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THIS AGREEMENT made February 1, 1934, between TRUSTEES OF
YENCHING UNIVERSITY, a New York corporation (hereinafter called the
"University"), and THE NATIONAL CITY BANK OF NEW YORK, a National Banking
Association (hereinafter called the "City Bank"):

W I T N E S S E T H :

WHEREAS, UNIVERSITY has had and maintained an account with
a branch of CITY BANK at Peiping, China, which account is designated
"Harvard-Yenching Institute", in which said account UNIVERSITY had and
then and now exclusively owned a credit balance on March 8, 1933, in excess
of Twenty-five Thousand Dollars (\$25,000) Peiping local currency; and

WHEREAS, on March 8, 1933, CITY BANK charged said account
upon its books with a debit of Twenty-five Thousand Dollars (\$25,000)
Peiping local currency; and

WHEREAS, CITY BANK claims that it was entitled to debit said
account as aforesaid by reason of the presentation to and payment by
CITY BANK of a certain piece of paper in the form of a check, purporting
to be numbered C-100,430 and to be dated February 17, 1933, payable to
Racine & Co. or bearer in the amount of Twenty-five Thousand Dollars
(\$25,000) Peiping local currency and to have been signed on behalf of said
"Harvard-Yenching Institute"; and

WHEREAS, UNIVERSITY claims that said piece of paper is not its
check in that UNIVERSITY asserts it was raised from \$6.00 Peiping local
currency to \$25,000 Peiping local currency, and was otherwise changed and
altered by some person or persons unknown to UNIVERSITY; and

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WHEREAS, CITY BANK on July 17, 1933 charged the item back to Kinoheng Banking Corporation from which it received and to which it paid the face amount of said "piece of paper" and now holds the proceeds of that charge; and

WHEREAS, Kinoheng Banking Corporation has not to date signified its acceptance of such debit to its account on the books of CITY BANK; and

WHEREAS, it is the desire of UNIVERSITY and CITY BANK to avoid litigation between themselves and therefore wish to arrange a present refund from CITY BANK to UNIVERSITY on a basis which will preserve to each its legal rights with respect to the transaction above set forth;

NOW, in consideration of the premises and of the mutual promises and agreements hereinafter set forth, it is agreed as follows:

1. CITY BANK agrees to credit, promptly following the execution hereof, to said "Harvard-Yenching Institute" account at said Peiping Branch of CITY BANK the sum of Twenty-five Thousand Dollars (\$25,000) Peiping local currency.
2. UNIVERSITY agrees that on request of CITY BANK it will repay to CITY BANK all or such part of the credit to be effected under Paragraph No. 1 above as may be adjudged at any time or times by any court of competent jurisdiction maintained by (a) the United States of America within the State of New York or the Republic of China, or (b) the State of New York, to be payable by CITY BANK to said Kinoheng Banking Corporation, but not exceeding Twenty-five Thousand Dollars (\$25,000) Peiping local currency, as well as such interest as may be adjudged by a like court to be payable by CITY BANK thereon.
3. In event of such payment, UNIVERSITY shall thereupon have the right without prior demand to bring an action, in any such court as is designated in Paragraph No. 2 above, to recover the amount, inclusive of any said interest, so repaid by UNIVERSITY to CITY BANK, which action shall be determined upon its merits and according to the law of the State of New York as now in force and effect, and as if the credit contemplated by Paragraph No. 1 hereof had not been effected.

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4. In such action, the burden of proof with respect to whether or not said "piece of paper" was a proper charge against the said account shall be the same as if UNIVERSITY before and instead of executing and delivering this Agreement had brought an action against CITY BANK to recover the balance in said "Harvard-Yenching Institute" account, including said Twenty-five Thousand Dollars (\$25,000) Peiping local currency.

IN WITNESS WHEREOF, the parties hereto have caused their corporate seals to be hereunto affixed and these presents to be signed by their duly authorized officers the day and year first above written.

ATTEST:

/s/ B. A. GARSIDE
Secretary

ATTEST:

Assistant Cashier

TRUSTEES OF YENCHING UNIVERSITY

By /s/ E. M. McERRIC

THE NATIONAL CITY BANK OF NEW YORK

By _____

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STATE OF NEW YORK)
COUNTY OF NEW YORK) SS

On the 1st day of February, 1934, before me personally came E. M. McBrier, to me known, who being by me duly sworn, did depose and say that he resides in Montclair, New Jersey; that he is Acting Chairman of the Executive Committee of TRUSTEES OF YENCHING UNIVERSITY, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Trustees of said corporation; and that he signed his name thereto by like order.

/s/ Elizabeth M. Cloud

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS

On the _____ day of _____ 1934, before me personally came _____, to me known, who being by me duly sworn, did depose and say that he resides in _____; that he is _____ of the NATIONAL CITY BANK OF NEW YORK, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

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Dr. J. Leighton Stuart

YENCHING

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INDEXED

February 3, 1934

Dr. J. Leighton Stuart
Yenching University
Peiping, China

Dear Dr. Stuart:

I have your letter of December 30th.

I note you say- "I am taking the liberty of requesting him (Dr. Hsu) to stay on behalf of the Foundation."

As I interpret your letter, you determined the matter, after having referred the matter to the McBrier Foundation Committee, before receiving the results of their action.

It is very disconcerting to have a matter committed to us here, and by "us" I mean the Trustees, the Finance Committee, or any person or group of persons that are supposed to take action on certain questions, and then to have the matter decided for us on the field with the expectation that we will of course O.K. what has been done on the field.

This has been done so often that it seems almost futile for us to call attention to the fact that determinations arrived at here seem to have little effect out there.

Exactly the same course was pursued by you in regard to Dr. Gee and his relationship to us. The Committee here very thoroughly discussed and reviewed the situation, notified you of their decision when you were in California before you returned to China, and when you arrived in China you simply disregarded the views of the Committee here, after asking us to determine the matter ourselves.

It is, to say the least, tremendously embarrassing to us. If a matter is committed to us and we give it our best thought and decision, why is not our decision accepted on the field? On the one hand we are so sympathetic with you and your desires that we always attempt to favor everything you suggest. On the other hand you make it awfully hard for us to cooperate when you take things out of our hands after once committing them to us.

Pardon me for speaking plainly, but this method has been repeated so often that we never know just "where we are at." It looks to me as though you had come to your final determination even before you wrote the letter asking

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the Committee to consider the matter. You certainly did not give us time to get a reply back to you before you had settled the matter for yourself.

In Mr. Garside's letter of January 2nd he set forth the actions of the Committee on the McBrier Foundation and you received a copy of the actions taken at the meeting.

It is quite possible that you may be able to finance Dr. Hsu from the balance of money on hand and, as indicated on page 2 of Mr. Garside's letter of January 2nd, it is agreeable to the Committee, providing "Dr. Hsu undertakes specific work among the Yenching students in line with the provisions of the McBrier Foundation;" and the action goes on to say that the Committee would approve "the payment of whatever fraction of his salary is proportionate to the share of his time that is actually devoted to definite religious work."

It is, however, distinctly to be understood that "none of the income from the McBrier Fund is to be used for the payment of salaries earned in carrying on the regular curriculum of the University."

In other words, the McBrier Foundation was established for extra-curriculum religious and Biblical work; and to use any portion of said income for the salary of anybody employed in regular curriculum work would be a circumvention of the purposes of the Foundation.

Now let me explain in regard to the necessity of building up our principal fund.

When the principal of the McBrier Foundation was turned over to the University, it was worth \$100,000.00. Upon advice of counsel, the stock comprising same was sold in June and July of 1932. Owing to the slump, the market value was then approximately \$25,000.00. The money was reinvested, and as of January 29th the market value was \$33,975.00, and income had dwindled to approximately \$700.00 instead of \$2,400.00 which we enjoyed for the first two or three years.

It is expected that stocks will substantially appreciate in the next three months. It seemed therefore advisable to the Committee that approximately \$5,000.00 of the income should be invested temporarily in order that such appreciation as might accrue could be added to the principal and thus build up the fund faster than it otherwise could be built up. It seemed necessary to get just as much appreciation at this time as we possibly could in order to restore the principal of the income to something approximating its former level.

For this purpose, action as indicated in Mr. Garside's letter was taken. I am saying this so you will know the reason for this action.

Inasmuch as you will have such a substantial balance of local currency on hand next June 30th, the Committee felt it was advisable that expenses for next year be confined to said balance, with possibly the addition

Feb. 3, 1934.

of a very small sum in order that the recovery of principal investment and income might be accomplished in the manner I have indicated.

Of course we understand that Mr. Lyman Hoover is out of the picture so far as work in Yenching is concerned. It is our understanding that the Y.M.C.A. has found his full time budget.

I personally shall be very glad if Dr. Hsu can devote a certain percentage of his time to the type of religious work definitely specified in the McBrier Foundation articles.

In regard to the case of Miss Lucy Burt, I cannot see how the Committee on the McBrier Foundation could give any favorable consideration to your suggestion; nor can Mr. Hedrick's organization guarantee to furnish additional funds.

