefeller Foundation are rejected, but more of that later on.

Restudy of 1952-53 Commitments. July 1st is the time to which a great many people look with pleasant anticipations (that is the "pleasant anticipations" refer to the past) This year it has been turned to anxiety, all because people do not know whether the semi-annual dividends will be maintained, cut, or entirely passed. It must be conceded that a larger sum was disbursed yesterday in dividends than a large number of financiers thought possible. Many businesses paid dividends out of cash surplus although the last six months showed large deficits in operating costs. This cannot continue and from facts and information at hand there are possibilities of Yenching losing income to the amount of \$20,000 during this fiscal year. By that I mean if we do not touch the security list certain holdings will depreciate in value, their earnings decline, and dividends be omitted. Within the last few days evidences have been presented that the world's outstanding industry - American Telephone & Telegraph Co. - is losing business so heavily that its dividend will of necessity have to be cut. This cut is included in our list of prospective defaults. Aluminum Co. cannot possibly continue its dividends when it is showing such heavy deficits as the last six months have experienced. Kindred to the American Telephone & Telegraph Co. is the American Smelting & Refining Co. which has one of the best paying records in existence. It has passed its preferred stock payment due September 1st. While we do not hold any of this preferred in our portfolio, still it is indicative of the times when one of the soundest of our basic industries defaults on its preferred stock, even though it has a large cash reserve. It shows that the men at the head of this business feel that their cash reserves will be used to care for overhead on properties that are not yielding income but that are showing heavy deficits due to curtailed operation.

All of this is preliminary to the thinking of the committees in passing action 5087. The committee was not stampeded into this action, but thoughtfully deliberated on the possibilities involved in the whole financial

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outlook. Some weak spots have shown up in our security list and it is with that thought in mind that the committees approved the accumulated savings on previous sales of securities. This will allow some changes in the list to improve the standard and fortify the endowment fund against further losses. As a result of all the deliberation it was felt that the field must be appraised of the seriousness of the situation and advised of the possibilities involved in a restudy of the commitments for 1952-53. Just as soon as possible these committees will be called together and a complete restudy made of income and possible losses. It has been thought in financial circles that a certain group of politicians, favorable to Alfred E. Smith, would be able to monopolize the Democratic National Convention, and, if not be able to nominate him, would put forth one of their own kind who would win the nomination. In that event, the worried men interested would do everything possible to boost the market and produce a semblance of returning prosperity. At 10:50 o'clock last night, however, we heard William McAdoo swing the California delegation to Mr. Roosevelt which assured his nomination and provides an assured split in the interests of the Democratic party. This means that there is to be no political bolstering of prosperity and it will have to work out its own destiny. Therefore you will hear from us later regarding the activities of the committees that will restudy the budget. Meanwhile, be prepared for some drastic recessions.

MATTERS RELATED TO ROCKEFELLER FOUNDATION'S  
FIRST CONDITIONAL GIFT

Report on progress of Promotional Office shown in Appendix C attached to the minutes. Before the final report was presented enough more pledges and cash came to hand to make up the difference. One \$25,000 pledge was made on condition that a like amount be subscribed by the Trustees, faculty and student body, and at the committee meeting the last \$1,200. of this \$25,000. was pledged.

Assistance of Harvard-Yenching Institute. One of the bright spots of the meeting was the deep feeling of appreciation for the splendid action of the Harvard-Yenching Institute and there was a general feeling that this action had saved the day. The four following actions were made with the thought of providing the committees full power to use every resource of the University to claim the \$250,000 from the Rockefeller Foundation. The Foundation has given no intimation as to its attitude toward the report submitted and another conference is to be held on Tuesday, July 5th. It is quite apparent that the Trustees of the Foundation are very carefully studying the entire situation and it is evident that no action will be taken until all of the pledges and cash are thoroughly investigated. It is quite possible that you will receive a cable before this letter comes to hand, wherein you will be advised as to the outcome of the effort. We are hoping most sincerely that a plan will be worked out whereby the University will be able to secure the gift from the Foundation.

