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HARVARD-YENCHING INSTITUTE

HARVARD-YENCHING
INSTITUTE

24 Milk Street

Boston, January 10, 1934

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

Dear Mr. Garside:

I wish to thank you for yours of the 9th with enclosed check for $1,096.64 covering one-half of the amount collected for the Natural Science Endowment Fund since your remittance of November 8th and up to December 31, 1933.

Yours very truly,

Treasurer
(Henry L. Shattuck)

RECEIVED
UNIVERSITIES
JAN 11 1934
JOINT OFFICE

HARVARD-YENCHING INSTITUTE

OFFICE OF THE TREASURER
24 MILK STREET, BOSTON, MASSACHUSETTS

HARVARD-YENCHING INSTITUTE

January 10, 1934
Ack. 1/22/34

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

Dear Mr. Garside:

I have yours of the 8th relative to the forged check for $25,000.

Mr. James H. Perkins, the head of this bank, is a former Harvard Overseer and is a brother of Mr. T. N. Perkins who is a member of the Harvard Corporation. If you think it would be helpful I should be glad to call the matter to his attention. Before taking any such step, however, I think it would be well for you to consult your attorneys and see what they think of it and get their suggestions as to precisely what I should say to Mr. Perkins. I might send him a full statement of the case, and in that event I should want to have the form of the statement passed upon by your attorneys. On the other hand, without going into any details, I might tell him that Yenching University was much embarrassed by the charging of this check against its account and by the slow progress of its negotiations with the bank, and ask whether he could not do something to expedite the matter. The form of any such letter should also be passed upon by your attorneys. I should also like to have the names and positions of the persons connected with the National City Bank with whom you had dealings in this matter.

Yours very truly

Treasurer

UNIVERSITY
JOINT OFFICE

HARVARD-YENCHING
INSTITUTE

Yenching

January 22, 1934

Mr. Henry L. Shattuck
Harvard-Yenching Institute
Boston, Massachusetts

My dear Mr. Shattuck:

I apologise for not having replied sooner to your letter of January 10th. In that letter you suggest the possibility that you might approach Mr. James H. Perkins of the National City Bank with a request that he use his influence to expedite the settlement of the negotiations in regard to the $25,000 forged check.

The cause of my delay has been the expectation from day to day that a satisfactory settlement of this matter would shortly be reached.

However, time is moving along rapidly, and it does seem that the National City Bank is taking very much more time than should be necessary in reaching any decision on this matter. The situation is becoming more and more embarrassing to the University. So we feel that any steps you may be able to initiate along the lines suggested in your letter of January 10th would be very helpful, and we would be extremely grateful to you for your assistance.

The main developments since I last wrote you are these:- We have had letters and cables from the University urging that a decision be reached before the end of January. I understand the Kincheng Bank Corporation is threatening to bring suit against the National City Bank, and also Yenching University, though we do not know whether this is more than a gesture to speed up a final decision. At the present time we are still negotiating with the National City Bank as to the form of an agreement under which the National City Bank would permit the University to use this $25,000 without prejudice to the final decision in the case. The negotiations for permission to use the $25,000 under these conditions have been dragging along for more than two months, and we feel quite strongly that the National City Bank has spent far more time than necessary.

There has been a suggestion on the part of the field authorities of the University that Yenching might agree to assume 10% of the loss involved in order to effect an immediate settlement and to avoid the high costs of entering into litigation. Our Trustees are inclined to agree that this might be a satisfactory way to handle the case if it could be accomplished speedily. Our attorneys also advise that it might be well to have Yenching make this concession. The matter has not been officially proposed to the National City Bank, though it was mentioned informally as a possibility. I would like your own judgment on this as a compromise measure to bring about as early and as inexpensive a settlement as possible.

Our attorneys are of the opinion that your approach to Mr. Perkins should probably be along the line of your second suggestion, that without going into any details you tell him that Yenching is much embarrassed by the charge of this check against its account, and by the slow progress of its negotiations with the bank, and ask whether he cannot do something to expedite the matter. There is one angle to the matter, that you should be familiar with, though I do not know whether you would find it desirable to pass this on to Mr. Perkins. There is a great deal of personal embarrassment on the part of Dr. Stuart and other field administrators of Yenching because the new chancellor of the University is one of the advisors in the Kincheng Bank (which originally accepted this forged check for deposit), the owner of this bank is a good friend of the University, and a number of its other officials are interested in Yenching in one capacity or another. The longer a settlement is delayed, the more embarrassing these relationships become, and the greater is the danger that through "loss of face" some of these personal relationships will be jeopardized. The more quickly we can settle the matter, and the more we can accomplish here in America without bring the field in too directly, the better.

The man in the National City Bank with whom we have dealt in this matter is Mr. G. A. King, Jr, one of the assistant cashiers. Recently all of our negotiations have been carried on between our attorneys, Harper & Matthews 70 Pine Street, New York City, and the attorneys of the Bank.

