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re Jas. H. Rogers

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Washington, D. C.,
March 6th, 1934

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

Dear Dr Stuart-

I have just had the privilege of a very interesting talk with the Secretary of Commerce, Hon Daniel C. Roper. During our conversation he mentioned the fact that Professor James H. Rogers will soon visit the Orient in his studies of economic conditions for the Department of Commerce.

As you know, Professor Rogers is from Yale University and is also assisting the Department of Commerce with some important financial studies.

I hope you will put Dr Rogers in touch with the leading students of economics in China who are in a position to help him get the facts which he wishes. I am asking Professor Rogers to let you know his plans when they are finally made so that you may keep in touch with him.

I shall be very grateful for any assistance which you may be able to give him.

Very sincerely,

N. Gist Gee

~~Very truly yours,~~

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Washington, D. C.,
March 6th, 1934

Professor James H. Rogers,
Department of Commerce,
Washington, D. C.

Dear Professor Rogers:-

In a conversation with Hon. Daniel C. Roper
this morning, I promised to send to you letters to Dr Stuart, Pres-
ident of Yenching University, and to Dr Chang Po Ling of Nankai
University of Tientsin, China. Please find herewith those
letters.

At Yenching and at Nankai you will find two of
the best groups of economists in that part of China and these
men can give you valuable aid in facts as well as in any contacts that
that you may wish to make in other parts of China. Some interesting
developments are taking place there now in which these two Universi-
ties are cooperating.

If there is anything further that I can do to
help forward the work which you have in hand, it will give me
great pleasure to do this.

Very sincerely,

H. Gist Gee
Vice President

Copy to JLS

Central China College
Szechuen Christian College
Ginling College
Hangchow Christian College
Lingnan University

ASSOCIATED BOARDS
FOR
CHRISTIAN COLLEGES IN CHINA

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B. A. GARSIDE, *Secretary and
Assoc. Treas.*
C. A. EVANS, *Assoc. Secy. and
Assoc. Treas.*

March 7, 1934

Dr. J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

I attach hereto a copy of the minutes of the joint meeting of our Yenching Executive and Finance Committees held on March 1st. I am sending one copy of this by air mail and a second copy to follow by the regular mail on the next steamer. We are also mailing you twenty copies of this material for distribution to the Board of Managers and to any others you may wish to supply. In one of your recent letters you suggest that we send the field only enough copies for the administrative officers of the University but in this particular case several of the matters dealt with were taken on the basis of specific action by the Board of Managers so you will wish to inform them of the actions taken by the Trustees.

Resignation Tendered By Mr. Warner. We hope that Mr. Warner is not seriously determined to withdraw from the Yenching Board. We hope that in offering his resignation last month he wished merely to give us an opportunity to replace him by someone who could attend meetings more regularly than will be possible for him while he remains in California. We are urging him to remain on the Board so that he and Mr. Lloyd may continue to serve as the nucleus of our group of Yenching supporters on the Pacific coast.

Financial Problems. More than half of the time of the meeting was devoted to a very serious study of these urgent financial problems.

a. Gain on Exchange 1932-35. No new action on this matter was required. The Committees regretted sincerely that the field and the home base had viewed this question of last year's gain on exchange from somewhat different angles, and expressed their appreciation for the explanations the field has given and for the adjustments you have made.

b. Natural Science Budget, 1934-35. The Committees gave very sympathetic consideration to the problems connected with the Natural Science budget for next year set forth in the letters from you and from Dean Wilson. From the detailed analysis of prospective income which I have already sent you, you will have learned that the actual amount of the surplus which our Trustees have contemplated setting aside for the threatened drop in income fifteen months hence, ~~makes~~ ^{leaves} the budget, ~~quite~~ ^{rather} small. While the Committees still believe that it would be wiser to keep the appropriation next year at the level originally set, they expressed their willingness to defer to the

wishes of the field, and to recommend to the Annual Meeting of the Trustees in April that U.S. \$35,000 be appropriated next year if the field still urges that amount. You will note that this will use all income that will be received next year (except for the U.S. \$4,000 still being reserved for promotional efforts) and may even exceed somewhat the income we will receive.

c. Future support of the School of Religion. Here, too, the Committees gave very careful study to the problems contained in the communications from yourself and from Dean Chao. They were not able to see any immediate solution to these problems, though they are hopeful that within the next year or two some arrangement may be worked out whereby the income from the Wendell bequest may be available for theological education at other centers in China than Nanking. Certain groups are now at work on this problem here in New York, though it would be inadvisable to give the matter too much publicity just at this stage.

As to the specific problem you mention of securing scholarship aid for students in the School of Religion, the Committees suggested that this be taken up through the China Missions of the various Boards participating in the work sending students to the School of Religion. Matters of this kind are usually not dealt with by Mission Boards here in the West, but are referred to their Missions on the field. It is within the budgets of these missions to allocate some of the funds that they receive for scholarship aid of this kind.

In connection with this discussion of the future support of the School of Religion, a request was made for more definite information as to where the graduates of the School of Religion are now at work, and the types of service they are rendering. This information would be of great value to our promotional work here.

d. General Financial Situation for 1935. The Committees reviewed your letter of January 8th, calling attention to the extremely serious financial situation which will confront the University fifteen months hence if substantial new support is not obtained in the meantime. Since it was obvious that the problem should be given very careful study, and detailed recommendations submitted to the Annual Meeting of the Trustees next month, action was taken requesting the Committee on Finance to give further study to these problems and to make recommendations to the Annual Meeting of the Trustees.

Action Submitted to Trustees With Reference to Participation in United Promotional Movement. Following the meeting on December 7th a letter was sent to each of the Trustees, quoting Action EF-3250, and requesting each Trustee to indicate his or her approval or disapproval of the proposal that Yenching unite with the other China Colleges in a joint promotional forward movement. In sending this communication to the Trustees, we tried to submit the matter without prejudice and to urge each individual member of the Board to give the matter careful and dispassionate study, and to indicate his or her own personal judgment. During the following weeks, all but two of the Trustees sent in replies, many of them writing personal letters in addition to voting on the resolution itself. Each reply received was in favor of the proposal, and the comments of a number of the Board showed that they had given the matter very careful study. The only two who did not reply were Mr. Ludington and Mr. Brown. Mr. Ludington rarely acknowledges any communications from us unless they are of a very special nature, and we did not deem it advisable to press him for a decision on a matter where he probably did not feel qualified to express an opinion. In sending in his own vote of approval,

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Mr. Hawkins said that Mr. Brown, as well as himself, was in favor of the action but that Mr. Brown did not wish to give a formal ballot both because of his recent appointment to the Board and also because he felt that the matter was primarily a question for the North American members of the Board of Trustees to decide. I believe it is correct therefore to say that our Yenching Board of Trustees is unanimously in favor of the resolution contained in action EF-3250.

Yenching's Attitude Toward Correlation and Cooperation. In advance of the meeting the members of the Committees had given very careful study to the memorandum "The Attitude of Yenching University to the Correlation of Christian Colleges in China" which you sent with your letter of December 30th. A substantial amount of the meeting was also devoted to a thoughtful discussion of the questions raised by this statement. In consultation with such members of the Committees as were available, I had prepared as a starting point for the Committees' discussion a statement entitled, "What Should Be Yenching's Attitude Toward Correlation and Cooperation." In this I tried to set forth as impartially as I could the considerations both for and against Yenching's continuation of its cooperation with the other China Colleges in their efforts to bring about a more satisfactory correlation of Christian higher education in China. From the discussion within the meeting itself, and from the personal comments made by the individual members outside the meeting, I believe that this statement expresses quite accurately the views of the Trustees of Yenching University both individually and as a body.

Action EF-3257 was taken with a great deal of care and deliberation. In this action the Committees assure the field that the Yenching Trustees are in complete accord with the ideals expressed by the field with reference to cooperation and correlation among the Christian Colleges in China. It is, however, the sincere belief of the Trustees that the efforts being made now by the Associated Boards provide not only the most practicable, but probably the only feasible, method by which we can make progress toward these ideals. No one has any hope that these ideals can be achieved swiftly or completely, but the Trustees are convinced that it is far better to accomplish as much as we can and to go forward as rapidly as possible, in company with the other China Colleges striving for these same aims, than for Yenching to refuse to cooperate with the other institutions in the group. The field seems to fear that united promotional efforts may serve to perpetuate the status quo within the group of China Colleges. Here in America there is a widespread conviction that even a fair amount of success in a united promotional effort would be the most powerful force we could have in bringing about just as radical modifications in the status quo as are found to be necessary and desirable.

This question is one of such great importance that I have made every effort to put aside all personal convictions and to see that all viewpoints are presented fairly and honestly. I know that on the field you and the other administrative officers will adopt this same dispassionate attitude in conveying to the Board of Managers and the faculty of the University the views of the Trustees as set forth in the statement attached to these minutes. We are all seeking the same objective, though at times we may find it necessary to press forward to this common goal along somewhat different roads.

Very cordially yours,

BAG:MP

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YENCHING

March 9, 1934

Dr. J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

I have received some very thoughtful comments from the individual members of our Board of Trustees with reference to the problems discussed in your recent communications.

A letter has arrived just today from Mr. F. H. Hawkins. He writes as follows:-

"On the general situation at Yenching there are two observations I should like to make. Dr. Stuart raises the point as to the reduction of salaries, and there is no doubt something in what he says with regard to the voluntary action of the Faculty in pledging themselves to raise 100,000 gold dollars in a four-year period. On the other hand I feel sure it will militate against the effort to get increased support for the University if no reduction of salaries is proposed as a part of the Programme for meeting the situation. Nearly all the British missionaries in China have offered, or have submitted to a reduction of salary, and I have no doubt a larger number of American missionaries have done likewise, and the same remark applies to the home staffs of Missionary Societies. It needs a great deal of special pleading to treat the University salaries as sacrosanct and incapable of reduction.