At the last meeting of the Committee on the McBrier Foundation there was, as you will notice in Mr. Garside's letter, a question raised whether the funds being used were being employed according to the agreement. It was for this reason that definite information was requested from the field. I did not raise the question. It came from other members of the Committee. There was a distinct feeling that the employment of this fund should be strictly limited to carrying out the provisions of the trust agreement.

Sincerely yours,

EMCB.A

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YENCHING

INDEXED

Yenching

February 5, 1934

President J. Leighton Stuart,
Dr. Howard S. Galt,
Mr. Stephen Teal,
Miss Mary Cookingham,

Dear friends,

This will attempt to summarize recent developments with reference to the raised check for L.C.\$25,000.00.

Our General Policy Here. From the first we have considered that we are acting primarily as your representatives, and have tried faithfully to follow out your wishes, so far as we have understood them from Dr. Galt's letter of April 11, 1933, and the later letters and cablegrams you have sent us. We have recognized all along that the matter is a very difficult and delicate one, with a great deal more involved in relationships and friendly contacts than merely the sum of money involved.

We first approached informally some of the officials of the National City Bank with whom we were already acquainted to see whether there might not be some means by which we could reach a friendly agreement on the matter without the delay and expense involved in securing assistance of legal counsel. In your letter of December 23rd you criticize us for taking this initial step, but we still believe that it was a proper first step. There was no danger, I hope, that either we or the officials of the bank, would be so foolish as to make any statements in these initial conversations that would commit either the University or the Bank to any inadvisable procedure. As soon as it became obvious that the bank could not at once agree to any settlement satisfactory to the University, we engaged the legal firm of Harper & Matthews, 70 Pine Street, New York City. They at once got in touch with the counsel of the National City Bank. The bank expressed their willingness to credit the local currency of \$25,000 under discussion to the account of Yenching University pending final determination of the case, and without either the University or the Bank thereby committing itself to what the final outcome would be. In view of the likelihood that the final settlement of the case might be a long drawn out process, it seemed wisest to the Trustees to accept this temporary settlement. When, however, our counsel and the counsel of the Bank sought to formulate mutually a satisfactory form of agreement, they found that it was not a very easy thing to do. We had an illustration of the delay which the very simplest legal procedure involves in the fact that it took two sets of attorneys more than two months to work out a very brief statement which was satisfactory to both sides.

Just at the time the agreement was nearly ready for signature, your letter of December 23rd and your cablegram of January 11th gave us some entirely new views of the matter, and we were compelled to delay progress a little

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longer in an effort to find out more clearly just what the field wished us to do.

The matter raised by your letter of December 23rd made it very clear to us that many other elements besides the financial one would necessarily have to be considered in reaching a final decision in the matter. Apparently the field thinks that we should have pressed the National City Bank to restore the local currency \$25,000 to the University with no conditions whatever, thus have the Bank assume responsibility for the \$25,000, subject to any adjustment it would have to make with the Kinchong Bank. To have done this at the present time would have required a legal proceeding which, in view of the delays involved in securing evidence in China, would inevitably have a delay of many months, possibly years, and would have involved very heavy costs. Also we realize that if Yenching University were to institute such proceedings it would have immediately become apparent that certain weaknesses in our case, so we could not be absolutely sure that the final outcome would be entirely satisfactory.

From the standpoint of customary business procedure it seemed much simpler, more logical, and less expensive for us to reach this agreement with the National City Bank, and leave any initial move in the direction of legal procedure, in the hands of the Kinchong Bank. There would still be a possibility, of course, that if the National City Bank lost its case in any litigation with the Kinchong Bank the University might later have it bring suit against the National City to recover some or all of this loss. But we feel that the procedure we were following, reduced by somewhat more than fifty per cent likelihood of such a loss.

In following this procedure we are not attempting to decide whether the National City Bank or Kinchong Bank should bear this loss of \$25,000. That is for the two banks to adjust between themselves, either in friendly negotiations or by legal procedure. You will however be interested in the following judgment expressed by our counsel written by our ^{own} counsel in your letter of January 11:

"We are of opinion that the loss legally falls upon the Kinchong Banking Corporation and not upon either the National City or Yenching University. Certainly this is so if the controversy is resolved in accordance with American law. We should be surprised to find that any different result was reached under any other system of law."

As early as last October we had communicated to Harvard-Yenching Institute all the essential facts in regard to the raised check, and since that time have kept them fully informed of our actions and our plans. Mr. Shattuck, treasurer of the Institute, has expressed his convictions that the Yenching Trustees were doing everything possible, and some weeks ago offered to assist us by sending personal letters to some of the head officials of the Bank with whom he is in close touch, urging them to expedite clearance of the matter as promptly as possible.

At several points, your letter of December 23rd discloses your feeling that we have not made as rapid progress in our negotiations in New York as we should have done. We also gain the impression that you believe you could have gone forward more rapidly and more satisfactorily by keeping these negotiations in your own hand. We frankly admit that things have moved on much more slower than we have liked, but it has not appeared possible to push matters any faster without damaging our case, ~~and~~ much anxiety on the part of the University for a final settlement, after the Bank had offered to make a temporary adjustment of the account, would certainly have been construed as revealing a lack of confidence in the soundness of our position.

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Feb. 5, 1934

Suggestions that Negotiations be Transferred to Field. The suggestions in your letter of December 23rd and your various cablegrams during January that it might be better to transfer negotiations to the field, were very seriously studied by the Trustees. On the one hand, the Trustees would have been quite happy to be relieved of a difficult and delicate task which they were trying to perform merely as "friend pidgeon" on the explicit request of the field. And, on the other hand, if it had at any time been possible for the field to accomplish a settlement of the case "after the National City Bank is in receipt of a few letters from a Shanghai lawyer of good repute", and with no more expense than some modest attorney fees, it was most regrettable that the affair was ever referred to us here in New York at all. But it was our best judgment, and was strongly urged by our legal counsel, that for the Trustees at this stage to inform the National City Bank that our negotiations with them were off and that the field would conduct all future negotiations would gravely prejudice our case and would mean an indefinite delay in any settlement whatever. The situation was further complicated by a report sent the National City Bank that the University had offered a 10% settlement as a compromise measure, thus giving the Bank the impression that the Trustees were working along one line and the field along another.

We therefore thought it necessary that before we sign any agreement whatever we have a definite understanding with the field, and to that end sent you the following cablegram on January 22nd:- "Referring letter December 23rd, our attorneys negotiating National City. Can probably reach immediate agreement permitting use \$25,000 without prejudice final settlement. Final settlement, even ten percent compromise, requires longer. Attorney believes overstressing final settlement will increase loss. Trustees acting on request field and ready restore negotiations to you if desired. Wire wishes immediately."

Eight days went by with no reply. The papers for the proposed settlement were turned over to us for signature. After having exerted constant pressure to get these papers, we were in the embarrassing position of not knowing whether to sign them or not. Also we had set the end of January as the final date when the agreement must be completed. So on January 30 we sent the following cable by Missions Code:- "Refer to our cablegrams of January 22, your letters of Dec. 23 and 28, concerning raised check. The agreement is ready for signature. Wire instructions immediately."

The following afternoon we received the following cablegram from Peiping:- "Unless you have reached final settlement with National City regarding raised check guaranteeing full repayment I, behalf Harvard Yen-ching, request University Trustees insist all further field negotiations be placed with local attorney. Partey Executive Secretary." This puzzled us greatly. But after conferences of the Committee in charge of the matter (Mr. McBrier, Mr. Rounds, and Dr. Gee), a long distance call to Mr. Shattuck, and then a short conference with Mr. Shattuck while he was passing through New York that night, it seemed clear that the field wished the matter transferred into their hands and did not wish us to sign the temporary agreement. On the morning of February 1st we had a cablegram already drafted for dispatch to the field stating that we were transferring all further negotiations to you and were informing the National City to that effect.

But while we were waiting an hour or so longer to see whether

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Stuart, Galt,
Teal, Cookington

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there was any further word from the field, there came the following very cryptic message "Referring to your cablegram of January 30th, we have no objection!" After more hurried conferences and sudden changes of front, it was agreed that this could only be a rather Delphic means of saying that the field agreed to our signing the proposed agreement. At least it was obvious that the Trustees were compelled to choose between two diametrically opposite courses. In the end we signed the agreement, and enclose copies herewith for your information. The bank officials thought their signatures would probably be officially affixed this afternoon and the re-credit of the \$25,000 accomplished immediately, but we haven't yet heard whether that was done. We plan to cable as soon as the matter is attended to.

We are still very uncertain as to whether or not we are following out your wishes.

The Next Steps. Already the bank is telling us of rumors of negotiations and proposals on the field. This temporary agreement does not interfere with these in any way. Except that this should be noted - having obtained the \$25,000, for the time being at least, there would be no cause for Yenching to bring any legal proceedings against the National City Bank until there is some new cause to do so. The two banks can negotiate or litigate as they desire. Or all three parties can reach any common agreement that they may wish. So far as our counsel can determine, the Kinchong Bank could have no valid claim against the University, and, for the present at least, neither has the National City Bank. So if they are correct, we have no financial interest in the matter further unless and until the National City is compelled to make some settlement with the Kinchong Bank. But we recognize that there are only other interests than purely the financial ones, and these men are trying to leave the field free to adjust as seems wisest.