Very sincerely yours,

BAG:MP

HARVARD-YENCHING INSTITUTE

OFFICE OF THE TREASURER
24 MILK STREET, BOSTON, MASSACHUSETTS

January 23, 1934

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

Ack 1/24/34

Dear Mr. Garside:

I have yours of the 22nd relative to the forged check. I have drafted and inclose herewith a form of letter which I might write to Mr. Perkins of the National City Bank. I shall be much obliged if you will look this over and show it to your attorneys and send it back with any suggestions you or they have to make. I am not sure whether the check should be described as a "raised" check or as a "forged" check. I gather from previous correspondence that it was a valid check originally written for $6.08 and was subsequently raised to $25,000.

I think that you would be justified in making some concession in order to bring about a settlement at this time without further delay or expense. I do not know enough about the negotiations, however, to express an opinion as to whether this is the proper time to suggest assuming ten per cent of the loss or any other per cent. I feel further handicapped in expressing an opinion because I do not feel that I know enough of the facts or of the law applicable to the facts to estimate the strength or weakness of your case. I think about all I could say is that some small concession would be justified in

order to obtain a quick settlement and to save expense. If any larger concession is made it should be on the ground that there is real danger that you might lose the case in the event that your claim was litigated.

Yours very truly,

Treasurer

HLS MEL
Inclosure

(Henry L. Shattuck)

RECEIVED
UNIVERSITIE
JAN 2 1934
JOINT OFFICE

January , 1934

Mr. James H. Perkins, Chairman
National City Bank
55 Wall Street
New York, N. Y.

Dear Mr. Perkins:

Yenching University, with which the Institute is closely associated and to which it makes large annual grants, is much embarrassed by the fact that a forged (raised?) check in the sum of $25,000 has been charged to its account by your Peking branch. Notice of this was first received by Yenching University on March 27, 1933, when it was reported that the University's account was overdrawn. Since then efforts have been made to adjust the matter, but so far without success. I believe that Mr. G. A. King, one of your assistant cashiers, is familiar with the facts. Yenching University is a comparatively small institution running on a narrow margin. This charge of $25,000 against its account therefore makes a very serious hole in its resources. I shall be much obliged for anything you can properly do to hasten a decision.

Yours very truly,

Treasurer

HLS MEL (Henry L. Shattuck)

HARVARD-YENCHING
INSTITUTE

Yenching University

January 24, 1934

Mr. Henry L. Shattuck
Harvard-Yenching Institute
24 Milk Street
Boston, Massachusetts

Dear Mr. Shattuck:

I am acknowledging your letter of January 23rd, enclosing draft of a communication for Mr. James H. Perkins.

We have been in telephone consultation with our lawyers several times today, the first recommendation given early this morning being to reserve action for a few hours with a hope that the agreement in the hands of the National City Bank would be made ready for approval and signing.

The last word received this afternoon is that our attorneys have the paper in hand and desire a few hours for study before giving their final approval. We expect to have their decision in hand early tomorrow morning, and at the same time secure their judgment regarding your letter to Mr. Perkins. It is quite possible that in view of our being able to come to an agreement on the terms for advancing the money, that some modification in your approach will be suggested. However, we did not wish to delay answering your letter and will write you again tomorrow or telegraph.

Very sincerely,

HARVARD-YENCHING
INSTITUTE

Yenching

February 1, 1934

Mr. Henry L. Shattuck
Treasurer Harvard-Yenching Institute
24 Milk Street
Boston, Massachusetts

My dear Mr. Shattuck:

I am enclosing a copy of a statement received from Thompson & Company in Peiping and from our auditors, Chamberlain, Berger & Welti, with reference to two items in the 1932-33 reports of the Harvard-Yenching Institute agency account, to which our auditors referred when they prepared their statement in October. I hope that these explanations will clear up in a satisfactory way the questions which were raised.

You will be interested to learn that we received this morning from Yenching another cablegram which altered entirely the situation as regards our procedure with reference to the raised check. This morning's cable stated that the field had no objection to the Trustees signing the agreement with the National City Bank as drafted. Of course, this new cable required a restudy of the whole situation so we called together the Committee of the Yenching Trustees responsible for handling the matter and they reviewed the case in this new light. In the end it was agreed that the wisest procedure would be for our Yenching Trustees to enter into the proposed agreement with the National City Bank. This will make the money available for the University immediately. Also, it will decrease the likelihood of ultimate loss or expense to the University in the settlement of the matter. So far as the financial interests of the Harvard-Yenching Institute are concerned, it seems that the procedure we are now following provides by far the best safeguards.

It was very pleasant to have the opportunity of seeing you last night. We are grateful to you for the interest you are taking in all these matters affecting our China Colleges.

Very cordially yours,

BAG:MP

Copies:
Miss Bayley
Dean Donham

COPY

THOMSON & CO. 57 SUI AN PO HUTUNG

PEIPING, 15th.December.1933.

The Treasurer,
Yenching University,
HAITIEN.

Dear Sir,

HARVARD YENCHING INSTITUTE ACCOUNTS 1932/33.

We would refer to Mr. Garside's letter of the 1st November 1933 - G33-11-1-1 and to the New York auditors' report on the above accounts and would reply to the points raised therein as follows:-

The Credit of U.S.$435.54 or L.C.$2,000.00 to Foreign Books Purchases Fund is due to the fact that a purchase made out of this fund during 1931/32 was cancelled by the sellers and a refund of the money paid was made in August 1932.