Dr. J. Leighton Stuart  
Dr. Howard S. Galt

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July 2, 1952

Arrangements for future Promotional Work. The committees gave a great deal of time to the recommendations made by the Promotional Committee, which in turn had given lengthy consideration to the promotional problems. Under existing circumstances the action which was taken seems to be the best in sight at the present time. The splendid services rendered by Pierce & Hedrick during this campaign speak for themselves. The firm is composed of level-headed conscientious business men who will inject business principles into the operation of the promotion office. The set-up of the objectives shows clearly that they have in mind the practical side of a campaign of this nature, and that to secure funds for one department at the expense of another is only postponing the evil day of accounting. The Trustees are in entire accord with these views and agree that the present expenditure of money for promotional work cannot continue unless funds are secured to cover such expenses.

Today there is a lessening of the tension, due only, however, to the nervous strain incidental to the strain of the closing days of the campaign. As so we will close to take up other pressing matters.

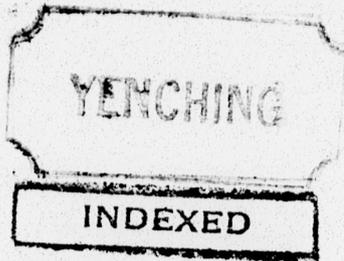
Very cordially yours,

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Yenching University

July 5, 1932.

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

My dear Dr. Stuart:

This letter will report to you on the status of our negotiations with the Rockefeller Foundation concerning the first conditional gift for Natural Science. On the morning of June 30th Mr. Barber, Mr. McBrier, Mr. Wannamaker, and I met with Mr. Applegat in the offices of the Foundation and presented a report of the results of our efforts to match the first conditional gift to the Foundation. I am enclosing herewith a summary of the report we presented.

*See Rockefeller Foundation June 30, 1932*  
This showed that we had secured a total of \$250,000 in cash and pledges, and had in addition supplementary resources of \$77,614.72 which might be utilized if required. Within the total of \$250,000 as reported, we included \$25,042.12 of Miss Munger's gift, keeping the balance of \$26,957.88 of her pledge in reserve for future allocation as might be required. After this formal report was presented we received slightly more than \$2,000 of gifts that came in at the last minute, relieving by that amount the total we would have to use of Miss Munger's pledge in order to complete the \$250,000 fund. We had hoped that, in view of all difficulties the University has overcome in making such an excellent showing in spite of these tremendously difficult times, the Foundation might be willing to waive *any* technically involved, and accept without serious changes our report as meeting the conditions of the first Rockefeller grant. It immediately became apparent, however, that we could not hope to get through so easily.

Mr. Applegat pointed out in the first place that since the revised appropriation of the Foundation required that the full \$250,000 be new money received in actual cash, the University could not contend that it had fully met the conditions of the Foundation's grant, and that therefore, this grant would technically lapse at midnight on June 30th. He also mentioned certain pledges which are not acceptable to the Foundation in their present form, particularly the action of the Woman's College Committee in transferring their endowment to the Trustees for allocation in Natural Science, inasmuch as this transfer is conditional upon the Trustees paying to the Woman's College 5% income on the funds so transferred, and agreeing that they will assist the Woman's College to secure a new endowment to replace the funds so transferred.

Mr. Applegat assured us, however, that the Foundation is still genuinely interested in Yenching University, is desirous of taking any course that is reasonable and possible, which will help the University to secure the funds which have been offered, and to go forward with the development of its work in Natural Science.

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July 5, 1932.

We pointed out to him that about one-half of the money raised has been conditional upon meeting the terms of the first Rockefeller grant, and that for us to report that this grant has lapsed would validate many of our largest outstanding pledges. We also defended the conditions of the grant from the Yenching College Committee, and pointed out that the Yenching Trustees are ready to produce the entire \$250,000 in cash if the Foundation so desired.

We did not go much further than this at our meeting on June 30th, but Mr. Applegat assured us at that meeting that he would talk with other officers of the Foundation. A few days later Mr. Applegat telephoned to us and stated the desirability of another conference at an early date, so this morning Mr. McBrier, Mr. Wannamaker, and I went to his office again. This time he told us that, after further informal conferences with other officers of the Foundation it appeared (though there is absolutely no official commitment as yet), that the trend of their thinking is somewhat along following lines.

The Foundation is anxious to cooperate fully with Yenching University, to assist us in realizing upon the pledges already made, and to provide a solid basis of support for the work in Natural Science. On the other hand, conditions are radically different from what they were when the Foundation made its pledges in 1929 and 1930. The securities of the Foundation have shrunk in value, the Trustees are forced to adopt a conservative policy, and there is a definite sentiment against the appropriation of considerable sums for endowment.