"A further question arises: In view of its present and prospective financial position, why should not Yenching boldly face the alternative of making some substantial reduction in expenditure by dropping one or more of its departments? Other Universities in China have had to do this, why should not Yenching face making some reduction on these lines? No University in China, which is so largely dependent on financial support from the West can expect to maintain all its activities in the face of the present situation, and the sooner Yenching realizes this the better."

A letter from Dr. Frank T. Cartwright of the Methodist Board, who, while not actually a member of our Yenching Board of Trustees takes

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a very active interest in the problems of all our China Colleges, reads as follows:-

"In the past few days I have been able to catch up with some accumulated mail. One of the documents was the strikingly interesting letter from President Leighton Stuart, telling of the Christmas Day celebration, and also his accompanying letter of December 29th, laying before the Trustees the financial situation. A study of the budget and of his letter, does not indicate anywhere that the Staff of Yenching University has undergone any serious salary cuts. Am I wrong in this deduction? If not, should the Trustees not call to President Stuart's attention the fact that very serious cuts, almost surgical in their severity, have been undergone by practically ~~all of the~~ all of the University staffs in this country, as well as by the great majority of Christian and Social workers?"

Very cordially yours,

BAG:MP

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YENCHING

March 14, 1934

President J. Leighton Stuart
Yenching University
Paiping, China

My dear Dr. Stuart:

Let me acknowledge receipt of your letter of February 14th.

Associated Boards. We have already written quite fully on this matter within the last week, and I believe that nothing more needs be added at this time.

P. C. Hsu. I am communicating your comments to the members of the Committee on the McBrier Fund, and will try to call the group together at as early a date as possible. Mr. McBrier is in Florida just now, and will not be back for another fortnight. The Committee will probably not wish to reach any final decision until he returns. As soon as the Committee has taken action, I will send you a cable as requested.

I will not attempt to forecast what decision the Committee will reach. I would, however, assure you that when the Committee met at the end of December it had pretty clearly in mind the urgency of the financial problems confronting the School of Religion, and knew how serious were your difficulties in trying to save Dr. Hsu for the University. On the other hand, the Committee feels that ^{it} has no right to go beyond the conditions under which the McBrier fund has been established. Even Mr. McBrier himself feels that he has no right whatever to waive these conditions, for he is only one of the parties that entered into the agreement under which the fund was established. It is simply a violation of fiduciary responsibilities to allow designated funds to be used for an unauthorized purpose, no matter how great the emergency may be. The suggestion that the Committee has already made an exception in the case of Harry Price is apt to cause some new difficulties. When the appointment of Mr. and Mrs. Price was proposed two years ago, we understood that about half of their time and energy would be devoted to activities in line with the conditions of the McBrier Fund. Therefore, when Dr. and Mrs. Thompson undertook to provide half of their support and the McBrier Fund the other half, it did not seem to the Committee that they were violating in any serious way at least, the conditions governing the funds

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they are administering. What you say in this letter of February 14th challenges this assumption quite definitely. And since support for Mr. and Mrs. Price after the present year is already quite problematical we are apt to find the difficulties of providing for them materially increased.

Very cordially yours,

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT

INDEXED

TELEGRAPH ADDRESS
"YENTA"

March 15, 1934

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

YENCHING

Arch 4/21/34

My dear Mr. Garside:

I have just returned from an absence of nearly three weeks and find the enclosed letter in my mail. It is written entirely on the writers own initiative, and I send it on to you for information, although I feel quite sure that the Executive and Finance Committees of the Trustees are just as conscious of this apparent disproportion and just as much concerned to remedy it as any of us out here can be. While I sympathize entirely with Mr. Ts'ai's contention in principle, yet I also have urged upon the Trustees the maintenance of adequate promotional services upon which our continued maintenance would almost seem to depend. There may, however, be ways to secure this without the relatively large figures under the existing plan. Assuming that the field actions regarding the correlated program and the recognition of Dr. Gee as Vice-president representing the University in all of its American interests, are agreed to by the Trustees, there will doubtless be a reconsideration of plans for the coming year in full consultation with him, which may lead to substantial reductions. In any case, we shall hope that improving business conditions will make it less necessary to pay for investment advice.

Very sincerely yours,

J. Reighton Stewart

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YENCHING

March 16, 1934

President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

Let me acknowledge receipt of your cablegram of yesterday reading as follows:-

"COMPROMISE RAISED CHECK SIGNED REPEAT THIRD WORD IN YOUR TELEGRAM 14th MARCH TELEGRAPH DETAILS"

There seems no necessity for any further comments on the matter of the raised check until we have had more detailed information from the field by mail.

We are sorry that the cablegram sent by the Presbyterian Board on March 14th was not intelligible to the field. I suspect that the difficulty was due to the fact that they used the code word for Mrs. W. H. Adolph from their Presbyterian personnel supplement. Since, however, there was nothing about their message to identify it as coming from the Presbyterian Board the field would be uncertain as to who was meant. Our office had no connection with the message sent on March 14th, though one of the secretaries at the Presbyterian Board verified from our office the correctness of the cable address of the University. At the offices of the Presbyterian Board we received yesterday a copy of their cablegram reading as follows:

"WE REGRET TO REPORT THE DEATH OF MRS. W. H. ADOLPH'S FATHER ON MARCH 13, 1934 THE FUNERAL WILL TAKE PLACE ON MARCH 16, 1934."

The Presbyterian Board has no further details as to the circumstances of the death.

We all join in extending our warmest sympathies to Mrs. Adolph and regret that this confusion in the telegraphic transit added to her sorrow an element of suspense and uncertainty.

Very cordially yours,

BAG:MP

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DEPARTMENT OF COMMERCE
OFFICE OF THE SECRETARY
WASHINGTON
Room 1860

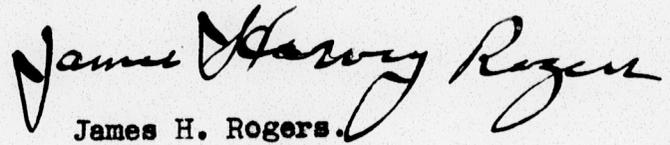
March 19, 1934.

Mr. N. Gist Gee,
Vice President, Yenching University,
Peiping, China.

Dear Mr. Gee:

Thank you very much for your letter of March 6
and for the introductions to Dr. J. Leighton Stuart
and Dr. Chang Po Ling, which have been handed to me
by Secretary Roper. I shall be delighted to meet
both of them, and I can assure you of my appreciation
of your kindness in providing me with the letters.

Yours very sincerely,


James H. Rogers.

JHR:MC

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March 19, 1934.

Dr. J. Leighton Stuart
Peking University
Peking, China

Dear Dr. Stuart:

Your letter of February 22nd with its enclosures came this morning.

I shall pass on to Mr. Hamilton at once the words which you have sent me concerning the theatrical masks. I know that he will be much pleased. It has been great to meet Mr. Hamilton and he has been wonderfully kind in making offers to me of club advantages which of course I am not in a position to accept.

I note your suggestion in connection with relationships with American educational institutions. Of course at the present time none of these have any available funds for providing assistance in any way to other institutions especially in China. I shall continue to try to interest the authorities of these institutions in some form of cooperation and leave the details to be worked out after we have something definite to propose. If we can secure a scholarship or fellowship for some of our graduate students at these institutions this may serve as the beginning of a closer relationship later on. I shall also keep in mind the possibility of having some of the older and more mature professors visit Yenching as they travel. You may wish to use them for a few lectures or for some other form of service while they are in China. This would give them an opportunity to learn of Yenching on first hand and send them back to America as our friends and advocates.

Thank you very much for the statistics concerning Chinese educational institutions which you have sent me. These will be useful in the office here and we may be able to ^{send} some publicity to them later on.

I am very much pleased at the last paragraph of your letter and believe that this is a move in the right direction. Mr. Gunn spoke enthusiastically of the fact that he had brought "together" Jimmie Yen and Leonard Hsu. This I trust will mean close cooperation and it will be a strong point in our appeal to the Foundation. I wonder if it is possible to secure the direct connection of the Tinghsien Movement with Yenching. I would like to see Dr. Yen on our faculty with the understanding that he is to give a few lectures each year on some phase of social work. I dare say such an arrangement would be advantages both for him and Yenching.

With every good wish, I am

Very sincerely yours,

NGG.OP

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YENCHING

INDEXED

March 19, 1934

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

Dear Dr. Stuart,

We enclose herewith five copies of the minutes of an important joint meeting of our Yenching Executive and Promotion Committees, held on March 16th.

Applications to Rockefeller Foundation. The endorsement of the request for the renewal of the grant for the Social Sciences was disposed of immediately. But when we turned to a consideration of the request for the proposed Institute of Rural Administration the situation was not so simple. We have had no direct word from the field authorities addressed to the Trustees, our sole information being a copy of the statement concerning this proposal which you sent to Dr. Gee on December 15th accompanied by a brief note of only eight lines.

The initiative in the matter was taken, to a large degree at least, by Dr. Gunn himself. In his first talk with Dr. Gee, he inquired as to the attitude of the Yenching Trustees toward this proposed Institute of Rural Administration and indicated quite plainly that he would not be willing to recommend such an appropriation to the Rockefeller Foundation except upon the definite request of the Yenching Trustees.

When the Committees gave their careful attention to the proposal we found immediately that there were many questions which we were not able to answer satisfactorily. Your cablegram of March 10th cleared the point of procedure that matters of policy should come to the Board of Trustees only through the Board of Managers, but did not help with the two fundamental questions which the Committees had to face:-

(a) How does the proposed Institute of Rural Administration fit into the Program of the University Itself? From this viewpoint the Committees raised a number of questions. From the standpoint of the field we did not know how far the development of the Institute would represent new work, and would in turn open the way for requests for new classroom and extension facilities, new student accommodations, new faculty houses, new expenses of administration and operation. The general experience, not only of our Yenching Trustees but also of all the Mission Boards repre-

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3/19/34

sented, has been that the initial grant necessary to begin new work rarely covers the whole expense. More often it is merely the proverbial "camel's nose in the tent". The Committees felt, therefore, that they could not commit the Trustees to this new development of our Yenching program until they had a clear understanding of both the explicit and also the implicit responsibilities that are involved therein.