The U.S. currency equivalent, viz U.S.$469.25 of the balance of the 1932/33 appropriation amounting to L.C.$1,077.00 was arrived at as follows:-

Balance of appropriation retained in New York against payments to be made there as per Mr. Garside's letter of 27th May 1932 - G.32-5-27-1

		LC$1,720.00	US$650.00
Less	Disbursements made in New York at Budget exchange rate of 4-1	645.00	180.75
	Amount undrawn	LC$1,077.00	US$469.25

The difference between the U.S. Currency equivalent of L.C.$1,077.00 as shown above and the amount actually drawn against that sum is due to the differences in the rates of exchange taken.

While the whole of the local currency remittances were shown on the accounts the gold equivalent, U.S.$485.15, of the L.C.$1,720.00 previously mentioned was inadvertently omitted.

As the gold figures are calculated at the average rate of exchange of the remittances received, the inclusion of the above US$485.15 will alter this exchange rate and consequently the gold equivalents of both the remittances and the payments will be changed so that the net difference in the final balances will be small. In this connection we would point out thatas the budget is all in local currency the gold equivalents are nominal figures for record only.

Yours faithfully,

(Thomson & Co)
Chartered Accountants,
Auditors

MCH:SIC

COPY

Chambellan, Berger & Nelti
Certified Public Accountants
70 Fifth Ave.
New York

January 19, 1934

Harvard-Yenching Institute
Executive Committee
Cambridge, Mass.

Dear Sirs:

Reference is made to our report dated October 26, 1933 of the Harvard-Yenching Institute Agency Account for the year ended June 30, 1933.

On page 5 of this report we state that we were unable to identify an item in U.S. currency amounting to $435.54 or local currency $2,000.00, which was received during the year under Foreign Books Purchases Fund.

We also mention on page 4 that the field auditor's report shows an account receivable amounting to local currency $1,077.00 with an equivalent in U. S. currency of $468.28, which we pointed out was apparently in error.

Mr. Garside has forwarded to us a letter from Thompson & Company auditors in the field, in which they explained these matters.

The $435.54 credit to Foreign Books Purchases Fund represents a refund on a purchase made out of this fund during 1931-32, which was cancelled by the sellers and paid in August 1932.

As to the item on page 4, Thomson & Co., explain that as the budget is all in local currency the gold equivalents are nominal figures for record only and the gold equivalent was figured at the average rate of exchange of the remittances received. Since at the time the field audit was made they had not received word as to the actual expenditure in U.S. currency required to purchase the draft for this balance of local currency $1,077.00, they had to use the average rate.

These explanations remove the above exceptions from our report and this letter is written to complete your records on last year's accounts.

Yours very truly,

Chambellan, Berger & Nelti

by (Pierre L. Chambellan)

PLC:k

HARVARD-YENCHING
INSTITUTE

February 14, 1934

Mr. Henry L. Shattuck
Harvard-Yenching Institute
24 Milk Street
Boston, Massachusetts

My dear Mr. Shattuck:

Let me acknowledge receipt of your letter of February 10th.

I am glad that the statements of the auditors on the field and here in New York relative to the items on the 1932-33 accounts appear to be in satisfactory form. We assume, therefore, that this matter is cleared unless we receive some word to the contrary.

The cablegram received the morning after our conference on the train read as follows:-

"REFERRING TO YOUR TELEGRAM OF JANUARY 30, 1934
HAVE NO OBJECTION"

We have now completed the execution of the agreement with the National City Bank in the form it was shown you, and the Bank has cabled its Peiping Branch to recredit the L.C.$25,000 to the account of the University.

Very sincerely yours,

BAG:MP

with letter fr. F Bayley 5/8/34

(COPY)

May 8, 1934

Dear Professor Porter,-

As you know, the Trustees of the Institute have been very much troubled by the unsatisfactory reports, especially on the financial side, which have come in from the institutions which receive income from the Restricted Fund of the Institute. At the last meeting, therefore, a decidedly drastic vote was passed, namely:

(T-355) That no funds be sent from the Restricted Fund on account of the year 1934-35 until satisfactory reports reach the Trustees.

Under this vote, I felt obliged to inform some of the institutions that no income will be paid until satisfactory reports for 1932-33 are received here. The enclosed copies will show you just the status in each case.

So far as Yenching University is concerned, I think the feeling has been that, while the reports give us a good deal of detail, they have not been clear as to just what the allotments of income from the Restricted Fund have been in relation to general expenses at Yenching. This came out quite clearly in Mr. Keller's investigation of the Institute's finances in preparation for the budget for 1934-35. Therefore, it is suggested that, in the financial statement for the current year, the allocation of income from the Restricted Fund be very carefully separated from other items in the accounting. If this is done, I should think the report of Yenching University would meet all the requirements laid down by the Educational Committee and approved by the Trustees, with the few exceptions mentioned in my letter to you of December 7, 1933.