In view of these considerations and the fact that the second conditional gift of the Foundation is still outstanding, Mr. Applegat felt that the Trustees of the Foundation would not be favorably inclined toward the substantial modifications of the first conditional grant which would be necessary to permit their acceptance of our report as satisfactorily meeting the requirements of the Foundation. He stated, however, (and this was a significant part of his proposal) that the Foundation would be favorably inclined toward the acceptance of our report as covering the first conditional grant, if the Yenching Trustees would release the Foundation from its obligation under the second conditional grant made on April 16, 1930.

Briefly summarized, Mr. Applegat's suggestion was about as follows:-

1. That the Foundation, <sup>without</sup> when raising any question as to the validity of the transfer of endowment securities and cash from the Woman's College, would give an outright gift of \$75,000 toward the endowment of Natural Science.
2. That the remaining \$175,000 of their first conditional grant be paid over to Yenching University as rapidly as we are able to report actual cash secured in contributions prior to June 30, 1932, and collections on pledges for this objective made prior to that date.
3. That the Trustees of Yenching University release the Foundation of its obligation under the second conditional gift, and that the Foundation take a new action which would continue the payment of the annual payment of \$12,500 per year up to June 30, 1935 without any commitment whatever as to any endowment principal or continuation of income beyond 1935. He pointed out that the way would be open for the University to come to the Foundation again, say two years hence, with a new request for a further appropriation for Natural Science endowment.

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July 5, 1952.

We discussed these proposals very frankly and informally from a wide variety of viewpoints. Mr. Applegat asked us to look at the matter from the standpoint of the Foundation, and he in turn sought to see the situation from the University's position. The two major problems were pointed out to him:-

1. Such a revision of the second conditional gift of the Foundation would give us no assurance of the maintenance of support for <sup>advanced</sup> work for Natural Science beyond June 30, 1955, and would necessitate our beginning immediately to taper off our advanced program in Natural Science with a view to loss of support three years hence.
2. All our promotional plans have been formulated with a view to conducting an intensive campaign for the next two years to match the second conditional gift, and a rather large and extensive promotional organization has been built up with this in view. For the Foundation to withdraw its second conditional grant will bring about the necessity of a radical reduction in our promotional organization and personnel.

After all of us had made our speeches, the situation remained substantially as I have outlined it above. Mr. Applegat requested that we confer informally with the Trustees of the Foundation and report to him whether the proposals as he outlined them would be acceptable.

Accordingly, at noon today we had an informal luncheon conference with such members of the Yenching Executive Committee as we were able to get together. The judgment of the group was that, while we might not be entirely satisfied with these proposals from the Foundation, it would be very foolish for us to make protests that would accomplish nothing save perhaps to diminish the good-will of the Foundation; and that the part of wisdom would be to accede cheerfully to the proposals of the Foundation, but at the same time to remind them of the urgency of the need for a full-rounded program in the Natural Sciences at Yenching, and to voice our hope that before the expiration of the next three years, the Foundation would be in a position to give sympathetic consideration to a request from the University for this second \$250,000 endowment funds. I am now sending to the other members of our Yenching Executive Committee, who could not be present at the meeting today, a draft of a letter to the Foundation along the same general lines, and am asking for their criticisms and suggestions.

At best it will probably be some weeks before any final decision is reached. Meantime our College of Natural Science should exercise the greatest restraint, both in its immediate expenditures, and in its plans and commitments for the future.

In discussing these technical problems, we must not lose sight of the fact that the friends of Christian higher education in China have come to the support of Yenching University, at a time of extreme difficulty, in a manner that is simply magnificent. Nearly all missionary giving is sacrificial, but I know of very few instances in which so much genuine sacrifice has been made in the face of actual personal necessity, as has been manifested in the response to our appeal for the support of Natural Science at Yenching. Letter after letter has come in with gifts in very small amounts, but with eloquent evidence that each gift has meant the maximum of self-denial. Nearly all the gifts in larger amounts have come from men and women, who, in normal times could give generously, but who at the present time are having a desperate struggle to avoid outright bankruptcy, and are being warned by all their financial advisors that they should discontinue their philanthropies entirely for the time being.

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July 5, 1952.

The successes of Yenching's effort is a great testimony, too, to the cooperation and good-will of the entire group of Christian Universities in China. In many cases the contributions made to Yenching for this work in Natural Science has meant that another college in China has lost just that amount from its own potential support. In more than one instance I have personally stated to individuals and organizations interested in the whole field of Christian higher education in China, that in my judgment the substantial support of a well-rounded program of Natural Science at Yenching is so important to the whole Christian higher educational program as to justify the diverting of funds that would otherwise have gone to some of the other colleges.