We hope that letters from the field during the next few weeks will inform us of the latest developments there.

BAG/G

Very cordially yours,

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February 13th, 1934

Dr C.W.Luh,
International House,
1414 East 59th Street,
Chicago, Ill.

Dear Dr Luh:-

Your letter of February 6th was on my desk this morning when I came in after our holiday in observation of Lincoln's birth-day. I want to thank you for giving Mr Yieh the message from Dr Stuart. I told him that I knew the financial situation was such that we were not in a position to add another man to any phase of our work at Yenching. I always like to submit these matters to Dr Stuart for final decision when this is possible for we are so far away that it is difficult to keep up with all matters of staff arrangements. In the same way, I would suggest that you take up your plans with Dr Stuart and ask him to send you an amateur wireless reply so that each may know what the other is planning to do.

In the meantime, I see no objection to your writing to Mr Selskar M. Gunn, Vice President, Rockefeller Foundation, 49 West 49th Street, New York, outlining your plans in a tentative manner and asking his opinion of the possibility of some small aid toward your project. If you care for me to talk with him about it, send me a copy of your letter and state in that that you are asking me to take it up with him. Let me know if I can be of service.

With every good wish for you in your work, I am

Very sincerely,

P.S. Mr Gunn will be here after
Feb. 20th.

u GG

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YENCHING

February 13, 1934.

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

My dear Dr. Stuart:

Let me acknowledge the receipt of your letters of December 29 and December 30, 1933.

Both these letters are addressed either directly or indirectly to the Board of Trustees. I am therefore having them mimeographed and distributed to all the members of the Board. We will seek to secure meetings of both the Executive Committee and the Finance committee at the earliest possible date, to deal with the important questions your letters raised. I am afraid, however, that it will be a little time before we can secure any satisfactory meeting of either committee. Mr. McBrier left last week for a month in the South, where he is taking Mrs. McBrier to hasten her complete recovery from her serious illness of recent months. Mr. Barber is still absent on a trip to the West, where he has been delayed for some weeks by ill health. We should have at least one of these two leading trustees present in a meeting of either committee.

Pending official action by the proper committees of the Trustees, I will comment informally on some of the matters you discuss:-

Natural Science Budget, 1934-35. I know that the Trustees will give very earnest and sympathetic consideration to all of what you say as to the financial problems confronting the College of Natural Sciences. But on the other hand you will appreciate that the Trustees had practically all these facts pretty clearly in mind in their discussions of the amount which they believe can be appropriated for this work next year. For more than two years the Trustees have been warning the field, both in official actions and in formal and informal communications, that they must keep the work in Natural Sciences on a conservative basis until further resources are definitely assured, and that they must not make any commitments whatever beyond assured income. When the figure of US \$32,000 was adopted by the Trustees a year ago as their appropriation to Natural Sciences in the 1932-33 budget, it was plainly indicated that the field could not hope for more than that in 1933-34 unless conditions improved very greatly. And for several months now we have been warning the field both by letter and cablegram that \$32,000 was the maximum the Trustees could appropriate under present

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conditions, and that the amount might even be less.

As a matter of fact, the field is greatly overestimating the surplus which the Trustees are trying to reserve against the threat of far more difficult conditions a year hence. If our present income is maintained, this surplus will be quite nominal, and would even be wiped out entirely if there are further losses in income. The facts are these:-

Income on Natural Science Endowment, at actual rates today	US \$16,182.89
Less repayment to Women's College to cover endowment transferred to Natural Science	<u>3,250.00</u>
	12,932.89
Harvard-Yenching Institute	12,500.00
Rockefeller Foundation	<u>12,500.00</u>
Total prospective income	\$ 37,932.89 ✓

The field has already recommended that Dr. Gee's salary be charged against the Natural Science surplus. That was not approved by the Trustees for this year, but it is quite possible that if his services are continued for next year it might be done on this basis. His salary alone would take most of this prospective surplus, and if his travelling expenses were also included it would require all the remainder. So at best the Trustees will be able to put aside only a very small reserve for the threatened drop in income a year hence.

As regards the obligations of the university to the Rockefeller Foundation, the viewpoint of the field does not altogether tally with the statements made to us by the men here in New York who are the final authority in the Foundation itself. Dr. Max Mason, President of the Rockefeller Foundation, and one or two of his senior associates, took the initiative last year in criticizing Yenching University for building up its work in Natural Science too rapidly. All these men said very bluntly that they thought that the University would be wiser to restrict its program rigidly until it had completed its efforts to secure more substantial and more permanent income. The Trustees sympathize with the desire of the field to make the best possible showing next year; but they question whether it would make a favorable impression on the Rockefeller Foundation to go forward with too ambitious a program with an impending fifty per cent cut in income just ahead.

I think I can say quite safely that the Trustees will find it utterly impossible to give any explicit instructions as to the exact way in which the field must readjust its 1934-5 budget to avoid a deficit. The Trustees have consistently refused to make any attempt to advise the field on such questions as to who should be retained, who should be released, what salaries should be paid, or how your other internal adjustments should be followed out. When they take the position that they can only advise that you prepare a balanced budget, no matter what the cost may be, they are profoundly aware of the fact that the cost may be very heavy, and that the sacrifices may be great. But every member of the Board of Trustees, both in his business relationships and in his own personal affairs, has been compelled during recent years to make radical retrenchments, many of

which have been effected only at the expense of great sacrifice, and sometimes unavoidable suffering. They hope that the University may escape without serious loss, but they have learned from sad experiences that sometimes even losses must

be borne with whatever fortitude one can command.

Future relationships with Dr. Gee. This whole question is now held up awaiting your reply to the letters Mr. Barber sent you on January 3rd and 4th, and the cablegram we sent you last week. This cablegram read as follows:- "George G. Barber awaiting reply to letter of January 3rd, 1934. Please telegraph definite answer immediately". I will therefore not comment on the matter further at this time, but will write you again as soon as matters have been clarified. I am taking the liberty of omitting from the mimeographed material distributed to the Trustees generally the material on pages 3 and 4 of your letter of December 29th commenting on Dr. Gee's case, since he has requested that this be given as little publicity as possible. I will, however, have copies of this material available for study by all those who share in the determination of this problem.

Statement as to Yenching's attitude on correlation. We are distributing copies of this statement to the Board of Governors for their careful study. You know my own viewpoint on these matters well enough to make any further comment at this time unnecessary.

Very sincerely yours,

BAG/OP

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Million B Camp in China

Million Dollar Campaign

Shanghai,

February 6, 1934

Xfiled
to Camp 1934

Dr. N. G. Gee,
150 Fifth Avenue,
New York City.

My dear Dr. Gee:

I am still in Shanghai, having been kept here by various meetings and by the efforts of Dr. Y. T. Tsur and myself in our financial campaign.

We have secured Hubert Liang ^{Xto} as full-time secretary because it seemed necessary to have some one who would be able to make this his first responsibility. He has had quite a little experience in YMCA financial work and this, together with his former position as secretary to David Yui, has given him a wide acquaintance. Our thought is that if the Department of Journalism can be maintained he will ultimately become a teacher of that subject. Meanwhile, he can give special emphasis to it in the present financial efforts.

We are following very much the policy with which you are proceeding by building up an Advisory Council of prominent Chinese, one group of which is more intimate and is expected to take some real responsibility, and a larger list who count for not much more than sponsors. Everyone whom we have asked has agreed to serve. The good will and the endorsement of Yenching are extremely gratifying, but the prospects of immediate financial results are anything but encouraging.

It seems that the depression which has had the West in its grip is now reaching Shanghai. A number of factors of which this is one are reducing the economic capacity even of the well-to-do Chinese and there are appeals for money almost as numerous as in the States. It seems fairly clear that our results will come chiefly from the personal gifts of our old students and from those we now have, together with the money they will raise among their immediate families and friends. This may at any time lead to "uncovering" big prospects or finding friends who can help in various ways.

Copies made for
Dean Martin
BAG
& one extra for Dept. Jour.

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Page Two
February 6, 1934
To - Dr. N. G. Gee

It seems on the whole wiser to go in for this slow education and cultivation program rather than to try to solve the deficit problem of next year by high pressure methods. In the end, we shall be much better off. Significant, therefore, as this undertaking is and hopeful as I believe it will prove for the future, it cannot be depended on for the budgetary issues of the next one or two years unless we run into a piece of good fortune which could not be calculated. May I ask you to share the contents of this letter with the Trustees, as they will be interested in what is happening?

There is a special matter about which I should like to have your judgment and assistance. I think it not impossible that we can secure funds in China sufficient to carry on the work in Journalism provided that the salary of Nash be secured in the States. It is a rather large single budget and Chinese good will has not yet reached the point of contributing actual money before next July to include this. Of course, it is possible that this might be done, but by no means certain, and the moral effect would be much better if all gifts in this country were used for other features.