Sincerely yours,

(Signed) George H. Chase

Professor Lucius C. Porter,
Harvard-Yenching Institute,
Yenching University,
Peiping, China.

5 enclosures

1 copy - yellow

HARVARD-YENCHING
INSTITUTE

Cc:
Mr. Shattuck

May 9, 1934

Dean Wallace B. Donham
Dean George H. Chase

My dear Dean Donham and Dean Chase:

At the Annual Meeting of our Associated Boards for Christian Colleges in China held on April 23rd and 24th, warm appreciation for the interest and generous support given by the Harvard-Yenching Institute to our China Colleges was voiced by a number of our members. The Associated Boards unanimously adopted a resolution expressing its appreciation of the Institute's interest and cooperation, particularly at this time when each of our China Colleges is struggling with such severe financial problems, and instructed me to communicate their gratitude to you.

At the meetings of the Board of Trustees of the individual Colleges held later that same week, similar expressions of appreciation were given. In each of the five boards where I served as Secretary - West China, Yenching, Fukien, Cheeloo, and Nanking - I was requested to communicate to you the Boards' expression of gratitude and appreciation.

Within the past few days we have been gratified to learn of the further generosity of the Institute in guaranteeing to the institutions participating in the Restricted Fund a total of U.S.$60,000 for 1934-35. This guarantee of a substantially larger amount than we have been counting upon as assured income from the Restricted Fund will bring a welcome and urgently needed increase in assured income just at a time when our Colleges are facing grave financial crises.

I am greatly distressed that the Trustees of the Institute have been troubled by further failures on the part of some of our China Colleges to provide prompt and satisfactory reports. We are anxious to do everything we can to clear up this difficulty. I am writing Dean Chase a separate letter on this difficult topic.

Very sincerely yours,

BAG:MP

HARVARD-YENCHING

HARVARD-YENCHING INSTITUTE

17 BOYLSTON HALL
CAMBRIDGE, MASSACHUSETTS

May 14, 1934

ack 6/15/34

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

Dear Mr. Garside,-

Referring to your letter of May 11th in regard to the reports of the institutions in China, you say, in the second paragraph: "Our office here in New York has not been aware of these omissions, or we would have cabled at once to the field urging that the statements be transmitted immediately." May I call your attention to the fact that on December 7, 1933, Mr. Chase wrote to the institutions, pointing out to them wherein they had not complied with the vote of the Educational Committee of the Institute in regard to the substance of the reports; commending them in certain particulars, and, in others, asking for further information. I sent copies of all those letters to you. In the third paragraph of the letter to West China, Mr. Chase mentioned the seriousness of its omission of a financial report. -

Shantung Christian University did not send a report of any sort for 1932-33 to be considered at the meeting of the Trustees held on November 13, 1933, as did all the other institutions. A report of its activities in Chinese studies was received about the middle of December, but there was no financial report accompanying it. The report on activities was presented to the meeting of the Trustees held on April 9, 1934, and action on it was deferred until the special Trustees' meeting on April 30th. On May 8th Mr. Chase wrote to Shantung the letter of which I sent you a copy. There was nothing I could have sent you before in regard to that University's report, since there was no action to inform you about. In view of vote T-255, passed November 14, 1932, the Trustees felt they must take some action or they would "lose face".

Sincerely yours,

Florence T. Bayley

Secretary

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

ASSOCIATED BOARDS
FOR
CHRISTIAN COLLEGES IN CHINA

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

150 FIFTH AVENUE, NEW YORK

Cable: ABCHICOL *Tel:* WATKINS 9-8703

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

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

FREDERICK OSBORN, *Vice-Pres.*
GEORGE G. BARBER, *Vice-Pres.*
E. M. MCBRIER, *Treasurer*

May 15, 1954

Dean George H. Chase
Harvard-Yenching Institute
17 Boylston Hall
Cambridge, Massachusetts

My dear Dean Chase:

As I have reviewed the minutes of the recent meetings of the Trustees of the Harvard-Yenching Institute I have been deeply impressed by two things - the warm interest and generosity of the Institute in dealing with the beneficiary Colleges, and the difficulties encountered in arriving at a satisfactory understanding with these institutions as to general policy and procedure. Since I am extremely solicitous that the interest and goodwill of the Institute may not be handicapped by misunderstandings, I am writing to enquire whether there is anything that our office here in New York can do to assist the Institute in clearing up some of the misunderstandings which now exist.

General Policy as to Procedure. It seems to me that the most fundamental difficulty still existing is that of arriving at a clear understanding between the Institute and each of the six beneficiary institutions as to general policy and procedure. This is, of course, a complicated and tedious process at best. These institutions are on the opposite side of the earth, under entirely different environment, and each has its own particular differences and problems. These difficulties have been accentuated by the fact that during the past few years each of these institutions has been passing through a period of reorganization and has been struggling with acute financial problems.