Only through such means as these has it been possible for us to achieve success in this undertaking. Even though our friends in the College of Natural Science may feel that success is but partial, and has been gained at the expense of assurance as to the future of the advanced program of the college, I am sure that they will realize also that the progress thus far made represents a very sacred trust being placed in their hands by a countless multitude of unselfish Christian men and women here in the West.

Very cordially yours,

BAG:PW

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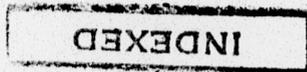
學大京燕  
YENCHING UNIVERSITY  
PEIPING, CHINA.

OFFICE OF THE PRESIDENT



TELEGRAPH ADDRESS  
"YENTA"

July 5, 1932



Mr. George Barber  
President of the Board of Trustees  
Yenching University  
Graybar Building  
Lexington Avenue  
New York, N.Y.

My dear Mr. Barber:

I am writing to report that after the cabled correspondence regarding Dr. N. Gist Gee, he has accepted the invitation to serve the University for twelve months beginning July 1, at a salary of \$6,000. which we are willing to have taken out of the amount appropriated by the Trustees for the fiscal year which has just begun.

Dr. Gee is leaving Peking in the next few days, and is to arrive in Seattle before the end of the month. We are arranging to have him go direct to Southern California and become acquainted with Messrs. Warner and Wills, together with the constituency and methods that are being developed in that area. His observation of what has been attempted by an experienced worker together with his impressions of Mr. Wills, when the subject of continuing the California work will come up for discussion, combine to make this visit worthwhile.

Dr. Gee has been spending a number of days on our campus, both before ending his connection with the Rockefeller Foundation on June 30, and more continuously since then. He has been meeting individuals and groups, visiting all parts of the campus and plant, and in general familiarizing himself with the various aspects of our local activities. He and I have had long discussions as to the plans for his promotional activities ~~on~~ reaching New York and <sup>after</sup> conferences with the Trustees and Messrs. Pierce and Hedrick. It has been extremely reassuring to note the thoroughness and the determination with which he has been preparing himself at this end for a task, the difficulties of which he quite understands, but the potentialities of which he hopefully appreciates. I feel more convinced than ever that when you and the other Trustees will have had an opportunity to know him, you will support our judgment as to the value to the University in having his services.

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While the arrangement is only for a year, yet he hopes that it will become permanent. I should have very little interest in the immediate engagement unless I also looked upon it as continuing as long as can be planned for into the future. I feel sure that you and other members of the Board together with Messrs. Pierce and Hedrick, and the office force, will all cooperate so as to make this experiment as fruitful as possible.

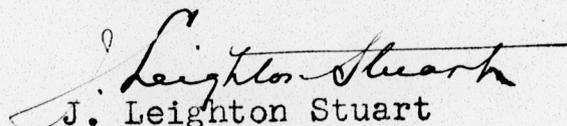
May I suggest that as soon after his arrival in New York as is feasible there be an opportunity for Dr. Gee to outline his plans as based upon consultations here, and have these modified as may seem wise in the light of other plans which may have developed in America. I shall not attempt, therefore, in this letter to go into details.

Dr. Gee is anxious to be included in the annuity provision for members of our staff, and we hope this will be approved by the Trustees.

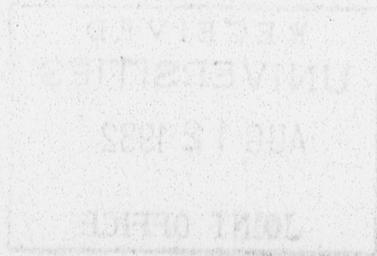
He will proceed from California to his home where he can be reached at the following address:

Dr. N. Gist Gee  
Summerton  
Clarendon County  
South Carolina

Sincerely yours,

  
J. Leighton Stuart  
President

JLS C



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# YENCHING UNIVERSITY

OFFICERS OF THE TRUSTEES

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GEO. G. BARBER, *Vice-President*  
MRS. O. R. WILLIAMSON, *Vice-President*  
E. M. MCBRIER, *Treasurer*  
B. A. GARSIDE, *Secretary and Assistant Treasurer*  
C. A. EVANS, *Assistant Secretary and Assistant Treasurer*

燕 京 大 學

PEKING, CHINA

*Christian — International — Co-educational*

AMERICAN OFFICE

150 FIFTH AVENUE  
NEW YORK CITY

OFFICERS OF THE UNIVERSITY

WU LEI-CHUAN  
*Chancellor*  
J. LEIGHTON STUART  
*President*  
HENRY W. LUCE  
*Vice-President Emeritus*

OLIN D. WANNAMAKER  
*Assistant to PRESIDENT STUART*

July 20, 1932.