Nash thinks that Williams and Martin have some assurance of being able at least to maintain his support. Try to find out if this is true and help them if they wish it in such an effort, even though this requires a trip to Missouri. If Nash cannot stay after this academic year, I should favor closing out the Department, which would be a real loss to say nothing of a hardship for him. If, on the other hand, we can get by one or two more years, there is a good probability of getting support both in the States and here for its continued maintenance.

Meanwhile, the University of Shanghai has started a department and will push this aggressively although the Missouri men seem to have the conviction that this subject is always best taught elsewhere than in a big commercial center. If or when the correlated program develops to the point when this issue can be taken up, we stand ready to abide by any decision of a representative group. Until then we want to do our best not to allow what has been built up with so much effort and increasing promise to perish.

Very sincerely yours,

JLS:RM

J. Highten Stewart

0675

International House
1414 E 59th St.
February 6, 1934

My dear Dr. Gee:

Mr. Yieh was fully prepared to ^{receive} the news as you handed on to me and took it almost as a matter of course.

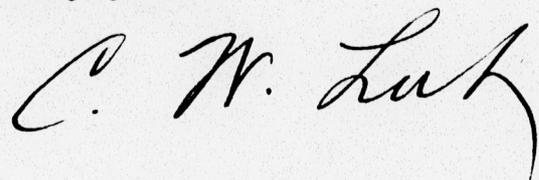
Yenching is in very bad shape financially. So I am considering whether I should stay away for another year so as to help relieve the pressure to a certain extent. My research work cannot be finished by the coming June anyway. I am going to apply for renewal of my China Foundation fellowship. The difficulty is that even if the fellowship is granted for another year, it will barely cover my living expenses in the States, leaving the family untaken care of.

I have been thinking if I could not present my case to the Rockefeller Foundation. As you are so well acquainted with the administration of that organization, may I ask you to give me some specific advice as to the most appropriate way to approach them. I understand no Rockefeller fellowship is granted to holders of the Ph. D. degree but there might be a possibility to make some special arrangement. Furthermore my work for the next year will have to be mostly in neurology in which field I am a novice and I wonder if the Rockefeller Foundation would not just wink at my doctor's degree.

In fact all I need is a partial fellowship. I do not pay tuition. My travelling expenses are provided for. I shall ask only for my living expenses and some subsidy for my home folks.

With best regards for you and Mrs. Gee,

Sincerely yours,



C. W. Luh

copy sent JLS

0676

February 13th, 1934.

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

Dear Dr Stuart:-

I am sending you with this a copy of a letter from Dr C.W.Luh.

I am also enclosing a copy of my reply and I would like to know what you suggest in connection with these plans of Dr Luh's. I know that in making your plans for class instruction another year you must have the plans of every teacher before you in order that you may meet the needs. What would you suggest in Dr Luh's case? Should we proceed both here and there with a view to trying to secure aid for the continuation of his work here another year if it can be had, or do you need him there to give class room instruction? I do not much hope for any aid from the Rockefeller Foundation since they do not often give aid to Ph.D. men, but we might be able to secure Mr Gunn's aid. The China Foundation will probably help forward with Dr Luh's support for another year if the application there is stressed.

Your letter of January 16th enclosing financial proposition came this morning. I shall talk this over with one or two of the Board of Trustees but am sure as to the action that the Board itself will take. They are settled on this question of money here being used in China for investments. Their action taken at a December meeting was decided on this question. I do not think they liked Mr Lloyd's money being secured for use out there. I was told that this was contrary to their general plan.

Can you get us an amateur radio message re Dr Luh's plans?

Very sincerely,

0677

學大京燕
YENCHING UNIVERSITY

PEIPING, CHINA

YENCHING

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS

"YENTA"

INDEXED

February 14, 1934

ack 3/14/34

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

My dear Mr. Garside:

Associated Boards - This is to report that there has been not a single dissent among members of the Board of Managers and Faculty Executive Committee in re-affirming the position as presented at the Council of Christian Higher Education regarding our insistence from withdrawing from the joint financial campaign in the States. That communication as originally sent you is therefore now official and represents a very deliberate judgment. It is improbable that the Trustees will go against such a decision, and for the sake of our own future relationships, and for that matter of the proposed campaign itself, I earnestly trust that this will not happen. It is needless to urge that no such joint campaign can be conducted with the cooperation of any of us out here.

P C Hsu - I am very much distressed at the action taken by the McBrier Foundation Committee regarding this case, and feel that it must be due to failure to appreciate the precise circumstances. The School of Religion budget has so diminished that we are dismissing our teachers of Old and New Testament and apart from salaries have cut down other expenses to almost nothing, with the exception of the item for scholarships without which we could not have but very few students. Dr. de Vargas will be away next year so that the full-time faculty members will include the dean, an American teacher of Music, and a British woman. Even the latter two do work outside and the dean is in delicate health, and is the almost indispensable chaplain in charge of the Sunday service. Messrs. Wu, Hung, Lew, Hsu Ti-shan only give part time, most of them very slight. It is possible, though by no means assured, that we may have a missionary loaned us to do the O and N T teaching next year. Otherwise this will go undone except for such poor help as I may be able to give if I am here. There is, therefore, literally no money from which the classes which P C Hsu would carry can be paid for. Of course if he should offer any courses in the College which would be elected that would be a proper charge against that unit, but since it is facing a huge deficit, it is not likely that such an offer will be permitted. In any case, it does not affect the major issue of his

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taking classes where he belongs in the School of Religion. The action referred to drives us, therefore, to one of two undesirable alternatives; the former is to keep him here full-time leader in Christian work among the students, but forbidding him to give any courses of instruction. This would tend to weaken his religious influence as a man having no status, and would, therefore, tend to defeat the very reason for keeping him. Furthermore, I feel practically certain that he would not consider staying, and would leave feeling very much hurt. Not only so, the dean who depends on him more than any other of his colleagues, and who is already physically sick from some rather obscure malady and very much depressed over the disintegration of the School, would feel very much like quitting himself. The other alternative - and really the only one - would be to allow him to leave us and go to the Y M C A or elsewhere. To let this happen, and then employ someone like Lyman Hoover, would seem to me to stultify ourselves by losing the Chinese who has this work more at heart and is better fitted for it than anyone else I know, added to which he has intimate knowledge of our special circumstances, valuable experience, and the esteem of his associates. I fully appreciate Mr. McBrier's desire to guard against the tendency of administrative officers to exploit this fund in order to relieve the budget. I have myself warned him against allowing us to yield to this temptation, and am constantly conscious of its appeal. In this case, however, as I tried to make clear, it is not a question of easing up the budget, but of saving a man for the institution who otherwise cannot be here at all. It is, therefore, a clear-cut issue. Shall we keep P C Hsu here with the right to teach certain courses without which he would not consider staying, and which in no way detracts from his value for the other purpose, or shall we let him go, with the further disruptive consequences indicated above? Can it not be recognized as an emergency measure because of financial conditions in America for which we here are in no way responsible and which we hope are temporary? It was on this basis that I presented the proposal. Furthermore, for this committee to approve of Harry Price teaching Economics and actively useful in many other ways than that of, in any technical sense, exerting religious influence; and to insist on this cost accounting in the case of a man so wholly religious in everything that he does as P C Hsu would seem to be a case of "swallowing a camel while straining at a gnat". This does not imply the slightest questioning on my part regarding Harry Price as counting toward the permanent Christian effectiveness of Yenching as originally argued for by myself, but there does seem to be an inconsistency which it would be very hard to explain to our Chinese friends, or even for me to understand myself. If conditions were normal, or if the Trustees were able in any other way to give the slightest help to this shattered School of Religion outlook, which apparently they are not, I would not make this request, even for such a man as P C Hsu. Whether or not by the time you can send a reply from New York the positions which have been urged upon Dr. Hsu will still be open

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I do not know, but I shall ask you to send a cable as soon as a decision can be reached as to whether or not he is to be dismissed, for that is what the issue has come to be.

Regarding other matters in your letter dealing with the McBrier Fund and in the rest of the correspondence from the office, I shall try to deal later. I am now concerned with only these imperatively urgent matters.

Very sincerely yours,

J. Hightower

JLS C

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J. Loughton Stark

學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

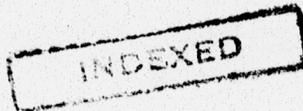
OFFICE OF THE PRESIDENT



TELEGRAPH ADDRESS
"YENTA"

February 14, 1934

Mr. George G. Barber
President, Board of Trustees
Yenching University
150 Fifth Avenue
New York, N.Y.



My dear Mr. Barber:

I am sending today a cable which is intended to convey the following message:

"EXTENDED ABSENCE HAS PREVENTED MY EARLIER REPLY - URGE GEE CONTINUE VICE PRESIDENT DESCRIBED BY US WHEN LAST IN NEW YORK - WRITING BY NEXT MAIL - YENCHING ACTION REGARDING RELATED PROGRAM REMAINS UNCHANGED BY COUNCIL MEETINGS"

Unfortunately your own and several letters from Dr. Gee were all marked Confidential and therefore were held here unopened while I was in Shanghai, and where I postponed my return more than once. For this reason mail was not forwarded after a certain date.