(b) How does the proposed Institute of Rural Administration at Yenching fit into Yenching's Place in the Correlated Program? Just at a time when Yenching has come out with a vigorous public criticism of the other China Colleges for being too numerous and too ambitious, we would stand condemned in our own eyes and would be guilty of the greatest hypocrisy if we went thoughtlessly ahead with any program of expansion quite at variance with the Correlated Program, which is widely recognized as the maximum of what our China Colleges, individually and collectively, should undertake during the next five years. On the surface, at least, we seem to be proposing a development which would not only duplicate the work which Cheeloo has been asked to undertake but which either directly or indirectly would reduce their opportunities of securing support for that work. It was recognized that Cheeloo has not made satisfactory progress on this program, and there was no desire to hold back an institution that can and will go ahead for the sake of one that won't. But it was agreed that we must reach an understanding on these matters both with the Associated Boards and with the Cheeloo Governors before we could arrive at any final decision on the matter.

Dr. Gee and Mr. Gamble are talking these matters over with Dr. Gunn, and we hope that decisions can be reached promptly enough to avoid jeopardizing the favorable consideration of the request. But more important than the request itself is our keeping faith with the other groups associated with us in the common aim of Christian higher education in China.

We are today sending you an amateur radiogram requesting you to send us full information on these matters for consideration at the Annual Meeting of our Yenching Trustees on April 25th. I enclose a copy herewith.

Future Yenching Promotional Organization. You will note that the Committees cordially voted to request Dr. Gee to remain and to take charge of our promotional organization next year. Our Committee on Promotion will be working out details of the organization in consultation with him. I will write you more fully on these matters in about a fortnight when these details have been worked out. Meantime we are all very much pleased with that seems a most satisfactory solution of these problems of promotion.

Very cordially yours,

BAG/G

Enc. 1.

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YENCHING

Yenching University

March 23, 1934

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Dr. J. Leighton Stuart
Yenching University
Peiping, China

My dear Doctor Stuart:

I am answering to your letter of February 20th addressed to Mr. Garside, as to a very large degree it refers to the raised check, with which issue I had a major portion of dealings at this end.

As a matter of fact, there is not much left to be said as previous correspondence has covered the situation in every detail. May I observe briefly on the various steps which you have set forth in your letter.

First, probably no one will ever know how this "deal" was worked, and in that case speculation as to the principals and accomplices is a waste of time and energy. I do regret, however, that the real culprit was not found as it means that there is someone at large who will work a similar "game" somewhere else.

Secondly, as stated in our previous correspondence, it would be a simple matter to establish the fact that the check was a counterfeit by subjecting it to a fuming process, which, however, would destroy its present status. It was our understanding that the Kinchong Bank would not agree to this process; and thus it could not be done except through a court order or before representatives of the three interested institutions. In this respect I can sympathize with the Kinchong Bank as the fuming process undoubtedly would reveal the forgery, and it would mean either a lawsuit with the chances in favor the the National City Bank winning, or an equal division of the loss - which would mean more than the one-third involved in the settlement which has been made. In so far as American procedure is concerned, the case would have been dealt with in twenty-four hours and the University would not have lost other than its counsel fees. The complications arising out of dealing with a Chinese bank were the real issues in bringing about the seeming delay.

Thirdly, as previously stated, you on the field are best able to evaluate the personal relations involved in the situation. Had the Trustees known from the beginning the intimate relationships between various connections with the Chinese bank, they probably would have advised an immediate settlement rather than waste time and money in an endeavor to place the entire responsibility upon the National City Bank.

Fourthly, the National City Bank has kept us advised of various steps in the settlement proceedings, but we are quite sure that the main office here in New York did not understand that their branch is expected to secure contributions

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to help cover the loan. Quite naturally, I have not mentioned this to the one with whom we have been dealing at the National City Bank. As a matter of fact, all of our connections with the bank on this deal have been closed.

1934-35 Budget. We note what you say regarding the 1934-35 budget, and your comments will be passed on to the Budget and Finance Committees just as soon as the figures reach our hands and arrangements have been made for the proper committee meetings. One item which you mention, i.e. the amount of funds withheld at source might properly be alluded to in passing. You are quite familiar with the deductions for promotional and administrative expenses as these were discussed at the time you were here, and no further comment is necessary. The item of \$5,500. set aside for the firm of Young & Ottley is a different situation, however, and will bear a word of explanation.

Early in 1929 the Finance Committee of Yenching University recommended to the Trustees a definite plan for investment, which was very largely based upon the hope of securing a larger income for the field. This, however, would not have been produced by purchasing the very highest grade securities. The Advisory Committee consisted of members of three old-time investment houses, the most conservative of which recommended a plan, which had their advice been followed, we would have been involved in even greater decrease of income than we have experienced. Another member of the committee introduced us to two different mortgage situations, which in the beginning appeared to be gilt-edge; but both of which, at the present time are exceedingly "sour". The third member of the Advisory Committee seemingly possessed the most intelligent and constructive ideas for handling an institutional account, and was trusted by his house with large lists of securities for similar institutions. His recommendations appeared so reasonable and sound that the Committee agreed to depend very largely upon his advice. Had we in the very beginning purchased the type of security which he wished us to buy, regardless of the pressure for larger income, the list would have been in much better shape than it was in the spring of 1932. At that time this member of the committee secured a connection with the firm of Young & Ottley, and desiring to keep his services, the committee gave consideration to the possibility of retaining the company as financial advisors.

Referring back to the spring of 1932, it will be recalled that this period represented the beginning of the worst psychological depression which the United States has known. It enveloped every type and form of securities - from government bonds down through common stocks and broadened out into the mortgage field - and in early July 1932, when the low point of the depression was reached, predictions were made that securities would sell at 50% lower figures, and that many of the organizations represented on our list would go into bankruptcy and default. It was this wave of pessimistic thinking which caused our Finance and Investment Committees to spend days and nights in the study of our security list and our problem. Out of all of this concentrated and intelligent thinking came the conclusion that some type of investment service should be required so that various organizations, corporations and industries could be properly studied from the investment angle. This cannot be done through ordinary channels as the information which is eventually handed to the public is too late to be of service in an investment problem.

As a result, Young & Ottley were retained as investment counsel, and then came the necessity of working out a well defined plan. This has been followed very consistently from that time. It is inconceivable that anyone could go through the last three years without making a mistake in investments, and looking backward

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March 23, 1934

we can see where some moves which have been made did not work out as intended. But it might be of interest to know that a recent appraisal of a group of holdings taken at random from the list, shows a paper profit of 55%, it being a part of the plan to hold these securities until a larger appreciation has accrued, then switching into the highest form of bond holdings. Had we bought common stocks at the low in 1932, we could sell out at the present time and have a nice profit in the bargain. That appears to be a simple process; but what wizard could determine the time to buy and sell. Aside from that the world experienced a complete upheaval in banking and business procedure, the inaugurating of a new political regime in the United States, upheavals between China and Japan, drastic political measures in Germany and numberless other things - all of which contributed to uncertainties in evaluating our economic trend.

The Finance Committee has taken the position that in view of the foregoing, it is absolutely necessary to retain the service of investment counsel in order to conserve the funds we have in our portfolio. The plan on which we are embarked is about the soundest course which could be pursued with any hope of regaining lost ground. But this is the type of plan which requires continuous watching - which none of our Investment Committee are in a position to do. Such an organization is also required to give the Trustees the courage as well as information to follow out the well charted course which has been planned. If the resources of the University can be saved even to a much less degree than we anticipate, the cost of the service will be an infinitesimal part.

It might be noted that in adopting the present course of procedure, the Trustees recognized that there would be costs which could hardly be taken from income, and therefore set aside nearly \$14,000 of gain on sale of securities (EFP-3082), of which amount the deficit from last year's operations within the budget was liquidated. In other words, last year's investment costs were not taken from income, but from funds set aside by the Trustees to care for any shrinkage in income. We cannot tell at the present time how this will work out this year; and much less can we prognosticate on what will occur in 1934-35.

The very sympathetic manner in which the committee dealt with the income question for 1934-35 indicates that if there is any opportunity of increasing its appropriation to the field, that there will be no hesitation in cooperating wherever it is deemed possible. Pardon this long dissertation which may prove all too uninteresting.

Very cordially yours,

CAE:RC

Assistant Treasurer

P.S. As soon as we receive news regarding the attitude of the Rockefeller Foundation toward the appropriation for the College of Applied Social Sciences, we will cable to Miss Bent.

0727

(copy)

March 23, 1934

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

My dear C W:

On my return from another absence I find your two letters of January 27 and February 12, both of which had already been read by Ran, and doubtless been replied to before this. I waited a few days partly to get through the accumulation of work after an absence, and partly to clarify my own thinking. In this effort to formulate my point of view I find myself still feeling essentially as I did when I wrote to you under date of February 15. For various reasons it seems to me now undesirable to alter the status of the Departments of Psychology and Education as far as the coming academic year is concerned. Dr. Galt will be leaving for his furlough at the expiration of that year, you will perhaps be back with us to help in reaching a decision; in any case we can hope that our financial outlook will have become more clear. We had best, therefore, drop this proposal as far as any immediate action is concerned.