To the Members of the  
Board of Trustees,  
Yenching University

Ladies and Gentlemen:

I enclose for your information a copy of a letter just received from the Rockefeller Foundation, reporting their actions relative to the University's efforts to meet the Foundation's first conditional grant for the endowment of Natural Science. These actions may be briefly summarized as follows:-

1. Although the Foundation could not accept the University's report of results accomplished to June 30th, 1932 as meeting the conditions of the Foundation's first gift, which required that our entire \$250,000 be raised in cash, they have taken a new action which accomplishes this same result, and even more, as follows:-
  - (a) The Foundation gives outright \$75,000, with no requirement that it be matched. This is given in this way because the Foundation, while recognizing informally that the transfer of Women's College endowment comprises about \$75,000, book value, (about \$63,000 market value) of our \$250,000 fund, is unable to accept this transfer as representing new money in accordance with the terms of their grant.
  - (b) The Foundation gives an additional \$175,000 to match cash and pledges in our hands or in transit before July 1, 1932. Payment will be made at once for cash in hand and invested, and from time to time additional payments will be made as we report collections on our outstanding pledges. The collections must be made before June 30, 1935.
2. The second conditional grant of \$250,000 to be raised before June 30, 1935, is to be cancelled, but the Foundation is continuing its income payments of \$12,500 per year for the next three years, in support of the more advanced work for which the second gift was intended. In taking this position, it is informally understood that the Foundation is not raising any barrier to our going to them with a new request for the restoration of this second conditional gift as soon as we have completed collection of pledges on the first gift and feel that the time is ripe for such a new approach.

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Members Board of Trustees  
Yenching University

-2-

July 20, 1932.

3. Both the above actions by the Foundation are conditioned upon the Yenching Trustees taking action cancelling our acceptance of their second conditional gift, and returning their pledge for this amount.

While we all regret that for the present at least we will lose the promise of a second gift for the endowment of Natural Science, the Trustees with whom I have been able to consult agree that under all the circumstances the Foundation has dealt with us as generously as we dared hope for, and that we should therefore cancel our acceptance of the Foundation's second conditional grant, and should accept, with warm appreciation, these new actions by the Foundation. The Executive Committee has already given these proposals informal consideration, and has expressed agreement therewith.

I enclose herewith suggested resolutions dealing with these matters. Will you please indicate your votes and return these promptly?

Faithfully yours,



Secretary

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學大京燕  
YENCHING UNIVERSITY  
PEIPING, CHINA.

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS  
"YENTA"

July 21, 1932

ack 8-15-32

C.A.F.

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

YENCHING

INDEXED

Dear Mr. Garside,

I have the letter of Jun 20 from Mr. Evans commenting on the Committee report enclosed. The contents are all noted and understood. Meanwhile I shall comment on the following matters:

Promotional Work in California. I am very much distressed at the apparent decision to discontinue the services of Mr. Wills and ~~feel~~ that this would be quite wasteful in view of all that has been put into the cultivation of that area. I hope very much that no final action will be taken until Mr. Gee will have had a chance to visit the State and confer with the Trustees. Since whatever is spent on promotion in the States reduces by that much the amount of money that can be counted on here, our desires in urging that such expenditures be maintained come from those who will suffer most in the immediate consequences. My impression is that unless we put a great deal of money into patient, long-time and wide-spread cultivation during the next one or more years we cannot even maintain our present income, to say nothing of putting the institution on a stable basis and providing for its most pressing additional needs. I feel quite convinced that in time California will produce and it would be literally throwing away the money that has been spent so far if we discontinue the present arrangement without giving it some further trial. The opinions of Messrs. Warner and Wills would seem to me to be the determining factors. I feel confident that the latter will not want to continue in our service any longer than he himself believes to be to our advantage. Will you kindly bring this matter to the attention of the proper Committee of the Trustees.