I am taking this matter up as promptly as I can, and have consulted enough of my associates to feel that the contents of this letter, although written by me personally, are representative of the general opinion here. There is no consciousness apparently of a need to add another foreign administrative officer for the work to be carried on in my office. It has been my very definite policy for years to develop Chinese officers to take different phases of administration, and nothing in my experience has been more encouraging than their response. At a time when we are economizing to the very utmost in order to keep existing work going at all, none of us here would consider for a moment an increase in the local administrative overhead, especially in a feature that would seem to all of us no more essential than this is. The very fact that I can be away so long indicates how well the University carries on without anyone actively in this office. Dr. Galt's long connection with the institution and with all routine administrative affairs makes it easier for him to act for me as necessary than it would be for any new man, and he does this while keeping up the full extent of his other work, thus making it far more economical.

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The one function which the University seems to me to need, and to need desperately, is the financial promotion in America. For years I have eagerly hoped that someone might be discovered who could do this effectively, whole-heartedly, and as free as possible from all other claims. Such a person must be familiar with China. He should also keep sufficiently in touch with the country and our campus to enable him to understand recent developments and to represent the University in all its American affairs. Even in financial work this is an essential aspect. But the necessity of acquainting himself with the innumerable details that would make him really useful at this end, would detract by so much from the time usefully occupied in the States, and would add little or nothing to his effectiveness for the other work. Whenever he would be here he would be heartily welcomed, would be given every insight and contact and other aid to gaining the completest familiarity with all that is going on. His opinions and advice would be gladly listened to. All of this would give him the intimate knowledge and the inspiration helpful for his main task. I should hope and expect that the Trustees would treat him with all the consideration which they have unfailingly shown me during my presence in the country; that he would be invited as a matter of course to attend committee meetings, and would be consulted on every issue where the administrative interests of the University are concerned; just as would be true of myself. It would seem to me that he ought to have at least a very large part in all decisions affecting promotional policy. Here again, the analogy seems to be myself. Throughout all of my dealings with the Trustees I have found them most responsive to my various suggestions, or even urgings, and should hope that this would be ~~almost~~ equally true of the Vice-President. Speaking for myself, and passing from abstractions to Dr. Gee, I should endeavor to keep him fully informed of everything going on here that would have any bearing on his capacity to represent the University as in the fullest sense its really functioning Vice-President.

Dealing now with Dr. Gee specifically, I have believed from the time that this matter was first discussed between him and me that he is better qualified than any other person available for this supremely important service to the University. He came into the task under the most unfavorable conditions possible. Among these was the quite natural hesitation of the Trustees to add to the unfruitful overhead costs of the promotional work. This was aggravated by the realization that Dr. Gee had had no experience whatever in this kind of work. The sense of strain and uncertainty everywhere in America probably explain further the treatment of Dr. Gee by individual members of the Trustees which has made him feel aggrieved. What I urge now as strongly as I know how to put it, is that the

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Trustees accept him as completely representing the University in America in so far as they would expect me to do so, and that he, in his turn, spend his energies as a visiting President would in the creative task of winning friends and securing funds which are the chief reasons I would spend any time at all in the country. The office ought somehow to be so organized so as to make his attention to routine details comparatively unnecessary. The general consensus of opinion here would be, I think, that whenever there is occasion for me to be away it would be to reinforce the work already being maintained in America, rather than to exchange with another man, to loss at both ends due to lack of familiarity with concrete conditions.

This proposal seems to me to be essentially in line with that outlined in your letter emphasizing a functional division between the two officers, both of these functions being equally real and essential, being thus divided between two men, rather than is usual, attempted by one. It is quite conceivable that the time will come when Dr. Gee would stay in China for a period whether or not at that same time I should be in the States. Any such decision could be left to circumstances as they arise.

Dr. Gee feels very anxious to come out to China this coming summer or autumn, and I can realize the desire he has for receiving fresh impressions and being able to present the University in the light of his very recent presence on the campus. If this is approved, we shall heartily welcome him and give him every possible facility. It might be that the new summer excursion rates would make it desirable for him to take advantage of them for such a trip and thus cut into the autumn work as little as possible. This would be less of a disadvantage if it permitted him to be here for the opening which is early in September. Aside from any other questions, however, the imperative necessity of matching the Rockefeller grant by June, 1935, would seem to make it desirable for him not to be long away from the country, especially in view of the cultivation which he has been doing for the past two years. I am quite ready to join him for most of the time, if in the judgment of the Trustees economic conditions will seem to make this worthwhile.

In other words, to my mind by all odds the most important issue before the University is its ability to save the College of Natural Sciences, together with meeting the other financial needs. It seems of small moment to be discussing local administrative issues when the very existence of the institution is at stake. My communication on this subject will have reached you after your letter had been mailed, so that I shall not elaborate on this again.

I trust that this statement will be satisfactory to the Trustees and to Dr. Gee. The future of the University is at stake

0684

in the decision that will be reached and this is ^{unfortunately} ~~unfortunately~~ bigger than any special theory as to administrative structure. I bespeak for Dr. Gee treatment by the Trustees and by Pierce and Hedrick such as his present title entitles him to, and can assure him of similar treatment by myself and all of us here. The only difference of opinion is as to whether another foreign administrative officer is called for out here, and that we ought to be willing to leave to developments. Certainly it would seem to me that until we have our financial affairs in very much better shape than they are at present, this is not an immediate issue. The question of Dr. Gee's trip within the present year is one that should be decided in the light of the promotional benefits involved. I do not feel qualified to express an opinion.

In the event of the Trustees or Dr. Gee not finding this statement satisfactory, I need scarcely point out that by losing Dr. Gee we face a very critical situation. We on the field would certainly look to the Trustees to secure with as little delay as possible a no less qualified person to carry on, and ~~that~~ the solution of merely employing a professional firm with only such help as I might from time to time be able to give would not be regarded by us as in any sense adequate. If the Trustees feel any compunctions about the costs and at present rather fruitless promotional expenditures I can assure you that despite all the hardships from which we are suffering, we thoroughly endorse the policy of keeping this work up, preferably, in our judgment, under Dr. Gee's leadership, but in any event by someone no less qualified than he.

Pardon this long and perhaps rather rambling letter. It has seemed difficult to explain my attitude more briefly.

Very sincerely yours,

J. Highton Stewart

JLS C

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February 16th, 1934

Dear Dr Stuart:-

I have been talking in a very general way with the representatives of several of the institutions of learning in the centers which I have been visiting and I have found quite a readiness on their part to cooperate with us in some practical way. At the present time none of them will consider anything that means a diverting to our funds any money which they might be able to secure. All of them are in the same financial conditions as Yenching; they do, however, recognize the advantages which would come to them by having a close connection with an outstanding institution in the Orient and they recognize in Yenching a connection of which they could be proud. Both in St Louis and in San Francisco there was the greatest friendliness and I believe that if we work out some exchange that will not mean a monetary outlay that they will take hold of it eagerly and then when this is once going we can, through their seeing the value of it, go into some more satisfactory arrangement where funds are involved.

You will recall that I wrote you asking for some suggestions as to how you think the beginning of these relationships might be set up. We might try to get some of their professors with sabbatical leave to visit us and get acquainted with the grade of work being done at Yenching. We might arrange for an exchange of teachers on furlough, or we might plan some type of exchange students for graduate work. We should by all means try to get for our graduate students fellowships which would enable them to carry on their work in these institutions. Any suggestions of a more practical nature will be most helpful.

Professor Martin is at last moving to get the Missouri Yenching Foundation drawn up and has the materials in the hands of his lawyer for the University. I have felt that possibly it would be wise to delay the final organization until some definite plans have been made for the Journalism work, or we might have an organization with nothing to carry on at Y.U. None of us here seem to be able to secure any money for the continuation of Journalism at present. The M-Y-Foundation would not be in a position to assume any financial responsibility; the Bd of Trustees feels financial responsibility for the department and our supporting constituency are not in a position to continue their gifts and even a good many who have actually promised funds are unable to meet their pledges and will not consent to continue their gifts for a longer period.

For the present we will want some less formal relationship through which we can build up the proper good will between the U.S. institutions and Yenching and we can again go into formal agreements when and if conditions improve as we hope they will before many more months.

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the leaflets
"You Today"
P. A. I. Hoff.
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Sug. as to revision.

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I hope that before this time Mr Dawson of the States Steamship Line of Portland, Oregon has been in Peking and that you have been able to work out with him some line of cooperation with Y.U. through transportation for members of the staff or for our fellows. He seemed so much interested in the idea and so willing to help that I feel sure he will do something for us. Please let us know the results of your talks with Mr Dawson.