As to the deficit that is still haunting my dreams, it would seem to me that we had better carry on next year essentially as we are now operating, and if no relief will have been found before the close of that year, do something drastic, rather than to make further reductions. The point of this is as far as it applies to you, is that we stand by our earnest desire that you return to us and are making provision to this effect. If, however, there are reasons of your own entirely apart from a desire to ease up the University financial strain; why you think it to your interest to stay away will be considered on its merits after hearing from you. I need not assure you that any such request would be given sympathetic consideration. I am sorry that you are having your studies abroad disturbed by these perplexities, but they are part of the situation in which we are all living just now.

Apart from these economic anxieties the institution as a whole seems to be going on quietly and all the indications that come to me are that the students are doing better work than for several years.

With hearty sympathy,
JLS C

Very sincerely yours,

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

March 23, 1934

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

My dear Dr. Gee:

On my return from another trip I found quite a lot of mail from the office including a number of letters from you. Much of this material is of great interest, but does not call for any special comment. I note that you are still working on the plan to have a group of people come out here next autumn. If this takes effect we shall be happy to make arrangements here so that they can get the maximum benefit from the trip. Regarding the pictures for you to carry around, quite an extensive assortment originally intended for the Chicago Exposition has been sent to the office, and the feeling here has been that you could quite probably make up a selection of these for your purpose. Furthermore, Mead has a fine collection of his own and you could probably draw extensively upon these. If unsatisfactory, let us know, and we shall try to help you further. *Too large*

I note your various references to connections with the various institutions in America and am not unconscious of the value of these. However, these institutions at present are all so hard up themselves that any direct help from them in the near future seems unlikely. Any such arrangements mean that new money must somehow be found and unless they can help us in the effort, which is at present unlikely, I would not put too much emphasis on this sort of cultivation. Furthermore, any interest of theirs is chiefly in getting Chinese students or in arranging exchange professors. Even if money is found for such purposes it does not relieve our more pressing anxieties.

I am very glad you sent me Garside's notes on our rural institute application. After consulting some others here, and Roger Greene, I sent Garside a cable urging that the Trustees support the matter without hesitation and assuring them that we could make explanations regarding Cheeloo and other points raised which we felt would be entirely satisfactory. I am anxiously awaiting the results of the R F meeting when these applications of ours will be passed upon.

You will already have received my letter regarding Journalism. We are trying to send an amateur radio message to Martin and

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yourself on this subject when the Physics Department starts up again within the next few days. If this is too much delayed I shall put the substance of this in a direct cable to you. If only we can get the support of Nash, we can continue the work with Chinese support for at least one more year. The proposal that the University of Shanghai, St. John's and Soochow unite in a school in Shanghai has not gotten very far, because of the inability of those institutions to come to an agreement, nor have two of them shown the slightest readiness to take any part in the correlated program. You will also recall the unhesitating reply of Williams and Martin to my question as to whether Shanghai or Peiping was the better place for such a school. If their judgment remains unchanged, this would seem to be expert opinion, from an unquestionable source. We are quite ready to have the matter settled on its merits when the time comes, but meanwhile are anxious to see what has been built up here conserved for the whole cause whatever the permanent location is going to be.

for ch /
One of the steamer cruise parties has been here for the past three days. Ralph Lloyd, his wife and three daughters are among the passengers and he was out here yesterday afternoon. He seemed to receive a very pleasant impression of the institution and on the whole was quite surprised at its size and the substantial quality of our buildings, etc. He gave me a very illuminating account of business conditions in America.

for ch /
Others who were out here are Mr. and Mrs. Hoppin of the Brick Presbyterian Church, New York City, Mrs. Ostrander and her daughter, friends of Dr. Edward Lincoln Smith of Seattle, and Mr. and Mrs. Chester Woodward, of Topeka, Kansas, of our Advisory Council.

On the larger matters of your own plans, etc., I am anxiously waiting further news.

Very sincerely yours,

Thompson

JLS C *Since dictating the above
a mail has brought your
letters of Feb. 17-19 + enclosures.
They indicate progress in the
Journalism matter.*

0730

Yenching University
Peiping, China
March 24, 1934

Dear Friends :

Again I shall attempt to compress into a few succinct paragraphs my impressions of recent trends in China and the salient happenings at Yenching University.

The most significant political factor is the increased stability of the Central Government and the support given it by provincial leaders. The Fokien revolt, which marred the opening of the New Year, deplorable as it was, is an evidence in point. This was really the attempt of a few disgruntled politicians to overthrow Chiang Kai-shek rather than in any sense a popular movement. They attempted to rally disaffected elements in various parts of the country, but their failure to accomplish this and the prompt, courageous action of General Chiang combined to crush the attempted revolution within a few weeks. He was, however, diverted for the time from his determined efforts to suppress the communist disorders of the neighboring province of Kiangsi, the capital of which (Nanchang) has become, as his headquarters, a sort of secondary capital of the nation, and is throbbing with progressive activities. I have just had occasion to visit him and his wife there and am thoroughly convinced that he is working devotedly for the welfare of his country and with higher ideals and a deeper sense of the responsibility of his position than at any previous time in his career. It is unfortunate that there is such widespread criticism and suspicion of him, which can be summarized under three heads: (1) That he has amassed a fortune through the usual official methods. (2) That he is seeking to make himself a dictator. (3) That he is too weakly conciliatory toward Japan. I cannot claim to know, but from rather intimate personal contact and first-hand observation, I am thoroughly convinced that these charges or misgivings are unfounded and that—whatever may have been true of his earlier years—he is growing under his exceedingly difficult task alike in personal character and in administrative sagacity. The estrangement between his capable brother-in-law, Dr. T. V. Soong, and himself—due apparently to difference as to basic policies—is a serious loss to the nation, but it is very much to the credit of both

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men, as well as an augury of a new temper among the rulers of China, that each is carrying on without the usual factional break.

The communist or bandit suppression in Kiangsi is making steady headway, but what seemed much more encouraging to me was to learn from those in close touch with the country people that they have for some months past been siding with the government troops instead of with the communists as had been generally the case before. General Chiang is also organizing needed political and other reforms for the areas which are being recovered, which is of course the only sure means of eradicating this menace.

It is difficult to comment on the other menace so constantly in everyone's mind, the fear of further Japanese aggression, because of lack of reliable information. There are rumors of invasion into North China, or into Mongolia as a preliminary measure, within the next few months. Or it is argued that war between Japan and Russia is inevitable within that period, or in not more than two years from the present, perhaps with America involved. Despite the opinions of those much better qualified, and while recognizing that any of these eventualities is possible in the order in which I have mentioned them, yet they all seem to me unlikely. The fact, however, that the haunting dread of some sudden renewal of Japanese military aggression is so widely prevalent, distracts attention from internal reforms, foments mutual suspicions or disagreements as to policy, and thus tends to paralyze all constructive effort.

As to the University itself, the outstanding event of this academic year has been the determination to raise in China an endowment fund of one million dollars (local currency). We found ourselves facing next year, after effecting all kind of economies, a very serious deficit. This is due to the consequences to us of the American economic depression and the devaluation of gold in relation to silver exchange. Instead of attempting to raise an emergency fund to cover this, with the probability of repeating the process indefinitely, it seemed preferable to undertake a permanent fund which, at the high rates of interest in China, would about cover our shortage. It was a daring, almost a fantastic, adventure for an institution founded by Americans. Nothing in such figures had ever been attempted, even by a purely Chinese college. But we have been immensely heartened by the response thus far. Our decision was treated as real news and thus

publicized over the entire country, but not a single unfavorable comment has come to our notice. This is gratifying evidence that the University has an accepted and valued place in Chinese life. Following our American procedure, we are building up an Advisory Council with leading figures in the government, in banking, business, education, etc. Thus far everyone whom we have invited has agreed, and with a cordiality which indicates that it is no merely perfunctory use of his name. The graduates and present student body have also shown an active interest and are organizing themselves somewhat along the lines followed in similar efforts in America. The faculty led off by pledging one-tenth of the total amount over a four-year period. It will probably be a long, slow struggle to obtain our objective, for economic conditions in China have been getting steadily worse in recent years; our immediate constituency is small and weak; there are almost as many "campaigns" over here now as are usually in process in America; we cannot look for but very few, if any, large donations; and the sum is a huge one to aim at according to current Chinese standards. In any case, it will not be secured in time to relieve our distress for the next year or two. But it does bring us into a more intimate and wholesome relationship to the Chinese people, will give our students a new sense of the cost of education and of their own responsibility, and thus has a spiritual value that will be worth all the time and energy involved. I trust that it will also make of Yenching a more truly cooperative achievement between our two countries, to their mutual practical advantage and intelligent good will, and that it will thus become more than ever a generating centre of international understanding.

When material anxieties are weighing heavily, the whole spirit of our little community seems to encourage these aspirations. Internal affairs have been going on with such happy harmony—apart from the harrowing consequences of drastic budget economies—that there seems but little to relate, and it has almost been worthwhile to be driven to this financial effort in order to discover the esteem in which Yenching is held throughout the country.

Very sincerely yours,
J. Leighton Stuart

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學大京燕
YENCHING UNIVERSITY
PEIPING, CHINA

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

March 26, 1974

My dear Miss McCoy:

We are mailing the New York office today 150 copies (with envelopes) of Dr. Stuart's latest printed letter just sent to all the members of the Advisory Council - about 900 - and also to some on his personal mailing list, the names of which are enclosed to avoid duplication in case you wish to send to people from your office. We did not send to the Board of Trustees, but Dr. Stuart expects that you will probably do this.

Rec'd
4-26-34

NO6

decided not
to send

We will soon send you his complete revised personal mailing list for your reference.

In going over our lists Dr. Stuart asked if you know whether Mrs. Elinor Carlisle is dead; also if it is worth while to go on with Mrs. Dulles, now that Mr. Dulles is dead.

We have also sent copies of Ho Shen to Mr. Fred Eldridge and Mr. Lee A. White of the Detroit News.