L. M. S. Appropriation. Enclosed herewith a copy of a letter which explains itself. It not only comes as very much of a disappointment and hardship, but raises some rather fundamental issues. Specifically Mr. Taylor had resigned from the L.M.S. and accepted a position with Nankai University largely in order to free both his Mission and Yenching from financial worries. We had, however, persuaded him that his leaving us was much more of

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*a help*  
an injury than he ~~held~~ and would weaken our relation with the L. M. S. and result in a total loss both of the man and equivalent in money, as well as tend to a misunderstanding as to the cause. We were willing to take him on even though this rather large item had to be charged against the substantially reduced income from the Princeton-Yenching Foundation. This episode may have influenced the L. M. S. somewhat in its action, but I am convinced not only that it is grossly unfair to us, but is a very short-sighted policy for any Mission Board to adopt. It would seem that some consideration *should* be given to contractual relationships and that unit which shared the responsibility for the creation of this University and maintains its full share of control, ought to consult with the other constituent bodies and the University authorities before arbitrarily reaching such a decision. I realize that the L. M. S. together with the other Boards are all having a difficult time, but so is the University. And it is in just such a crisis that more consideration of our common problems will win a response that will strengthen the spiritual bond between the Mission Boards and ourselves.

I have enlarged on this in some detail in the Memorandum sent to the Trustees winter before last and shall not repeat these arguments, but merely add that I am calling attention to the matter now, not primarily because of the money lost to us, but because it is better for me to be outspoken in warnings long before my associates become stirred up over such treatment, than to accept it without protest. I repeat again that the Mission Boards cannot afford to lose the control they now have at relatively very slight cost to themselves in this institution. I understand further that this particular action was taken without reference to the local L. M. S. body.

W. C. Cowling. You will recall that I wrote before leaving America suggesting that he be invited to fill the vacancy created by Mr. Barton's resignation. I am interested to know what has transpired in this matter.

This letter is purely on these matters of business, I hope to write soon in comment on present conditions within the University and in China.

Very sincerely yours,

*Sheighton Stuart*

YENCHING

INDEXED

July 25, 1932. #1

ack. 8/24/32

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

My dear Dr. Stuart:

Let me acknowledge receipt of your letter of June 28th in regard to the length of term for which we are appointing Mr. and Mrs. Harry B. Price.

I have gone over the Minutes of this meeting and have also talked with Mr. McBrier and Mr. and Mrs. Price. The Minutes, together with Mr. McBrier's and Mr. Price's recollections of our discussions and actions, agree with my own understanding that Mr. and Mrs. Price were appointed as regular members of the Yenching staff with the usual term of five years. The only point at which three years is mentioned, is in connection with their financial arrangements. It was agreed by the Committee on the McBrier Foundation that for a period of three years the Foundation would provide approximately half of their support, and Dr. and Mrs. W. J. Thompson intimated that they would continue their \$1,500 a year for two years more beyond the present year for which they have already provided. This leaves the last two years of this five-year period yet to be provided for financially.

Mr. McBrier's understanding, as well as my own, was that you hoped that by the end of three years some arrangement could be worked out whereby the Prices could be taken on under the regular budget. If this could not be done, we might go back to the McBrier Foundation and Dr. and Mrs. Thompson with a request for a continuation of the special support they are providing for the first three years, although neither the Foundation or Dr. and Mrs. Thompson have committed themselves beyond these first three years, and we have no assurance that they would be willing to do so.

Since it was agreed by everyone present at our conferences that Mr. and Mrs. Price that this first year in China should be spent in language study, I thought that in itself was a clear indication that we were all of the same mind in appointing the Prices for a regular term of five years. I have never known of any case where appointees for a short-term of three years have been allowed to use the first year in language study. Indeed this would be quite contrary to our regulations and established policy.

Mr. and Mrs. Price are leaving New Haven today, and are sailing on Saturday of this week, so I will not be able to correspond with them again. However, I talked with the two of them last week, and at that time it was agreed,

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Dr. J. Leighton Stuart

July 25, 1952.

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that if after they arrived on the field it is found desirable that their appointment be changed to a three-year period rather than a five-year, they will be glad to cooperate in every way. It seems to me that the immediate importance of the length of their term is the effect this would have on the question of language study. It would be very uneconomical, and would create unfortunate precedents that would embarrass us in many ways, if we were to allow the first year of a three-year term to be devoted to language study, particularly where the personnel involved are China born, and already have some familiarity with the language. However, we have tried to lead these matters in such a state that you can agree with Mr. and Mrs. Price on whatever policy seems the wisest.