I have been much disheartened in our efforts to get the Dollar Steamship Co. to offer rates for a trip for any of our Advisory Council Members who might be prepared to go to China and see something of that country and also be given an opportunity to get a first hand impression of Yenching and its place in the picture of educational work ~~in the country.~~ In spite of our constant urge and insistence that things go forward, they have not yet got out the first mailings to the A.C. list. This morning I got the information from the office that a copy of our proposed schedule had gone to Seattle for checking and confirmation and that we should soon have this back and then we could go right ahead. The trip offered by this concern gives no special rates and only adds the special interest in Peiping of two days extra time for Yenching contacts. We have thought it best simply to give the time and let those of you there who will direct this use of their time plan what you wish to do with it. I have urged that all travel in China be under the direction of the China Travel Service and this is being arranged.

One other matter before I bring this to a close. Our big book of pictures is entirely too heavy to carry around all day, especially when one is walking as I have done in most of my visits on my last trip. I wrote asking that a book of the smaller pictures, about 8 by 10 to 12 inches, colored, be prepared for our use here. This has the double advantage of being able to be carried under ones arm or in a brief case and thus giving us access to people where our formidable book betrays us and causes the maid or secretary to refuse us admission into the presence of the person we want to see. Doubtless this book is already on its way to me and I hope that I may have it before I start out on my trip west. It will simplify quite a number of travel problems for me, and will at the same time give us a new set of pictures to work with.

Mr Gunn will be coming in now in a few days and I am hoping to have a number of talks with him. I want him to come to my apartment and have time for a good long talk. I shall discuss the extension of the Natural Science assistance as well as the School of Public Affairs. Now is not the time to approach the R.F. for an endowment for they have also lost heavily, but we do have every reason to believe that they will help us on through this period of hard times.

Very sincerely,

N. Gist Gee.

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February 19th, 1934

Dear Dr Stuart:-

This will acknowledge the receipt of the second amateur radio message concerning the journalism program. A copy of this is also going forward to Professor Martin.

After the first cable, I wrote to Professor Martin asking if Missouri would not be willing to underwrite Mr Nash's salary for the year and let us start out just as soon as the M.-Y.U. Foundation can be organized to try to get the sum necessary to carry Mr Nash's salary for the next year or two until some better times are back and we can find some permanent endowment from which funds may be regularly secured to carry at least this smaller sum. Dr Walter Williams will not be back until around the last of March, so we will have to wait for his constructive suggestions until that time. I have taken the liberty of letting Mr James Wright Brown in on our present status and am sending him copies of these cables. It might be helpful to bring others in also. This will be considered after we get the replies from the people who are behind in their payments on their pledges. I shall be away then and some one here will have to follow this up.

Your copy of your letter of January 22nd written from Shanghai to Mr Carside came and I gave it to him to read since his copy had not as yet come to him. You both know the others view point so it is not necessary for me to make any comments.

We have just had word this morning of the death of Miss Alice Keep Clark's mother in Evanston, Ill. I know you will want to write her a letter so send this information on though you may have it from other sources.

Word came to us some days ago that a copy of the Educational Yearbook in which your article on Education in China had been sent to you. Doubtless you will have had this by the time this letter reaches you.

Your cable re the raised check came this morning. Mr McBrier is in Florida. Mr Barber is away until the first of March. We will take the matter up with Mr Rounds and reach some Committee decision and then cable you our reply. Personally, I feel that since you have all the facts there that you should settle the matter as you deem wisest. I do feel that you stand a good chance to get all of your money if the case went to law.

I wish very much that you were here these days and could spend enough time to deliberately go into many matters with the Trustees.

With all good wishes, I am,

Very sincerely,

N. Gist Gee.

0688

YENCHING

February 15, 1934

President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

Let me acknowledge receipt of your letter of January 9th.

Amateur Radiograms. We are glad to have Mr. Band's comments. We have been finding that the amateur radio service given to us by Mr. McNeely has been very satisfactory. Mr. Bennett has also received and sent a number of messages for us. Whenever we send a message to either of these men we always enclose a return post card for them to acknowledge receipt of the message and to indicate the time at which it was sent, so we have this check against loss or delay in transit.

Deficit of Mr. S. J. Chang. We will call this small deficit to the attention of the Finance Committee and no doubt they will agree to include it in the waiting list we always have on hand for things which must be cleared whenever we have a little available surplus from some source or other. Certainly you should not think of assuming any personal responsibility for this item.

Educational Grant for Miss Cockingham. We are very happy to render any assistance we can to Miss Cockingham in this matter. I am today writing to Dr. Fairfield to see whether there is any possibility of the American Board providing her with a grant from its educational fund.

Dr. Clara Nutting. I am also taking up with the American Board the question of whether Dr. Nutting might be included in the regular quota of that Board.

Gain on Exchange on Last Year's Budget. Nothing more need be said on this topic just at this time. We will bring the field's comments to the attention of the Finance Committee, and I know they will give very sympathetic consideration to all that the field has said on the subject.

Memorandum for Board of Trustees. We are having this memorandum mimeographed for distribution to the Board of Trustees. You suggest that we consider it in the nature of your report to the Annual Meeting of the Board. We will therefore treat it in that manner. But because of the importance of the questions you raise it will certainly be wise to have the Executive Committee and the Finance Committee study all these problems very carefully at their next meeting, in order to see what steps can be taken, and what recommendations can be prepared, in advance of the Annual Meeting.

0689

Dr. J. Leighton Stuart

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Supply of Minutes for the Field. We note your suggestion that we reduce the supply of minutes sent to the field to the number of copies required by the administrative officers. We are changing our mailing lists accordingly. Heretofore it has been our understanding that the field desired a sufficient supply of minutes of the meetings of the full Board and of the Executive Committee for the members of the Board of Managers as well as the administrative officers, and that the minutes of other committee meetings should be sent only to the President and Treasurer, and anyone else especially interested.

Very cordially yours,

BAG:MP

~~Supply of Minutes for the Field. We note your suggestion that we reduce the supply of minutes sent to the field to the number of copies required by the administrative officers. We are changing our mailing lists accordingly. Heretofore it has been our understanding that the field desired a sufficient supply of minutes of the meetings of the full Board and of the Executive Committee for the members of the Board of Managers as well as the administrative officers, and that the minutes of other committee meetings should be sent only to the President and Treasurer, and anyone else especially interested.~~

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~~Dr. J. Leighton Stuart~~

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YENCHING

February 15, 1934

President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

Let me acknowledge receipt of your letter of December 16th. This is devoted chiefly to a discussion of Yenching's relation to the North China Industrial Service Union. You then go on to discuss the larger question of Yenching's relation to the whole effort to bring about unity of effort among all of our China Colleges.

The question raised by the Trustees in November has now been enlarged by the proposed Institute of Rural Administration for which Yenching is seeking \$30,000 per year from the Rockefeller Foundation during the next five years. As yet I have not been able to get a very clear picture in my own mind as to how this proposed development fits into the unified program which we are all so anxious to see develop among our China Colleges. Certainly there is a very urgent need for the work it is proposed to undertake within the Institute of Rural Administration. But this seems to duplicate almost exactly the program which Cheeloo has been asked to undertake, but on which it has not been able to make much progress because of lack of financial support. I hold no brief whatever for the permanent assignment of this program to Cheeloo. It is always in order to ask a reconsideration of whether in the larger interest of Christian higher education in China it might not be better to move this work to some other institution. But certainly we must avoid having two or more institutions working entirely independently, and possibly even at cross purposes, in attempting to develop such similar lines of work.

But as I just said, I do not as yet have in mind the complete picture of this proposed Rural Institute at Yenching. Possibly when I obtain more complete information, these questions which I now have will be fully answered.

In the latter part of your letter of December 16th you express your growing discouragement with our efforts to bring about the unity among our China Colleges which we all so earnestly desire. You and I agree entirely as to the goal we are seeking, though we may differ at times as to the roads we must follow in our efforts to reach that goal.

Very cordially yours,

BAG:MP

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 19, 1974

Dr. W. Gist Gee
150 Fifth Avenue
New York, N.Y.

My dear Dr. Gee:

I am quoting as follows from a letter just received from J. B. Tayler:

"And then I would suggest that Mr. Albert Scott's interest be transferred from me to E. O. Wilson who could use his furlough to work with Mr. Scott to cultivate support. I believe he would make a favourable impression on practical business men. This would make me feel much happier about the whole thing."

The idea quite appeals to me. If our request to the Rockefeller Foundation for the North China Industrial Service Institute is approved, Tayler's salary would be guaranteed. In connection with this general project E. O. Wilson is looming more and more into a large place because of his practical interest in industrial Chemistry. This is a field which has all sorts of potentialities, and he seems to be rarely qualified for it. If Mr. Scott could, with improving economic conditions in America, enlarge the circle of his friends so as to take over Wilson, it would be an immense help. He is one of the most expensive persons on our faculty, and this is an embarrassing issue in budget-making, especially in Chinese relationships. It would, therefore, relieve a certain measure of tension if he were independently provided for. If the cooperation of Mr. Scott could be carried further, to the point of funding this salary for Wilson, it would count that much toward the Natural Science endowment, and would thus be of much greater help to us. Another point is that Wilson will almost certainly spend the next academic year on furlough doing special study at M I T, and could, therefore, keep in touch with the men interested. He is very quiet, but would make a good impression on that type of men. His wife is a charming lady with a beautiful voice, and in social cultivation would be quite an asset. I suggest this to you as an improvement on, or substitute for, the original plan regarding Tayler.