Next week is vacation and various trips are being planned. There are definite signs of spring in the air, but it isn't exactly balmy yet. Next Sunday the Easter service will be on the island if it is warm enough. The Campaign Committee is busily at work and we hope that eventually real results will be accomplished.

With best wishes for you all at the "other end",

Sincerely yours,

Doris L. Cummings

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YENCHING UNIVERSITY

PEIPING, CHINA

American Office

150 Fifth Avenue

New York

OFFICERS OF THE TRUSTEES

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OFFICERS OF THE UNIVERSITY

WU LEI-CHUAN
Chancellor

J. LEIGHTON STUART
President

N. GIST GEE
Vice-President

March 26, 1934

In line with the general program as stated in our letter inviting you to become a member of the Advisory Council of Yenching University, we are now calling your attention to an opportunity to make a trip to the Orient which will give you quite unusual contacts in Peiping and at our University which is about nine miles distant.

Most of the standard trips for tourists are too hurried for one to see things in China more than superficially. Especially is this true of Peiping, universally acknowledged to be one of the most fascinating cities in the world. While the party is there, Yenching officials would add to the regular sight-seeing schedule unique opportunities for the Councilors to meet outstanding Chinese, see something of Chinese home life, and to inspect the Yenching campus and buildings, thus providing a clear picture of the University's work and its place in the educational system of China.

If the party numbers fifteen or more, some representative of Yenching would probably accompany the group from the United States to Peiping. The enclosed itinerary has been worked out in cooperation with the Dollar Steamship Lines and it has the special features of the unusual opportunities offered in Peiping and, if the party is of sufficient size, the presence of someone who knows China.

Very sincerely yours,

George G. Barber
George G. Barber,
President of the Board of Trustees

0735

March 28th, 1934

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

Dear Dr Stuart:-

I have just asked that you be sent everything in connection with the Associated Boards for Christian Colleges and Mr Garside has agreed to this. They are mailing you this morning a copy of the letter by Dr Diffendorfer and the Resume of Activities and Plans. I feel that you should be kept just as closely in touch with the progress of things here as possible and it is for this reason that I think you should see even these little things that are not a part of the official minutes which you already get.

I have just had a most interesting talk with Dr Paul Monroe and it is interesting to see how his views have changed in many ways since he has had an experience of 18 months in actual direction of educational work in the field. He has been aloof from it heretofore but now he sees many of the intimate problems of administration in an altogether new light. The Turkish Government is taxing very heavily all funds that come in for Robert College and he has there not one but three elements of population to deal with in addition to the American staff. He made the rough estimate that taxes took about one fourth of their funds from America- or about \$50,000 out of a total of something around \$200,000. He believes that there should be an American Foundation and that his men should be paid here and that in this way they might avoid some of the heavy and unreasonable taxes. I am sending you with this mail (under separate cover) a Memorandum which he

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has submitted to his Board here. This will give you some idea of some of his difficulties. He holds further that funds raised here should be held here for the Near East for the Government is liable there to take over any such funds that may be held out there. He suggests a kind of super* financial group of prominent financiers who would form a trust and handle all of these philanthropic funds for the entire group of foreign colleges throughout the world. It seems to me, however, that with our experience here during the last few years that we would be in even worse danger if we turned our funds over to such a group of men; it would simply be a question of which group got the funds after all! I do not think that our situation in China is similar and that his ideas for us would be premature. Any way I am passing on these thoughts to you so that we may keep them in mind. He is also opposed to any use of these funds for expensive plants any longer. When funds are given with the understanding that they go into buildings and such fixtures, I do not feel that this is betraying any trust in using them for this purpose for they were given to the Chinese in our case and we intend for them to have them. Dr Monroe promises to send me another document which I shall also forward to you when it comes. It seems to be a more generalized statement of his convictions about the Near East.

We have just had a letter to Mr R.L. Agassiz, Ashburton Place, Boston returned this A.M. marked "Deceased". This is a loss to us for he has been interested and I had hoped to see him this year.

I am beginning now to make a study of our lists and hope to get a better idea than I have had as to where to spend my time in personal contacts. When my program for the coming year is fully worked out, I shall send you a copy of it.

Very sincerely,

N. Gist Gee

0737

March 28th, 1934

Dear Dr Stuart:-

In looking through our contributors list I have come across a card marked as a "Come Up" for 1935. It concerns the loan by Yenching University of a sum of "more than \$1500" to Mr C.F.Woon 9 Kempong, Altap, Kuala Lumpur, Selangor, F.M.S.

It seems that you also let him have some money personally and it was understood that this was all to be repaid from money which he was to get from his grandfather's estate which was expected to be settled in about six months from that time, December 24th, 1927.

" On November 6th, 1929, some Singapore lawyers wrote a Rev. Amstutz that Mr Woon would not receive his share of his grandfather's estate until six years later, which would make it 1935. We wonder if it is Dr Stuart's idea that Yenching may be given not only what Mr Woon borrowed, plus interest, but possibly more since the lawyers said that C.F.Woon's share would be far in excess of the amount mentioned in the letter written by Mr Leighton Stuart on Sept. 9th, 1929." In addition to our files, there must be quite a lot in Peking." This is quoted from the card in our files.

I simply write now to call your attention to this since I ran across it accidentally in going through the lists.

Very sincerely,

N. Gist Gee

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

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YENCHING

INDEXED

April 9, 1934
22-5/11/34

President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

I enclose herewith copies of the following minutes: -

Meeting of Executive Committee held April 6th
Meeting McBrier Foundation Committee held April 6th

Minutes of Executive Committee. You will note that the chief item of business was consideration of the request to the Rockefeller Foundation of the proposed Institute of Rural Administration. In advance of this meeting careful consideration to all aspects of the matter had been given both by the Associated Boards and by the Cheeloo Governors. You will note the action taken by the Associated Boards Committee on Correlated Program. The way was therefore cleared for our Yenching Trustees to give the approval contained in action E-3292, and to communicate to the Rockefeller Foundation their endorsement of the field's request.

Please note, however, the definite provision both in the action of the associated Boards and also of our Yenching Trustees that this new development, if funds for its support are available, should be in the nature of an enlargement of the service which the College of Public Affairs has already undertaken in the rural field, and should not be a separate administrative unit, or a new department of the University. It is easy to see that this proposed development might take either of two widely divergent lines. One of these would be entirely in accordance with the program Yenching is already undertaking and which has met with the most cordial support both here and in China. The other might take Yenching off on a new and ambitious, as well as expensive, program for which support is not now available, and is not likely to be available in future. We must have a clear understanding from the beginning that it is the former line Yenching is pursuing, and not the latter.

On the day after this meeting was held we received your cable reading as follows:-

AMATEUR RADIO MESSAGE MARCH 19, 1934 JUST RECEIVED. I CANNOT WRITE AS DESIRED IN TIME FOR THE ANNUAL MEETING THE CASE OR MATTER IS VERY URGENT YOU MAY DEPEND ON PREVIOUS TELEGRAM - S. I CAN ASSURE YOU THAT THERE ARE NO COMMITMENTS WITHOUT INJURY SHANTUNG CHRISTIAN UNIVERSITY CORRELATED PROGRAM TELEGRAPH DECISION CON-

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4/9/34

SEQUENCES WILL BE SERIOUS.

The statement, "I can assure you that there are no commitments without injury Shantung Christian University Correlated Program" is something of a puzzler! We hope that you do not mean what the cable actually says, but rather the opposite.

Dr. Gunn has warned us that even under the most favorable conditions there is a strong probability that the Rockefeller Foundation will not be able to take favorable action on this request in the immediate future. We have done everything possible to lay the matter before him in the most favorable way, and must now leave further developments in his hands. We will cable you as requested as soon as any decision has been reached though that may not be in the immediate future.

You will note the progress ~~to~~ toward the incorporation of the Missouri-Yenching Journalism Foundation. This development has dragged very badly during the last year. We hope that it may now be revived.

Meeting of Committee on McBrier Foundation. The Committee gave very careful and sympathetic study to your letter of February 14th with reference to Dr. P. C. Hsu. We called the Committee together as soon as it was possible for us to do so. While Mr. McBrier is not a member of the Committee we felt that we should wait until he returned from Florida before having the Committee meet to deal with the questions raised by your letter.

With all the sympathy the members of the Committee feel for the serious financial problems confronting the University, and particularly the School of Religion, they have absolutely no right to appropriate the income from the McBrier Fund for any purpose that is not in line with the provisions of this gift. For them to do so would be to betray a trust by taking designated funds and expending them for a different object than the one specified by the donor. The Committee feels very strongly on this point. Their unanimous conviction is that so long as they are asked to administer a fund given with the distinct understanding that no part of said income is to be used for salaries of expenses of the regular teaching staff or the regular curriculum work in any department they simply have no authority except to ~~have~~ strictly to the very clear line marked out for them. No matter how serious the crisis confronting the University nor how great the losses which may be suffered, this condition is absolute and binding. There is no lack of the warmest of sympathy, and of appreciation for the difficulties the University is facing, but only the constant necessity of discharging the trust placed in their hands.

What you say in your letter with regard to Mr. and Mrs. Price disturbed the Committee greatly. It was their understanding at the time that Mr. and Mrs. Price were sent out to the University that we could rightly consider that Mr. and Mrs. Price were either giving half of their time to the objects specified by the McBrier Foundation,

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or at least that their presence on the campus would release an equivalent amount of your time, or the time of others, to carry on these activities. They have not considered that they were deviating in any essential way from the terms of the McBrier Fund. The fifth paragraph of your letter of February 14th makes them feel that they have been seriously mistaken in their understanding of the situation, and that the Committee has been remiss in its responsibilities in making these appropriations toward the support of Mr. and Mrs. Price. It is anxious to have all the facts available for its study at the earliest possible date, and requests that you send us full information on the matter as promptly as you conveniently can.

Very cordially yours,

BAG:MP
Encls.