If you agree to the desirability of the three-year term, I will be glad to bring the matter to the attention of the McBrier Foundation Committee and the Yenching Trustees with a request that they modify the actions already taken.

Very cordially yours,

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YENCHING

INDEXED

Yenching University

July 25, 1932  $\frac{1}{2}$

ack. 8/24/32

Dr. J. Leighton Stuart  
Yenching University  
Peiping, China

My dear Dr. Stuart:

I am enclosing herewith a copy of the action of the Rockefeller Foundation relative to the first conditional gift for the endowment of Natural Science and also a copy of the letter and proposed resolutions we are sending to our Yenching Board of Trustees.

I have now received replies from practically all our Yenching Trustees and they have been unanimous in approving the adoption of these resolutions. I am therefore writing the Rockefeller Foundation today stating that we have accepted their revised conditions. We will ask them to send us at once the cash to which we are entitled, and will propose that they make periodic remittances thereafter as we report to them on collections of pledges.

If the Rockefeller Foundation makes its initial remittance promptly, our Yenching endowment fund will stand as follows:-

Gift from Rockefeller Foundation	
Not Requiring Matching	\$75,000.00
Cash and Securities on Hand (Market value)	54,944.08
Payment by Rockefeller Foundation to match same	54,944.08
Woman's College Cash and Securities (Market val)	63,000.00 (approx.)
Collections on Pledges June 30-July 25	12,156.67 81
Payment by Rockefeller Foundation to match same	12,156.67 81
<b>Total</b>	<b>\$272,201.50</b>

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Thus we will have, in the beginning, <sup>a little</sup> approximately more than one-half of our first half million dollars of Natural Science endowment. The remaining half will come in at double the rate on the collections of pledges. We will of course push these collections as rapidly as we can, but we dare not press our friends too hard just at this time.

The amount of interest we will receive on this endowment fund during the current fiscal year is problematical. At the present time our investment advisers are expressing the opinion that the price of desirable securities is likely to continue downward for some months yet and that our wisest procedure would be to keep available funds in cash, or in short term government securities until the investment situation is more favorable. We would get practically no interest on bank deposits or short term government securities so this will mean that, for the present, we will be receiving practically no interest except that accruing on the funds already invested, which amount to something less than \$100,000. Our Finance Committee is doing everything possible to protect this fund against loss of interest, but recognizes that the loss of a few months interest is of vastly less importance than investments which may mean a substantial loss in principal.

We all regret that it has been possible for us to attain this first conditional gift only at the sacrifices of our assurance that the second conditional gift would also be forthcoming in due course. Since, however, the income on the second conditional gift is to be maintained during the next three years, it gives us ample time to readjust our plans accordingly. We are all hoping that we may be able to make collections on outstanding pledges within the next year or two which will enable us to complete the first conditional gift, and thus clear the way to go back to the Foundation with a request for a reinstatement of their second gift.

If all our hopes are realized, we may be able to continue three years hence without any substantial depreciation in income. We must, however, make a very clear distinction between our hopes and the existing realities. Until there is definite assurance of continued income on the second half-million dollars for Natural Science beyond June 30, 1935, we must be careful to make no commitments either as to personnel or program beyond that date. Our Committee on Budget will hold a meeting as soon as one can be arranged to restudy the current financial situation for 1932-33 in the light of all these new developments. It will probably go into these matters at somewhat greater length.

One point at which the field can assist in our collections for the Natural Science Endowment fund is through securing prompt payment and remittance of the \$36000 which you cabled us has been pledged on the field. We understand that \$1000 of this amount is probably

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Dr. J. Leighton Stuart

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7/28/32

already paid in and that the \$5000 will be received during the next few months. The sooner we can certify to the Rockefeller Foundation that we have this money in hand, the sooner they will be able to pay over their matching fund, and we can begin to draw interest on the whole.

There was a reference in one of your cablegrams to a much larger gift which you hoped to receive in China for the endowment of Natural Science, but since we understood that this was not in definite form and was to be kept quite confidentially, no reference has been made to it in our reports to the Rockefeller Foundation.

*See Rockefeller Foundation 7/25/32*

I am enclosing for your information a copy of the report we are today submitting to the Foundation.

Very cordially yours,

BAG/RC

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學大京燕  
YENCHING UNIVERSITY  
PEIPING, CHINA.