One of the primary difficulties has been that of establishing and maintaining satisfactory contacts between the Institute and the Universities. Three possibilities have presented themselves - (1) Maintaining direct contact between the officers of the Institute in Cambridge and officers of each individual University; (2) Using our New York office as a unifying agency; (3) Establishing some unifying agency on the field. From 1929 until April 1951 it was proposed that a Committee from the Institute consisting of Dean Donham and yourself meet with a Committee representing the Boards of Trustees of the six Universities to formulate general policies and to agree upon general procedure. But, as you will remember, very little progress was made because we did not succeed in getting these two groups of representatives together. In April 1951, President Stuart proposed the abandonment of this original proposal and the substitution of a unifying

Committee in China made up of two representatives from each University and with its general headquarters at Yenching. This proposal was approved by the Institute, and the Committee was set up soon afterward. But while there have been evidences of constructive activity on the part of this Committee, confusion and misunderstanding have not been entirely removed. Within the last year you yourself have taken much time and exercised a great deal of patience in establishing contacts directly with the administrative officers of each of the six institutions. But some of these efforts have been a bit disappointing.

I believe that the most urgent problem now confronting us is that we clarify these relationships and reach clear understandings as to how far we should rely on each of the three general methods of procedure.

So far as our office here in New York is concerned, we are eager to serve in any way we can. But we recognize that we have certain definite limitations, and we must not intrude in any way that will cause further confusion. We have never had a very clear understanding as to just what functions the Institute Trustees would like our New York office to perform. For example, you have kindly supplied me with the minutes of your meetings. But I have felt that, unless the minutes indicated, or some of the Trustees of the Institute requested, you did not desire our New York office to serve as a medium for communicating to the field the actions of the Institute. This has been particularly true since the Institute decided in 1931 to set up an organization in China which would be the channel of communication with the individual institutions. I have, of course, written informally both to you and to the field authorities of the various institutions with regard to matters which seemed to demand our notice. But I have sometimes had the feeling that certain matters dealt with by the Institute have not been promptly or fully understood by some or all the field executives concerned.

I am not sufficiently well acquainted with the progress made by the Advisory Committee for Undergraduate Studies established in China to give any accurate appraisal of its success to date. My general impression, however, has been that the Committee has not as yet dealt very effectively with the larger problems of program and policy and procedure. If such a Committee is to do effective work it will be absolutely necessary that some thoroughly competent and impartial executive officer on the field give a great deal of time and thought to the work of the Committee. It seems that thus far no one has been available to do this. Dr. Porter has had to carry such heavy responsibilities in connection with his other work at Yenching that it would have been too much to expect him to give the time and attention required to perform these additional duties. If this work is to be done effectively on the field, it should command the full-time services of a competent administrator who should preferably have no direct connection with any of the six beneficiary institutions.

There would be many advantages to the third possibility of having the officers of the Institute in Cambridge maintain direct and intimate contacts with each of the six Universities, and formulate and carry through the general policies and methods to be followed. This would, however, involve a substantial amount of time, attention and clerical labor. Perhaps such development under the leadership of Professor Klissêef will help materially in the solution of these problems, even though some functions were performed on the field.

Preparation and Forwarding of Annual Reports. The securing of prompt and satisfactory reports from the field is always a difficult problem. Administrative officers are working under particularly heavy pressure during the closing weeks of the school year. Those in charge of various departments wish to hurry away to their summer duties. There is often a tendency to postpone the completion of reports until the beginning of the new academic year in September. Moreover, each of our China Colleges is compelled to prepare such a long and tedious assortment of reports for cooperating Mission Boards, governing boards on the field and at the home base, and individuals and organizations providing some measure of support, that this responsibility becomes a very heavy and unwelcome burden. We are all agreed that it is absolutely necessary for each of our six Colleges to submit prompt and satisfactory reports to the Institute, but we must not become impatient if we encounter difficulties.

Until within recent months the administrative officers on the field have had only inadequate, and sometimes conflicting, information as to when and how these reports to the Institute were to be prepared. Some of this confusion still exists. We must have a clearer understanding among all the different groups interested before we can hope to get satisfactory results.

During 1929 and 1930 each institution was left very much to follow its own devices as to the nature of the reports it submitted. This was one of the matters which the Committee representing our North American Boards of Trustees was anxious to clear with the representatives of the Institute. When the Institute Trustees set up in 1931 the new plan of working through the Advisory Committee of Undergraduate Studies, it was understood to be one of the duties of that Committee to see that proper reports were prepared and were promptly transmitted to Cambridge. On April 11th, 1932, by action T-251 the Trustees of the Institute directed definitely that each of the six Universities "report annually to the Trustees at their November meeting on work accomplished in Chinese Studies for the year ending June 30th and that the Executive Secretary in Peiping be directed to obtain and forward such reports."

Up to the time the action just quoted was adopted by the Institute, our New York office tried to see that reports were sent in by the several institutions. From that point on, however, we have had no direct responsibility for the matter, though we have frequently urged laggard institutions to send in their reports more promptly and in more satisfactory shape. To the best of my knowledge and belief the arrangement that the "Executive Secretary in Peiping obtain and forward reports from the six Universities" has never been put into effect. As

a result, the reports for the year 1932-33 were particularly unsatisfactory, both as to promptness and as to content. Our New York office commented briefly to each of the Universities that the Executive Secretary in Peiping had been made responsible for securing and forwarding these reports, but beyond that we did not do anything about the matter until we discovered that the reports were not coming in as they should have done. I understand that at the meeting of the Trustees in November, 1933 only one or two of the reports of the institutions were on hand and in satisfactory form and that these had come direct from the field instead of having been transmitted by the Executive Secretary in Peiping.