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YENCHING

INDEXED

Copy for Mr. Tsai

April 12, 1954

President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

We enclose herewith a copy of the minutes of the meeting of our Yenching Committee on Budget held April 10th. You will recognize, of course, that the actions taken by the Committee are merely in the nature of recommendations to the Annual Meeting of our Yenching Trustees which will be held on April 25th. This material will, however, show the way in which these matters of next year's budget are shaping themselves at present.

Comparing the recommendations the Committee is making with the preliminary estimates adopted on December 7th, you will find that the total now recommended is U.S.\$14,100 more than was recommended in December. Of this \$4,000 is merely the inclusion of the Princeton-Yenching appropriation but the remaining \$10,100 represents an actual increase over previous figures. This is in spite of the fact that the total income we now estimate will be available next year (after allowing for the addition of the Princeton-Yenching figure) is about \$3,500 less than we were counting on in December.

We can be quite sure that the Trustees will go just as far as they possibly can in making their appropriations on April 25th. Some of the items of anticipated income are still uncertain, and there is likelihood of further reductions. But the Trustees will, so far as possible, assume these risks of further losses when they establish the amount which they will undertake to supply to the field during the coming year.

Please note the action of the Committee (B-3296) on the matter of exchange. The whole exchange situation is so uncertain just now that it is very difficult to say whether it would be better to enter into an exchange contract now, or to go ahead without an exchange contract. If the field were able to contract for next year's funds at anything like the present rate of approximately 2.85, and transferred to the field approximately half of the U.S.\$111,700 recommended by the Committee on Budget, you would have around L.C.\$20,000 gain on exchange which would go nearly half way toward meeting the deficit which still remained.

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Dr. J. Leighton Stuart

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4/12/34

We have been in touch with the bankers here to see what advice they have to offer on matters of exchange. We may be sending you some cable on this subject in the near future.

Very sincerely yours,

BAG:MP

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學大京燕
YENCHING UNIVERSITY

PEIPING, CHINA

YENCHING

OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS

"YENTA"

April 18, 1934

INDEXED

ack 5/16/34

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

My dear Mr. Garside:

Correlated Program - I am enclosing herewith a copy of a memorandum which was passed unanimously yesterday by our Faculty Executive Committee. Perhaps I should qualify this by saying that one member objected to the last sentence as being too weak and yielding. This sentence, however, sums up my own personal attitude, and I think that this is true of the faculty and managers generally in so far as they have concerned themselves with the problem. You have had your way, and I accept the judgment of those who control our destiny, in full confidence that you will help in every effort to provide for our rightful needs in the present arrangement. If further correlation on the field and successful promotion in America are achieved, I shall join with everyone else in satisfaction over the results and in whatever cooperation I can render. Meanwhile Yenching will remain out of the discussions in China until there is real evidence that other institutions, either by authoritative action in America, or by their own consent, are ready to consider the problem as a whole. Meanwhile we shall take no steps that are not in line with the part already assigned us.

Rural Training Institute - I am enclosing another memorandum also unanimously passed yesterday by the Faculty Executive Committee. We are sending an abstract of it by amateur radio which may reach New York before the Annual Meeting. There has been no reply yet to my last cable requesting that we be informed of the decision of the trustees as to whether to endorse our request or not. It is perhaps fortunate that some days have passed before the drafting of the enclosed statement and the writing of this letter, for my earlier emotions, if given expression, would not improve mutual relations. Note article by Y. P. Mei entitled Yenching and National Reconstruction of China. (*sent to Mr. Hedrick*)

N.G.Gee - I am much relieved to know that this case is settled and apparently by the unanimous judgment of the committee members. I have written him a long and very frank letter trying to advise him on the points which have created difficulty. Because of his sensibilities I am not sending you a copy of this, but you

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can easily imagine the general contents. I urged him to relieve himself of administrative and office promotional routine as much as he possibly could, have an understanding with those of you who are responsible on broad general lines and leave you to attend to the details, to try to overcome his scientific training by giving less attention to meticulous niceties of filing, records, letters, etc., and realize that in this type of work the primary emphasis should be on cultivation of prospective donors, and in general, personal contacts that lead to money. I further suggested that he take as his primary share the Natural Science endowment in the expectation that the Princeton group will find some procedure for rallying the support of that constituency, and that the Trustees might give their attention to recovering the reduced income of the university general and the College of Arts and Letters, possibly as our share in the joint campaign. These are merely suggestions, but the first point might be urged because Dr. Gee will probably work better on a very clearly defined proposition, and also because unless this fund is secured, there would not be the slightest hope of securing the renewal of the R F grant or the funding of it, in which case one of the finest features of the University will be reduced to the point where there would be no great value in carrying it on at all, especially with the small yield from American investments as they are at present.

Fears of Japanese - In addition to all the harassing anxieties of budget deficits, differences of policy between the Trustees and ourselves, etc., the political situation is causing me more worry and foreboding than everything else combined. The Japanese are making demands upon the helpless Chinese government, leading toward at least an implicit recognition of Manchukuo, which if acceded to, will arouse popular indignation and give the pretext at least for political opposition, but which if resisted, will almost certainly lead to Japanese invasion of North China and its absorption into Manchukuo, or the erection of another puppet government. In the latter event, which many feel would only be delayed rather than averted by conciliatory action, our future would certainly be gloomy. Probably all those who were sufficiently independent to move south would do so from the northern cities. The other universities would either be disintegrated or follow suit, and we would find it extremely difficult to hold our own best teachers, or to attract students from other parts of the country. There would be all forms of repressive legislation and humiliating requirements. Whether it would be worthwhile to carry on at all or not is a grave question. Meanwhile the indications are that the government will yield to the inevitable and Japanese aggression be postponed for the time. During the interval developments elsewhere may bring about a change of their national policy. For the present, therefore, we ought to go on in hope and courage, but all our endowment funds ought to be in a form which

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would permit them to be used elsewhere if the necessity should arise. You can imagine something of the immediate task of trying to restrain excited students from some form of violent protest. I had to spend last evening with the Anti-Japanese Committee and give up a faculty discussion with Dean Graham of Oberlin leading, because they, instigated by Dr. T. Z. Koo, had been scattering hand-bills in the city which the alert Japanese spies had discovered and reported to the local authorities, who were compelled to give us a warning. This will be a side-light on much that has been taking place and as to the uncertainties that lie ahead. This paragraph is for your own personal use, and for sharing with Trustees and others in a way that would not create needless apprehension. We have passed through so many threatened disturbances in recent years that we need not be too pessimistic as to the present outlook. On the other hand, it is incumbent upon us to have a realistic understanding of the possibilities.

Very sincerely yours,

W. H. Stewart

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YENCHING

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April 21, 1934
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President J. Leighton Stuart
Yenching University
Peiping, China

My dear Dr. Stuart:

May we acknowledge receipt of your letter of March 15th with which you transmit formally Mr. Stephen Tsai's letter of February 28th in which he expresses the field's criticism of the Yenching Trustees' because of the "huge sum retained by them from our regular income."

The Trustees naturally feel that only under very serious conditions would one of the field administrative officers write such a letter, or the President of the University transmit it to his Board of Trustees. Both the Budget Committee and the Finance Committee have therefore given your communications very careful and dispassionate consideration.

Mr. Tsai tabulates four items of expenditure for home administration and promotion totalling \$42,209. His figures are not quite accurate, because he includes Dr. Gee's salary of \$4,200 twice, once within the expense of promotion, and again as a separate item. However, even when this deduction is made the total of \$38,009 certainly looks like a very large amount of expense. We know perfectly well that neither Mr. Tsai nor any of our other Chinese colleagues at Yenching have any adequate background for understanding the work and obligations of our Yenching Trustees, and that therefore we must look to you to explain to them just what the Trustees are trying to do, and why. Everything that I will say in the following paragraphs is known to you already. If your statement of these facts to our Chinese colleagues has not already carried conviction I have little hope that my repeating them will be any more successful. However, at the request of the Budget and Finance Committees I will summarize the situation here as briefly as I can.

Promotional work. Yenching has always followed a policy of spending a great deal of money for its promotional work. It has been quite widely criticised here in America for these expenditures, though this is the first intimation we have had that there has been any criticism from China. As spokesman for the field you have always urged the Trustees to spend whatever amount was necessary, and

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have assured us that the field would heartily support our efforts. The justification of these expenditures for promotional work is found in the balance sheet of the Board of Trustees, a copy of which goes to Mr. Tsai each month. The endowment funds of the University are well in excess of U.S.\$2,000,000 as is also the physical plant of the University. Yenching's annual income from western sources is, in normal times, almost U.S.\$300,000. None of these results could possibly have been accomplished during the past decade had it not been for the large expenditure in promotion, accompanied by the most loyal and untiring activity on the part of our Yenching Trustees ever manifested by any group representing a Christian institution in the Orient.

The Trustees have been quite aware of the fact that for the year 1932-33 and for the year 1933-34 our promotional budget has been larger than it should have been. This has been due to the fact that in addition to the work which the Trustees have felt to be necessary and productive we have, at the continuous insistence of the field, added the salary and expense of Dr. Gee. In addition to his salary of \$4,200 we must include his travel and expense of about \$1,500, and the expense of providing secretarial assistance and office space, which would add several hundred dollars more, making a total expenditure on his account of something in excess of U.S.\$6,000. It is no criticism whatever of Dr. Gee (whom we all respect and admire greatly) to say that from the standpoint of his value to the promotional work last year and this year the expenditure was not justified. Aside from this part of the promotional budget, the Trustees sincerely believe that everything we have been spending for the advancement of Yenching University is well considered and for the best interests of the institution. While it is true that promotional work could not possibly have been very productive last year and this year, the Trustees have felt that it was necessary to maintain a certain amount of activity and to keep a close contact with the constituency we have built up. Had we not done so a very large percentage of our Yenching friends would have been won away by the great multitude of appeals which other worthy objects with which everyone is being flooded now, and many of them would have been lost to us entirely. Had we dropped our work and discontinued our promotional activities, these last two years, it would have cost us far more than the amount we would have saved to rebuild this work in the future.