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I note what you have written about a trip on my part to the States. In view of the action taken by us regarding the correlated program and the reference I have made in my last letter to you, asking you to act for us with full authority, there does not seem any need for my pressing the issue. It would seem that the best use of my time for the next few months will be in helping organize for the China campaign. This is going ahead very much on the lines followed in America for the last year or two, by getting an Advisory Council of leading men, and doing other preliminary work, rather than actual soliciting for money.

Very sincerely yours,

Shepley Stewart

JLS C

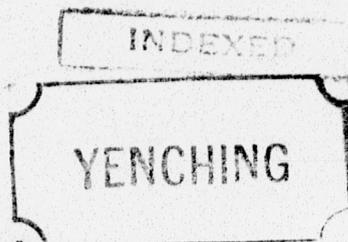
E.O. Wilson's present salary is $\frac{1}{4}$ in Gold \$540., children's allowance G. \$483. and R.C. \$3240. This @ \$2.50 = G. \$810. Thus in Gold a total of \$1833. But allow for difference of exchange, house rent, medical, furloough travel etc. the cost to us will average at least \$3000. and \$4000. would be a safe figure.

Bump

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT



TELEGRAPH ADDRESS
"YENTA"

February 20, 1934

ack - 3/2/34

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

appendix A

My dear Mr. Garside:

Raised Check - We sent a cable yesterday intended to read as follows:

"Request authority settle check issue each taking one-third loss for our part without using Board of Trustee funds"

We have continued to have frequent and rather anxious deliberations regarding the raised check. The matter has been made more complex by the determination of the Kinchong Bank to sue both the National City Bank and Yenching unless some compromise agreement could be reached. This has been due in part to the irritation resulting from the debiting of the Chinese bank by the other one with no corresponding redress. Such a suit would be in an American court, where the result might quite possibly be unfavorable to the Chinese bank, in which case it would secure such satisfaction as it could by involving us. A law-suit in a Chinese court would involve us in a great deal of undesirable notoriety and would alienate not only those in this bank but the Chinese banking group generally and perhaps do us harm in a larger circle. It happens that we are organizing an Endowment Campaign in this country and have counted on the head of the Kinchong Bank as one of the most prominent, influential and friendly supporters. In actual money we would probably lose directly and indirectly much more than the one-third share in this proposed settlement. Furthermore, our Chancellor has very insistently advocated such a settlement out of court, both because it seems to be his honest judgment that all three parties would find it difficult to make a clear case of freedom from fault, or at least uncertainty of evidence, and because he feels that the damage to the University will be far greater on any other attempted solution.

Four phases of the case interest me especially:
First, I am entirely convinced that there was nothing at)

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fault in the handling of this matter by our Treasurer's Office where we followed usually accepted procedure. I should not approve, therefore, of any settlement that implied either carelessness or dishonesty on the part of anyone in that office. Secondly, I had hoped that American business efficiency would have resulted long ago in a clear-cut decision as to whether or not the check in question was raised. If this could have been settled, then our relations with the National City Bank would have made the settlement with Chinese very much simpler. This is why we have been urging a prompter settlement of what after all is a comparatively small and simple issue. The check must be acknowledged as having been tampered with or not. Since no such decision has been reached thus far, and there is no assurance of speeding up the slow process, we have been unavoidably forced into a disagreeable consequence in our Chinese connections. Thirdly, this leads to the third point. I share fully with the Chancellor and the others a realization of the serious harm to us, if we should have any other than a friendly settlement with the Kincheng Bank. Fourthly, I of course desire to avoid actual loss of money. The present proposal is that we agree to the settlement in principle, but on condition that the banks between them allow us an over-draft without interest to be cleared off when we secure funds other than through our regular sources which could be properly used for this purpose. In other words, we expect the banks to secure contributions which could be credited toward this settlement. We sent our cable at once in order that you would have such information from us rather than indirectly from the head-quarters of the American bank or otherwise. Dr. Tsur, meanwhile, is consulting with the heads of the two banks.

Budget - The budget for 1934-35 was passed yesterday by the Faculty Executive Committee, and a copy is being sent you from the Treasurer's Office. It is understood that this is tentative, both as regards details affecting salaries of individuals and other items, and in the serious deficits which are shown in every unit. This is sent in its present form in order to reach New York in time for the Finance Committee to study it and present it to the Annual Meeting of the Trustees. It reports our utmost efforts - possibly with a few minor reductions not yet included - to bring our operations within the prospective income. We are quite aware that the Trustees will insist that this budget must be balanced before they can approve, and that we have instructions against incurring any debts. Apart, however, from securing additional funds for the purpose of meeting this deficit, there would seem to be only two possible courses of action open to us. One of these would be to cut heavily the

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salaries of all the teachers remaining. This has apparently been the common procedure in America, and has much to commend it. On the other hand, the moral effect of asking the teachers to lead in the proposed Endowment Campaign in China and the generous response they have made would preclude any further cuts in salaries. We might, as a last resort, cancel this subscription on their part and enforce a cut. Even if this were done, it would not solve the problem where it is most acute, i. e., in the College of Arts and Letters, unless we ignore the financial independence of other units. The second course would be to carry on next year knowing that this involves a heavy deficit, but keeping all commitments to faculty and students, and either closing the institution the year following or discontinuing certain units. The difficulties of this last method as well as the total situation have been dealt with in my communications to the Trustees on the subject and need not be repeated here.

A number of questions were raised in the meeting of the Faculty Executive Committee yesterday regarding the very large proportion of our funds now being spent through the home office. It was pointed out that out of a total estimated for 1974-75 of U S \$44,500 of the amount deducted this year is \$22,700, exclusive of Dr. Gee's salary. There were questionings also about the expenditure of \$5,500 for the firm Young and Ottley on the ground that it would seem that the financial wisdom of certain Trustees might be depended upon rather than the paying of fees that cut so heavily into our already much reduced income. It was recognized that the Trustees are using their best judgment on our behalf and I attempted to describe the situation in the States and my hearty support of this costly promotional work as the only hope of our future maintenance. I was requested, however, to call the attention of the Trustees to these disconcerting figures.

Miss Bent - Please cable Miss Dora Bent, 669 Chester Road, Erdington, Birmingham, England, after learning the decision of the Rockefeller Foundation regarding our social sciences. If this is in approval of the full amount of \$50,000 annually both for the three departments and for rural reconstruction, we shall want her back; otherwise not.

Very sincerely yours,

J. Haighton Stewart

JLS C

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February 20, 1934

Dear Dr. Stuart:

I have your letter of January 29th regarding recent editions of the China Press and publicity material.

So far the copies of the China Press have not arrived but I presume they will be along in a few days.

We are today sending you seven packages (one from the Princeton-Yenching office) containing various pieces of publicity which we have issued in the past year or two. These include both our large booklets, the two small leaflets - "Yenching Today" and "Princeton Across the World" -, two or three issues of Yenching News, the leaflet "Yenching College for Women - Its Achievements and its Needs." I am also sending you under separate cover two copies of our mimeographed testimonials.

I am sorry we do not have any new printed matter which we can send, other than the little leaflet for the Women's College - we sent you 25 of these last week and are sending 25 more at the present time; I am sorry we cannot spare any more, as we have only about fifty left. Mr. Zeininger tells me he thinks it is Mr. Hedrick's idea to print in the near future a special leaflet for the Women's College to correspond to our "Yenching Today."

The best of wishes for your million dollar campaign.

Sincerely yours,

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

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YENCHING

Yenching University

February 20, 1934

Mr. E. D. McNeely
4257 West 61st Street
Los Angeles, Calif.

My dear Mr. McNeely:

Will you not kindly transmit the following radio to Yenching University, Peiping, China?

AMPLIFYING TODAY'S CABLE IT IS SUGGESTED THAT YOU AWAIT
GARSDALE'S LETTER FEBRUARY 5th BUT IF IN LIGHT OF INFORMATION
CONTAINED THEREIN YOU STILL THINK IT IMPORTANT TO TAKE A
LOSS WILL APPROVE SETTLEMENT UP TO THE LIMIT SUGGESTED IN
YOUR CABLE OF THE 19th. C. A. EVANS

We are enclosing a post card for your acknowledgment.

Very truly yours,

CAE:RC

Assistant Treasurer

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

February 22, 1934

Dr. N. Gist Gee
150 Fifth Avenue
New York, N.Y.