On February 8th, 1933 the Educational Committee of the Institute took a new action which, for the first time I believe, informed the institutions clearly as to the lines along which their reports should be prepared. Since these instructions were to apply to the year 1933-34, we have not yet had time to judge their effectiveness.

On December 7th, 1933 you wrote very careful and detailed letters to each of the six universities explaining just what types of reports should be submitted, and pointing out the strength and the weakness of the reports submitted by each institution. These letters did not, however, make entirely clear whether the reports should be transmitted through the Executive Secretary at Peiping. On May 8th you again wrote to each of the separate Universities commenting on the reports for the past year, and making suggestions for future reports. But once more nothing was said, either to Dr. Porter or to the administrators of the individual Colleges, as to whether or not these reports should go through the office of the Executive Secretary in Peiping.

I doubt whether it will be possible to get this matter of reports satisfactorily cleared up unless some one individual or organization is made definitely responsible for the matter and is willing to give a great deal of time and patient effort to it, for a year or two at least. If reports are delayed in arriving or if they are not in satisfactory form when received, some one should see to it that the matter is followed up promptly. Undoubtedly some central office in China would be best situated for this work, but to discharge these responsibilities effectively would require much more time than Dr. Porter or any of his associates now have available. Our office here in New York will be glad to assume any responsibility we may be asked to take, though we must be careful not to interfere with other plans of procedure already established. If this work is done in Cambridge I fear it will require a great deal more time and attention than any of the present officers of the Institute can rightly be expected to give.

Above everything else, we are anxious that our friends in the Harvard-Yenching Institute will realize that, in spite of some of these difficulties that are inherent in a situation where we are working on opposite sides of the globe, each of the Universities receiving funds from the Institute is profoundly grateful for your generosity and interest and wishes to cooperate with you as fully as possible.

Very sincerely yours,

BAG:MP

HARVARD-YENCHING
INSTITUTE

THE TRUSTEES OF YALE-IN-CHINA
NEW HAVEN · CONNECTICUT

NEW YORK COMMITTEE
LANSING P. REED, CHAIRMAN

May 22, 1934.

NEW YORK OFFICE
ROOM 606-347 MADISON AVENUE
NEW YORK CITY

File
Letter from
Mr. Garside

Dear Garside:

I have read with great care the draft of your letter to Dean Chase, - you have stated the alternative clearly. The Harvard-Yenching Board must definitely decide whether it wishes reports from the universities in China to come to it directly, or to have them collected by a committee in China or in New York City.

I am inclined to think that the best way to influence the Harvard-Yenching Board will be through Mr. Barber, Dr. North or myself rather than by attempting to get Dean Chase to formulate a policy in reply to your letter of inquiry. Dr. North has great influence in that committee. As I listened to the discussions I saw that he knew more than anyone else there. I hope the Harvard-Yenching Board will invite President Francis Wei to meet with it in the autumn.

Turning to your letter I have no comments to make on page 1. Dealing with page 2, the paragraph in the middle of the page is frank but my own inclination would be to word it differently. Instead of saying " I have felt that you do not desire our New York office to serve as the medium", I would prefer to say, "the New York office is at your service if in your opinion it might be an effective medium. Since, however, you have set up an organization in China to be the channel of communication, it will probably seem wise to continue using that channel."

As to the final paragraph on page 2, what you say is frank, direct and pertinent. My own judgment would be that it would be wiser for Dr. North to say this in the meeting of the Board rather than for you to write a criticism of Dr. Lucius Porter which is in the paragraph.

I am sending a copy of this letter to Dr. North and Mr. Barber, and believe it might be wiser not to write any letter at all but to bring pressure on the Harvard-Yenching Board through the members from New York whom you know and trust, and who might be able to use their personal influence to bring about the very result you desire. If Dr. North and Mr. Barber disagree with me I am willing to yield to their judgment since I am the most junior member of the Board.

Sincerely yours,

Edward H. Hume

Edward H. Hume, M.D.

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

KELLEY
UNIVERSITIES
MAY 23 1934
JOINT OFFICE

Hold for Mr Garside's attention

HARVARD-YENCHING INSTITUTE

HARVARD-YENCHING INSTITUTE

Bible House,
Astor Place,
June, 21, 1934

ack 6/23/34

INDEXED

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

Dear Mr. Garside:

I think I have neglected to send to you any authoritative confirmation of information which you have no doubt received from the copy of the Minutes of the Board of Trustees of the Harvard-Yenching Institute as to the budget for 1934-5 for expenditures through Yenching University. The amounts are as stated below:

		LC	U.S.
Y-1	Library (book purchase only)	$5,000.00	
Y-2	Archaeological laboratory	1,000.00	
Y-3	Teaching and research staff salaries...	24,720.00	$ 660.00
Y-4	Rent of residences	3,000.00	
Y-5	Scholarships.....	4,000.00	
Y-6	Journal of Chinese Studies	7,000.00	
Y-7	Office expenses	2,000.00	
Y-8	Clerical assistants	1,000.00	
Y-9	Office secretaries.....	2,640.00	800.00
Y-10	Contingent fund.....	2,000.00	
Y-11	Sino-Indian Institute.....	14,000.00	
Y-12	Sinological Index Series.....		4,000.00
	Accounting and auditing service.....	2,820.00	350.00
	Emergency grant.....	7,404.00	
		$ 76,584.00	5,310.00

No commitments made by Yenching University for this budget should exceed this.