Young & Ottley. Our Yenching Trustees have always adopted an investment policy under which they have sought to obtain the maximum income for the University with a minimum loss in security. In normal times our average rate of income was about 5.70%, which was almost one percent greater than the average of most other institutions of a similar nature. We always made our budget appropriation on a basis of 5%, and used the surplus income for meeting special emergency requests which the field has made from year to year.

In order to maintain such an investment policy it has always been necessary that we have an extremely active and well informed

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Investment Committee. They have had to watch security markets very carefully, and know when it was judicious to buy or to sell.

Following the unprecedented fall in the price of securities of every class between 1929 and 1932, our Yenching investment list, in common with all others, suffered very serious depreciation. The Investment Committee was faced with innumerable intricate problems. What securities were so unsound that they should be sold? What other securities, even though depreciated in value, should be held? What new purchases should be made? Only men who were technical experts and who were giving their full time to matters of this kind were able to answer such questions intelligently. The Investment Committee, therefore decided, after very careful investigations, to employ the firm of Young and Ottley as our investment advisors. It was our judgment that on the basis of added income alone these advisors would much more earn the fee that they received, and that in addition their counsel would be worth hundreds of thousands of dollars in the protection of the principal of our investments. While Young & Ottley have given us poor advice on some points, as a whole they have rendered extremely valuable service. The fee for their services last year was taken from a reserve fund we had built up here on gain on sale of securities, and it is possible that some or all of their fee this year may be met from the same source. For next year, however, the charge for their services will have to be deducted from income.

But there should be no mistake on the part of the field on this point. If it is desired that our Yenching Trustees invest in the stable, ultra conservative type of securities advocated by the Boards of Trustees of most of our China Colleges it would be a tremendous relief on the part of our Investment Committee, and of the Yenching Trustees in general, to follow that course. We could purchase U.S. Government bonds, and AAA bonds of a few carefully selected domestic corporations, put these securities in the hands of a Trust Company, and forget about the matter. But if such a policy is adopted, the field would speedily discover that its income from endowment securities had been reduced by at least 33%.

Home Administration. The figure of \$9,200 under this head looks quite large. But you are quite aware of the fact that this item includes three separate departments of home administration work which in previous years have totalled more than twice this amount. We have brought together under this one heading not only the home administration of Yenching University proper, but also of Yenching College for Women and Princeton-Yenching Foundation. If we had not taken over the major part of the administrative expense of the Princeton-Yenching Foundation during the last two years, they would have been spending so much of their greatly reduced income in the expense of promotions and administration, that very little would have been available for disbursement to the field, and there is a good probability that the Trustees of P.Y.F. would have become thoroughly discouraged and at least some of them would have resigned. In the Yenching Women's College we have not only taken over all of the accounting work, but also are giving Mrs. Parlin an increasing

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amount of assistance in the secretarial work.

In the cost of the home administration of the regular Yenching University work, we have from year to year over a period of four or five years seen two fixed trends:- first, the amount of work we have done each year has increased; second, the cost of the work we have done has decreased. It seems that these trends have now gone about as far as is humanly possible. In spite of the steady rise in the volume of work we are doing we have reduced our office staff by two, and all salaries have been reduced an average of approximately 20%, with those of us in the higher brackets reducing our salaries 25% or more. You will find people at work in the office here from 7:45 in the morning until around 6:00 o'clock at night with only a brief pause for a hasty luncheon. Everybody is here until 1:00 on Saturday and many of us remain until 5:00 o'clock that day. In addition, both Mr. Evans and I always carry home a brief-case full of work to be done in the evenings. I believe the only additional step we could take would be to put a cot in the office and make a twenty-four hour shift.

We have, I believe, been trying to keep the volume of work down to the minimum levels, though I suspect that some of the letters we write are not worth the doing. Perhaps this particular letter belongs in that class.

Expenditures for Next Year. Long before your letters reached us the Trustees were actively engaged in making their financial estimates for next year. All of us had agreed that radical reductions all around the line were again quite inevitable. So far as I know, no changes were made, or could very well have been made, in these estimates after your letters reached us. The Trustees are far more solicitous than any one on the field could possibly be that expenditures here at the home base be kept at the very minimum. Every dollar that is collected for Yenching University should go to carrying on the splendid program of Christian service which the University is rendering. We all wish very much that one hundred cents on every dollar could go into the salaries of the men and women who are actually training the young manhood and young womanhood of China. Those of us who have to carry on here at the base of supplies are always very anxious indeed that we divert from the work of the field the very smallest amount we possibly can. But we face the very practical consideration that if the base of supplies is not maintained, the supplies simply do not go forward. It is no economy to reduce the expense of your base by 50%, if you thereby cut in half the volume of what they are transmitting to the field.

As I began by saying, practically everything I have said here is as well known to you as it is to me. I am very sorry indeed that it is difficult for the group on the field to appreciate these facts. We must count on you to be our interpreter.

Very cordially yours,

BAG:MP

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April 21st, 1934

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

Dear Dr Stuart:-

I have received this morning a copy of "Ching Ho, A Rural Community Center" and a typed statement "The College of Arts and Letters of Yenching University" by Acting Dean Wu Wen Tsao. I shall put these where they will be available for our reference and use in publicity as they may be needed. The last Yenching News made use of some things and there were several comments here upon its excellence.

I also have your letter of March 23rd.

I note that you are not preparing anything further in pictures for me. I shall do the best I can with what we have. Most of our people have seen these and after having once seen these they are eager for later and more up to date ones. I shall continue with the ones here until it seems a more suitable time to get others.

There is nothing very definite in our arrangements with any of the colleges or Universities as yet. I shall keep these contacts for what they may develop into later on. They do not offer any money possibilities just now, though some of these may at some later date if we recover something of our prosperity of former days. Things still look pretty gloomy, so far as I can find out, in spite the immense sums of money being turned loose by the Government. Certain industries, such as mining, do look better but there is so much uncertainty as to what the Government will do that people are afraid as yet. We hope the President will get rid of Congress and then things may stabilize a bit. This is election year and the congressmen are more interested in keeping their jobs than they are in other things now. The President hopes to get them away by the middle of May it seems, but there are many uncertainties about it. The New York Legislature was to have adjourned to-day but they are having to carry over into next week.

I have just written you about the rural institute matter. I am very sorry that this delay has come, but there is nothing that can be done about it now but to wait.

I hope that the Missouri Yenching Foundation will go right on to incorporation now. The draft of incorporation has been approved by our Board of Trustees and there is nothing so far as we are concerned to hold it up any longer. The delay was occasioned by the failure to get the preliminary papers to us. Our action here was accomplished in about two weeks.

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I wish that the Journalism situation was a little more encouraging. I think that Professor Martin is now doing all that he can and I hope that we can get out soon a letter to the people who have paid up their pledges. I have suggested this to Dean Martin and sent him a list with addresses of this group of contributors. The Board's attitude here is that we will cooperate just as far as possible but that responsibility rests with the M-Y-Foundation. I shall send you word from time to time as to new developments in this program.

I am glad to have the news of the visitors to Yenching. This helps in our approach to them later and lets us know beforehand that they are familiar with Y.U. It also gives us hope that these people may be in a position to help us financially. I shall take up with Mr Lloyd when I see him next the question of a gift again. I wish he could be persuaded to give us something large, or at least to make a regular annual gift to some project and it should be natural science.

You will have had word before this of the decisions of the Board Executive Committee concerning my plans for another year. It has been definitely decided that I am to have the direction of our promotion work and the Associated Boards have decided to retain the services of Mr Hedrick so that his advice will be available when we need it. Our Promotion Com. will probably be the same as it was this year and we have experienced people on it so that with all of this help we should have no trouble in carrying on successfully.

I realize the feeling of uneasiness which all of you have there during these days of uncertainty. We share that with you and I think that the entire Board is entering into the situation most sympathetically. I hope that our effort which starts soon to see quite a number of people on our list east of the Miss. will result in some gifts which are new. Doubtless some of our good friends will be touched by our situation and pay up some of their pledges if they have any money available. The case of many who own real estate, etc. is getting progressively worse rather than better. There is still much hope that an upturn will come during the spring and summer- it may be just a hope, but it is very persistent. The newspapers are doing all they can to sustain this hope.

With every good wish, I am

Very sincerely,

N. Gist Gee.

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April 28, 1934

Dear Miss Cummings:

This is to acknowledge receipt of your letter of March 26th and also the 150 copies of Dr. Stuart's letter of March 24th to the A. C. members.

Please tell Dr. Stuart we are sending out his letters to all additional members to the Advisory Council after the list he has, which we believe is the one of Jan. 8th, 1934. Dr. Gee decided against sending the trustees a copy of the letter since he wants to save all extra copies for individual cases for cultivation.

As regards the death of Mrs. Elinor Carlisle and Dr. Dulles, we have made note of these now. As a matter of fact we did not have Mrs. Carlisle on any list but the special list of Dr. Stuart's people.

Hilda Hague has been here in New York for a week and it has been so nice to see her again. She will tell Dr. Stuart about the Board meetings when she writes or sees him, I presume, as she attended a number of them.

To date I have not seen any of the minutes and no one seems to know what transpired with relation to the Yenching office. I believe an executive meeting is to be held soon. Probably you will have had cables long before this reaches you.

The weather here is still so cold we are wearing our winter coats and it seems that spring is never coming; things are just beginning to be green. I am not sorry for it is hard to work in this office in hot weather. But I do envy you all those wonderful trips into the Hills around Peking.