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS  
"YENTA"

July 27, 1932.

Mr. N. Gist Gee  
China Union Universities  
150 Fifth Avenue  
New York City

My dear Mr. Gee:

I am enclosing herewith copies of correspondence regarding the effects of a recent action of the L M S upon our finances. This is more for your information than for any immediate action.

*copy of file  
in LMS  
see that  
file*

I am also enclosing cards of some recent professorial visitors to our campus all of whom seem to be friendly disposed and may be of use in further cultivation. They should therefore be put on our mailing lists. I understand Dr. Smith is transferring to the University of California, which if correct, will add to the possible help we can have from that state.

*Walter Buckingham  
writing to  
locate him  
K.*

I have been at once relieved and disconcerted by the announcement from the Trustees regarding the completion of the \$500,000. Science Endowment. No direct message was sent us, but the United Press story seemed to be a positive assurance. However, the form in which it was given out has created the impression that Yenching had suddenly received a lot of new money. As it appeared on the front page of the local English language papers, and has been similarly featured in the Chinese press over the country, it has accentuated the mistaken impression of Yenching's affluence. I felt it desirable to give out an interview of which I enclose the English version. This comment is to enter a mild caveat against publicity that may prove embarrassing. For instance, one of the Chinese connected with the promised L. C. \$250,000. at once assumed that this sum would no longer be necessary! There is not any great danger of a similar occurrence in the near future, but I am making this comment while it is fresh in mind. With the current but very erroneous ideas about our wealth we cannot be too careful about the form in which such publicity is issued.

Very sincerely yours,

*Reighton Stewart*

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學大京燕  
YENCHING UNIVERSITY

PEIPING, CHINA.

YENCHING

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS  
"YENTA"

July 29, 1932

Mr. B. A. Garside  
Yenching University, 150 Fifth Ave.  
New York.

Dear Mr. Garside,

INDEXED

Condition of the Natural Science Fund.

The only news that reached us thus far is contained in the press dispatches as given out from your office, which have been carried by English and Chinese papers with conspicuous headlines all over the country. We take it for granted therefore that the R.F. authorities finally approved of the form in which their conditions had been met. I am writing therefore to ask you to convey to the Trustees my very deep appreciation of the devoted and vigorous effort they have been making and of the success they have achieved. My recent trip to the States gave me further evidence of the extremely difficult conditions in the midst of which they undertook a seemingly hopeless task. I am curious to know how much was secured in cash or pledges for this special fund and how much has been advanced temporarily against other accounts. Will you kindly see that this information is sent out here by Miss McCoy or someone who can spare you the details. I also wish very heartily to include you, Wannamaker and all others who have helped in this strenuous undertaking. You can well imagine something of the relief the outcome has brought to me and the reassuring effect upon the Dean and the Faculty of the College of Natural Sciences as well as to the whole University. We can well be even more grateful to and proud of the Trustees than in the past, and whatever further difficulties and discouraging efforts we must jointly face in the future we can do so with more mutual understanding and hopefulness because of this recent achievement. I have written Mr. Gee a little cautat which may seem a little capacious in the midst of our common rejoicing but which is not so intended.

Budget for Harry Price. I have had to make some changes and enlargements in my house in order to accommodate his family, including the baby and an amah, while at the same time preserving one suite for other guests which is almost essential. In fact this will be occupied for the whole of the autumn semester by Professor and Mrs. Park of the University of Chicago. The cost will come to about \$1200 local currency and I should like to have a rental charge of \$50.00 per month included in his budget as the fairest way to pay back this amount, having this spread over two years. Will you kindly take this up with the Committee on the

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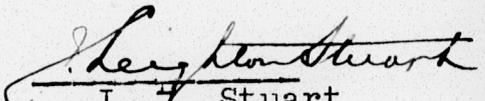
Notes of date ?

ack 8-29-32

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McBrier Fund and secure an action representing their attitude. I have tried my best to see if arrangements could be made that would make such expenditure unnecessary, but the very definite judgement of several faculty wives is in favour of the proposed alterations and I am reluctantly convinced that they are right. Should it be impossible to make such a charge as suggested, the amount will have to be added to the already large construction deficit. Meanwhile as the work must be done at once to be ready for them on arrival I am taking personal responsibility for the changes. //

Very sincerely yours,

  
J. F. Stuart

*The secretaries are all  
on vacation & this is a substitute!*

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