My dear Dr. Gee:

*X filed by
letter to Mr. H
2/19/34
S.*

Replying to your letter of January 9, I am much interested in the fact that you are in touch with Carl Hamilton and hope that you will continue to cultivate him. I have already taken up with the old tutor of Mei Lan-fang the question of theatrical masks. He says that those that are on sale at places like the Morrison Street Market are very cheap and unsatisfactory, but he is having some typical ones made. I am going off again tomorrow, but as soon as this trip is over shall get more definitely to this matter and write Mr. Hamilton direct. Meanwhile we shall be making some studies regarding lions and costumes.

In the matter of exchange with American institutions, I realize the desirability of such connections, and am not surprised that they are all interested. On the other hand, what they care most about are opportunities for their teachers to come out here and to have Chinese students attend their institutions. The former of these sounds more attractive than it usually proves to be in experience, and involves the cost of travel both ways. Occasionally an outstanding man, like Professors Corwin and Park can come here with very real advantage to us, both in class-room work and in American promotion, but generally we get better results with our own teachers who understand local conditions. I am doing all I can to discourage Chinese students from going abroad, especially as undergraduates. In fact, the occasion for post-graduate study is of much less benefit to the country as a whole or even to individuals than it used to be. The one thing that we really want help from these colleges is in financial efforts where appeals to their alumni or to their community under some joint effort make it easier than would otherwise be possible for us. This sounds rather sordid, and I do not want to discourage your efforts in this direction, but as a rule they will probably fight shy of this aspect of it.

I am sending a copy of some statistics which have been appearing in the Chinese press, supplied by the Ministry of

2/19/34

BAG

0700

Education.

I am dictating this letter while waiting for Jimmie Yen who is spending the day here. You will be interested to know that the Tingsien Mass Education Movement and Yenching are coming into very close relationships, which if the Rockefeller Foundation grant comes through, will be worked out even more thoroughly.

Very sincerely yours,

J.H.S.

JLS C

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YENCHING

INDEXED

Yenching University

February 24, 1934

Dr. J. Leighton Stuart
Yenching University
Peiping, China

Dear Doctor Stuart:

On February 19th we received a cable which we decoded as follows:-

"REQUESTING AUTHORITY SETTLE CHECK ISSUE EACH TAKING ONE-THIRD OF LOSS FOR OUR PART WITHOUT USING BOARD OF TRUSTEES FUND."

We immediately made arrangements for a meeting of the special committee empowered to handle the raised check issue, and a meeting was held on Monday afternoon.

The committee noted that sufficient time had not elapsed for the transit of Mr. Garside's letter of February 5th, wherein he enclosed a copy of the agreement with the National City Bank, and felt that it might be desirable for you to know the exact situation and the wording of the agreement before making any definite settlement. In consideration of the various phases of this whole situation, we have had in mind, to a greater or less degree, the fact that it is not an open and shut case, such as a similar forgery would represent anywhere in the United States. We have been conscious that there are individuals and friends of the University involved in such a way so as to make it difficult to stand upon the records of previous court cases, i.e. that a bank takes the entire responsibility for cashing a check, and also accepts responsibility of charging valid paper against any account carried for its clients.

It was felt, however, in spite of the foregoing facts, that you are in a much better position to judge the values involved, and know whether or not it is of greater importance to make an adjustment along the lines you suggested. Therefore, the committee was quite willing to give the desired authorization under the stipulated terms as contained in your cablegram, and voted to send the following reply:

"SUGGEST AWAIT LETTER SENT YOU ON THE 5th IF IN LIGHT INFORMATION RECEIVED IT IS CONSIDERED NECESSARY TO TAKE LOSS YOU HAVE OUR SANCTION TO PROCEED TO LIMIT AS PER CABLEGRAM RECEIVED FROM YOU FEBRUARY 19, 1934."

We have also sent you a radiogram through an amateur radio station which amplifys the foregoing, and which represents a desire on the part of the committee to give as much light as possible regarding its position.

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February 24, 1934

May I say a personal word regarding this situation? It was exceedingly difficult to handle as my sympathies have been largely with the attitude of the field in endeavoring to maintain its personal relations, and yet at the same time I have had the contacts with the lawyers, wherein it has been repeatedly emphasized that the University has no responsibility whatever, it being a matter for the banks to adjust. It has been necessary on every occasion when we have had a conference to again emphasize the methods and practices prevalent in China, and also of the necessity of keeping friendly relations with all concerned.

Looking back over the developments since we first received the information from the field, I am constrained to believe that our part was designed to secure full payment of the \$25,000 from the National City Bank, which, quite naturally, would relieve the Kinchong Bank from any responsibility. If this is the case, the result is disappointing, as under American procedure this is impossible. We not alone had the best counsel obtainable, i.e., the firm which has handled the many counterfeit documents which have grown out of the Wendell estate litigation, as well as the advice of the Federal Reserve Bank, secured through the good offices of Mr. Rounds. The very friendly way in which the matter has been handled even though we have been impatiently insistent, indicates that we have been dealing with individuals far above the average. The agreement which finally was signed by the National City Bank is an indication of the bank's confidence in its own position.

Before you receive this letter, undoubtedly you will have had a number of conferences in China regarding the check, - if the matter has not been entirely settled. You have my very best wishes for a satisfactory settlement, which will in no way reflect upon the University or those relations which are so necessary for its further growth and development.

With sincerest personal regards, I remain,

Very cordially yours,

CAE:RC

Assistant Treasurer

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February 27th, 1934

Dear Dr Stuart:-

When Mr Lloyd made his gift last fall it was inspired partly by the thought that it would be matched in China and that his gift would therefore make twice as much available for Yenching. I mentioned this matter to you when I wrote and I hope that you have matched this with some of your gifts there and that you can send Mr Lloyd a personal letter telling him that what he wis^hed has been done and that you now have that sum invested and that it is bearing ten per cent, if possible. I told him of these possibilities and he was much struck by them. Kindly send me a copy of your letter for our records when you write Mr Lloyd.

I hope that the campaign for raising money out there is progressing better than you had dared to hope. I shall start out here soon for the repetition of my trip to the West. No one can tell just what is going to happen here. People seem to be afraid of what the Government may do. The plan to regulate the Stock Exchange has upset things at least temporarily and now talk of regulating telegraph and telephone systems is frightening others. The air mail business has been hit by the giving of the contracts to handle mail over to the army and utilities are being pressed so that their business seems doubtful. In spite of it all the newspapers are reporting an upward trend. I hope it will soon reach us!

Very sincerely,

m.l.h.

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February 27th, 1934

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

Dear Dr Stuart:-

I have made efforts to hear from Mr J.B. Tayler, Dr Lawrence Fau^ucett and from Mr Clute in Los Angeles, but up to the present writing there has been no word here at all from any of them although there has now been plenty of time.

Mr Tayler is back in China now and I guess his support is arranged for. Mr Scott was interested and asked for a full statement of the final arrangement for Mr Tayler. He made this request while I was away last fall. We wrote to Mr Tayler soon after I came back, but he has never replied. I doubt very much if Mr Scott could raise the money now but I would like for him to have the desired data so that he might at least try it.

Mr Fau^ucett went out finally to the Near East with the Government of Turkey, I believe, and had no direct connection with the Near East Colleges. Mr Staub did not know of his plans and Dr Fau^ucett has never answered our letter. We are sending a copy of it again.

I cannot understand the case of Mr Clute. He was eager to go to China as I talked with him and indicated that he could take care of his expenses for a couple of years if need be. Now in spite of several letters I can get no word whatever from him and I cannot imagine what has happened to him. I shall see him this spring when I go back if he is still in Los Angeles.

Very sincerely,

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Sent by Dr. Stuart's
letter 2/15/34

學大京燕
YENCHING UNIVERSITY
Peiping China

Office of the Treasurer

February 28, 1934.

President J. L. Stuart,
Office of the President,
Yenching University.

My dear President:

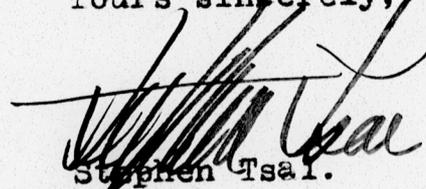
Miss Cookingham and I feel constrained to call your attention once more to the exorbitant and altogether out of proportion cost to the University in the activities of our New York office. Upon further study of their financial statements, we have discovered that aside from the huge sum retained by them from our regular income, they are spending US\$8,309.00 from campaign receipts during the year. This makes the total cost \$42,209.00 made up as follows:

Promotion	\$23,309
Young and Ottley	5,500
Home administration	9,200
Mr. Gee	4,200
	<u>\$42,209</u>

With the field budget cut to the very minimum still having a deficit of \$50,000, it is only reasonable to ask New York to cooperate with us in retrenching so as to release more income for the work for which the funds were ostensibly given. We feel your letter to New York on this matter might have been a little more emphatic and specific. We wonder if it is possible to suggest to the trustees that they reduce their expenses to the extent to produce IC\$40,000.00. At the rate of 280 to 1 it takes about US\$15,000. On the basis of the current year, it means to cut their activities to US\$27,000 which is by no means negligible.

We trust that this will receive your esteemed consideration.

Yours sincerely,


Stephen Tsai.

ST:H

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