With many thanks for the A. C. Letters and data and looking forward to getting Dr. Stuart's special list which you have promised us, I am

Sincerely,

Miss Doris I. Cummings
Yenching University
Peiping, China

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The Attitude of Yenching University to the
Proposed Correlation of the Christian Colleges of China.

From the time this matter was first discussed in 1922 Yenching has declared its readiness to identify itself with any comprehensive plan that avoided needless duplication and increased the total effectiveness of Christian Higher Education, as well as its unwillingness to be included in any administrative or financial association with the other institutions on any other basis. In so far as its local administration and Board of Managers can represent it, this continues to be its attitude. We agree with the Burton and the Laymen's Commissions, and with every competent and disinterested observer with whose opinions we are acquainted, that there are too many Christian colleges in relation alike to their supporting constituencies, the present needs of the country and the claims of secondary education.

We are convinced that the maintenance of so many separate units each with its operation of physical plant, of more or less similar basic courses of instruction, of costly administrative and other overhead charges is unnecessary, and that the present available resources could be redistributed by concentration, functional differentiation and other adjustments so as to enable the forces represented by this group to render a far greater service alike to the Christian cause and to the Chinese nation than is possible by continuing the status quo. Furthermore, the serious economic depression in the West and its probably lasting consequences make it less justifiable than hitherto to ask there for the funds required to maintain all of these institutions. This consideration is accentuated by the increasing expenditure that will be demanded of them in the future according to modern standards and with the improvement of government and other purely Chinese institutions. A joint campaign in the West for the colleges as they now happen to be in existence and for their individualized programs would be not only morally indefensible but also almost certainly futile. Similar efforts in China will be harmfully competitive and even less likely to provide adequately for their support,

Conferences on this problem have been held and committee or statistical reports been discussed on both sides of the Pacific Ocean for more than a decade, during which period economic and other factors would seem to have augmented the desirability of an even closer correlation or more drastic reorganization than was earlier contemplated. There is apparently nothing to be gained by further investigation or argument. Yenching maintains therefore that at the meeting of the Council of Christian Higher Education, January 1934 the institutions concerned should agree to be reconstituted by some qualified and authoritative body so as to form a single, coordinated system of Christian Higher Education organized solely for the purpose of rendering its total maximum service to the people of China. If the institutions concerned decide to retain their separate programs and relative independence as at present, Yenching maintains that the term "Correlated Program" is inapplicable and that further discussion now is useless. If at the January meeting the Council decides

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to go on with the so-called "Correlated Program" essentially as now formulated, Yenching will temporarily withdraw from further participation in such negotiations in China, and will request its Board of Trustees in the United States to adopt a similar policy in relation to the Associated Boards. If, however, there should be evidence in the future of an active desire among the other institutions to effect such correlation, Yenching will be ready to participate again wholeheartedly in the movement.

Note: (The above statement has been unanimously adopted by the Faculty Executive Committee and by the Board of Managers.)

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Strictly confidential

April 29, 1934

To the Board of Trustees:

The recent declaration by the Japanese Government of its claim to an exclusive control over China, with which other nations will not be permitted to interfere, reveals with unmistakable clarity the long pre-meditated policy of its military leaders. Despite any subsequent evasions or retractions that may follow upon their realization of world disapproval, this may be accepted as the determination of those now in absolute control of that country's affairs. Taken in connection with official statements made before and during the seizure of Manchuria - or for that matter of Korea - it furnishes conclusive evidence that the standards of veracity accepted as a matter of course in government pronouncements do not obtain in the case of Japan. It would be unwise therefore to be influenced by any further explanations, and to ignore the obvious meaning of this disclosure as confirmed by all that has developed in recent years. This is in effect Japan's intention to exercise some sort of suzerainty over China, achieved by military force and other forms of insistent pressure, regardless of Chinese rights and resentments, and of treaty agreements with other powers. We may speculate as to the time for carrying out the successive movements involved or the procedure which will be followed, but not as to the essential aim nor as to its consequences in sooner or later eliminating all western commercial or cultural influences, except such as may temporarily be useful to themselves or be regarded as of negligible importance. They already dominate North China to the extent of imposing their will upon the local authorities and compelling

*Sent up to
Stuart's office*

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them to suppress any activities which seem to them objectionable. One simple incident will illustrate this. A group of our students forming the Resist Japan Committee of the Student Association recently sent telegrams to Nanking protesting against the resumption of postal and rail communications with "Manchou Kuo", and printed the substance of this in hand bills which were scattered among the schools of the city. These soon attracted the attention of Japanese spies who informed their Legation which promptly ordered the Chinese authorities to have this stopped. On having the police headquarters point out the necessity they and their superiors were under, I explained to the students the danger they personally and the entire institution would be exposed to and the embarrassment they would cause their own harassed government if they persisted in such agitation, sympathetic as all of us were with their motives.

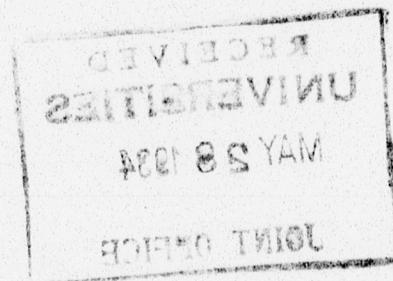
It may be that they will carry out a military occupation of North China, including Shantung, but from present indications they seem to be relying rather on propagandist methods. They are offering every form of inducement to national and provincial leaders. I am asserting this from direct knowledge in certain individual cases - to organize governments independent of the national one, with their financial and military assistance. This city has perhaps thousands of their spies and paid agents, as I have learned from a trustworthy source, and the same is known to be true of other important centres. Their whole intention is unquestionably to keep China disunited and to thwart all constructive efforts, while intimidating her rulers by threats of force of which the ruthless violence and confiscation of property in Manchuria and Shanghai are a sufficient warning.

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Our university and all other Christian schools in this region will suffer consequences which will probably make it as difficult as it would be unprofitable to continue their operation after the Japanese attain their objective.

It is not probable, in my opinion, that there will be any political or economic disturbance within Japan to arrest this predatory aggression of the military party, unless there is adequate evidence of international disapproval. The only hope in the situation would seem to be some form of joint Anglo-American or League assertion of the purpose of the Nine Power Pact. If such action had been taken promptly after the Mukden outbreak of September, 1931, most of what has happened since could probably have been prevented. If nothing is done now there will be similar acts of aggression after which any attempt at restoration will involve war. Personally, I believe that sufficiently emphatic protests now will not endanger our country and will be surprisingly effective.

Is it not possible that among the Trustees and associations which some of you have there are methods of urging these considerations upon those in authority or of arousing public interest, and thus help to exercise a restraining influence before it again becomes too late? Anything written herein may be quoted but my name must not be used as this might be to the serious injury of the institution.



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A. J. L. Stuart



OFFICE OF THE PRESIDENT

TELEGRAPH ADDRESS
"YENTA"

INDEXED

April 30, 1974

Chow

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

My dear Mr. Garside:

I am enclosing herewith a communication which I have prepared with no slight reluctance. One does not desire to be an alarmist, still less to aggravate the general unfriendly feeling toward Japan. It is also extremely difficult to forecast the intentions of its leaders. The Manchuria and Shanghai occurrences were so wholly unexpected and so contrary to all normal processes for estimating probabilities that it would be foolish to blind ourselves to the dangers in the present situation. On the other hand, there are grounds for believing that within China proper they will not use quite the same reckless forms of conquest which they did in Manchuria. They are virtually in control of this region now and there are many who argue that having practically what they want here they will not employ force to establish themselves further. The military mind, however, doesn't seem to follow this kind of reasoning. It may be that Shantung will seem to them more strategic with larger economic possibilities which together with the recovery of face lost in the return of that province under pressure may lead them to take control of it first. In any event, any such move would seem to require their taking over everything north of the Yellow River.

The effect on us of all this is quite obvious. We can only speculate as to the extent to which students from other parts of China will be afraid to come into this danger zone. It is already a factor in our financial efforts in China, and could easily become so in America with fresh evidence of aggressive policies. If they demand repressive regulations, we shall probably find our best Chinese teachers wanting to drift southwards, especially those in the social sciences and humanistic subjects. The families ^{in this area} able to do so would also tend to move in the same direction as is already true to a certain extent. We could not get our full enrollment by any means from local sources as thus depleted. It is, therefore, of vital interest to us as well as to many other similar interests that Japan be stopped from the

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program so baldly acknowledged by the Tokio spokesman, if there is any possible way to effect this. The joint ~~action~~ of the missionary ~~agencies~~ may find it well worth while to give this matter their prompt and serious consideration.

Meanwhile, as I am dictating this letter, all such fears seem strangely unreal. Our campus has never been more lovely than this spring with flowering plants, trees bursting into leaf, and the results of recent years of landscaping showing themselves. We have never had a more peaceful and satisfactory year in all internal relationships between teachers and students. We had the happiest sort of Alumni Home Coming day before yesterday. The Endowment Campaign, whatever it may produce in money, has brought out a most gratifying loyalty among students and alumni, and an endorsement from the Chinese public. Very acute financial problems are facing us, but we can hope that an institution proving itself worthwhile will somehow find the necessary support. Yet over this scene so full of promise there is, as it were, a sinister fog drifting in upon us threatening to envelop us and at least to dampen our usefulness, if not to produce more permanent injury. We feel very helpless in the face of this depressing prospect, and yet I am perfectly confident that joint action by Great Britain and America, even without the support of the other powers, would go a long way toward clearing away the fog without any serious likelihood of war, which is of course the reason why these countries are so fearful and Japan's military leaders so arrogantly assertive.

This somewhat personal letter can be used with the enclosure at your discretion, but any indication of the source must be very carefully guarded. There are Japanese spies all over America as well as here and very little escapes their notice.

Very sincerely yours,

J. H. Houghton

JLS C

P.S. Would you include the Princeton-Yenching Trustees in those to whom the enclosure will be sent.

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