Cordially yours,

Eric M. North

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HARVARD-YENCHING
INSTITUTE

Shanghai

HARVARD-YENCHING INSTITUTE

8/21 35.62 cable 35 9/16

OFFICE OF THE TREASURER
24 MILK STREET, BOSTON, MASSACHUSETTS

August 22, 1934

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

Dear Mr. Garside:

Mr. Keller has sent me a copy of his letter of the 21st to you relative to what policy should be pursued with respect to protecting ourselves against fluctuations in exchange on remittances to China. Last year we made our local currency appropriations on the basis of 25% of gold, and for this year the local currency appropriations have been made on the basis of 36% of gold. Up to last year we have had considerable gains on exchange, but for last year I assume that we shall have a considerable loss. I have not kept sufficiently in touch with the fluctuations in exchange to have an idea how we are likely to fare this year, based on experience since July 1st and upon such forecast of the trend during the remainder of the year as can be made at this time. As you are dealing with this question all the time, you are much better qualified to judge of these matters than I am, and I shall be glad to have any comments or suggestions you care to make. You will recall that I wrote you on this subject on April 14th and that you replied by letter of April 16th that

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you were looking into the matter and expected to have something further to report later.

Yours very truly,

Treasurer

(Henry L. Shattuck)

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AUG 23 1934

HARVARD-YENCHING
INSTITUTE

August 27, 1934

INDEXED

Mr. Henry L. Shattuck
24 Milk Street
Boston, Massachusetts

My dear Mr. Shattuck:

I am replying to your letter of August 22nd, as Mr. Garside will not be in the office until after Labor Day. This communication raises the question as to the procedure to be followed by the Harvard-Yenching Institute in making its remittances for its work at Yenching University.

Up to 1933-34 the Institute was exceedingly fortunate in not being restricted by a contract, there being gain in exchange to a total of nearly $30,500.00 between 1930/31-32/33; the latter year being based on a rate of 4 to 1, or a 25% basis as you indicate in your letter. During that period the University had two years with contracts and lost heavily as the value of local currency continued to decrease. The same basis of 25 was used in 1933-34, but our present estimate without making a detailed study of the account, shows a loss of about $6,581.70, or an exchange rate of about 3 to 1, or approximately 33%. (I have not figured this accurately.) The present year's rate is on a ratio of 36%, and today's Peking rate was 35-5/8 for checks. In other words, if the present rate prevails throughout the year, 36% would be a fair estimate of the proper exchange.

The question we are interested in is whether or not economic or political conditions will so enhance the value of silver as to raise the rate above 36%, thereby calling for a larger expenditure of U.S. dollars.

So much guess work has been done in relation to the exchange situation that here in the office we have consistently closed our ears to vague rumors which often are propaganda, while at the same time making an effort to secure facts as related to the prevailing conditions. To be more concrete:- A certain bank in town has been sending representatives to our office with the hope of securing our exchange business. They have represented the situation as being much more advantageous to all concerned if it could be handled through New York banks, rather than through China. They were so persistent that we finally called a meeting of all our Treasurers, wherein the whole situation could be thoroughly discussed. As I recall it, this was last February, and after two and a half hours' discussion, the most valuable suggestions made were that our universities buy gold in London, and hold same against our commitments to the field. The practical working out of this problem presented some difficulties, and the bank was supposed to work out a plan which would prove satisfactory, but up to the present date no word has been received. The point is that one of our largest banks was delving into a situation upon which no constructive or workable new aspect could be presented.

One other recommendation at this meeting was to buy the year's quota of silver in advance, but which we rejected as it would involve borrowing money. One of the Mission Boards, however, did accept the suggestion and purchased their entire year's silver commitments, only to see the exchange fall off several points - much to their chagrin. In justice it must be said that the situation has changed so at the present time the purchase is favorable by above two cents ~~[illegible]~~ if present conditions prevail until December 31st that Board will just about break even, and has had the trouble and cost of money paid in advance.

I have just had a telephone conversation with this bank, in fact with one of the members who attended that meeting, and they disclaim any understanding that they were to be responsible for a further study of the situation. It is my personal belief that they found they were some unworkable or exceedingly difficult situations, and allowed the matter to lapse. I called this bank with the idea of getting their last minute opinion upon the present silver situation as related to China. They quite definitely recommend that for the present no contracts should be signed, basing their position upon the assumption that the government will not enter into a wholesale buying of silver. In making this recommendation they do so with crossed fingers, and say that if China places an embargo upon silver, or if there is an export tax imposed, or if the government purchases silver in large quantities and raises the price, they will then reverse their position, and recommend future commitments in exchange.

On the other hand, a cable was received the day before yesterday from one connected with banking interests in Hongkong, recommending that Chinese dollars be converted into gold, or sterling, as there was a feeling in Hongkong that the Chinese government would reduce the silver content of their dollar. But it is interesting to note that while the cable was in transit the pound sterling was dropping off, which shows that the recommendation was more or less of a guess, and that the real conservative position should have been the purchase of gold alone.

I have written the foregoing to show some of the situations which we experience in the exchange field.

As you know, Yenching University has not contracted for its requirements this year. Without more detailed information at hand this could mean the University authorities, after due investigation, are not apprehensive of a drastic rise in the price of silver, or an increase of their local currency dollar; or one could also construe it as meaning that the Chinese bankers refused to make a contract due to the confused situation in silver; or a third conclusion could be that, growing out of the second supposition, the Chinese bankers would place such a drastic rate of exchange on contract that it would be foolish to enter into such an agreement at the present time.

If I may be permitted to quote the conclusion of a group meeting here in New York on August 10th, you will see therein my own personal attitude toward the situation at the present time. In effect, the conclusions are as follows:-

The nationalisation of silver is a routine step in the execution of the silver bill passed during May 1934, and involves nothing new in basic monetary policy. It is, however, convincing evidence to these hitherto

skeptical people, at home and abroad, that the Administration does not intend silver legislation as a mere idle gesture to silence politicians, but really intends to live up to the spirit of the law in an objective to acquire silver equal to 25% of our total metallic reserve. The nationalization of silver in itself is a relatively small dose of inflation, but is significant because of the possibility of further inflationary steps. Complete fulfillment would probably increase total currency and bank deposits of the nation less than 5% and therefore inflationary scare growing out of silver policy is being greatly exaggerated. The policy seems to be to keep inflation psychology alive, but the amount of tangible real inflation is relatively small; therefore, the stock market does not react with major rise, and apparently will not until the public regains confidence in fundamental business recovery, rather than inflation. The silver policy should not occasion a complete collapse of government bond market, or permanent weakening of the dollar in foreign exchanges, or further devaluation of the gold dollar at this time.

The recent movement of silver has borne out practically the conclusion expressed on August 10th. If the moves of the government are to be only in small doses, the probabilities are that adjustment will be made so that silver will not rise rapidly. In this event, all those interested could watch the market and protect themselves in ample time.

The experience of the International Y.M.C.A. somewhat guided Yenching University in its decision regarding contracts, as for some time that organization made annual contracts for its foreign exchange. I called up their office this afternoon to check on their late experience, and learned that they have not contracted the last two years. This decision was based on the experience over a number of years, where they found that losses over one period would be recouped by gains in another. As a consequence, they are buying as the exchange is needed. Their procedure is to base their budget on the figure which bankers on the field and in America feel is a fairly safe one for a year to come. For the past two years, this has worked out admirably.

You will see from the foregoing that there does not seem to be a great deal of advantage in making a contract, but if on the other hand you decide that it would be wise to protect the present figure you have established, we shall be very glad to take steps both in China and in the United States to see what can be done. If you are interested in the prospects of buying gold, we likewise shall be pleased to investigate this still further. In short, we will gladly render any assistance possible.

This exchange question is in one respect very much like the stock market. Any one who could forecast with any degree of accuracy the movement of either in advance for a year could name his own price.

It is quite possible that Mr. Garside will have something to add to this picture, and I am keeping this correspondence against his return.

Very cordially yours,

CAE:VC

Assistant Treasurer

HARVARD-YENCHING
INSTITUTE

Cc: Dean Chase
Dean Donham

Harvard-Yenching

September 11, 1934

Mr. Henry L. Shattuck
24 Milk Street
Boston, Massachusetts

My dear Mr. Shattuck:

Upon my return from my vacation, Mr. Evans showed me the correspondence you exchanged during the last part of August with reference to a possible contract for exchange for Harvard-Yenching Institute funds being sent to Yenching this year.

There is not much more I can add to what Mr. Evans wrote you on August 27th as to the general practice both of our China colleagues and other organizations in contracting for exchange. Sometimes such contracts prove advantageous, and at other times they are disadvantageous. The general rule of most missionary organizations is that in situations where they must know in advance just how much local currency a given amount of American money will produce, exchange contracts are desirable, but otherwise it is usually better to transmit funds at currency rates as they are required. Of course an exception to the general rule is nearly always in order when any special set of circumstances must be taken into consideration.

I have just received from the Field Treasurer of the Yenching University a letter commenting on our cablegram regarding the exchange situation. He writes as follows:-

> "With regard to the exchange rate we have been hoping to get 3:1 rate or better. Early in the spring we sent out letters to exchange bankers of our requirement and asked them to notify us when and if the market rate should come upto our expectation. We felt that in as much as we reckon only 2.60 as our budget rate we are reasonably safe. We are, therefore, willing to take the position to risk rather than to contract at a rate only slightly above our budget rate. Since the passing of the Silver Nationalism act by the American Congress, the rate has dropped to about 2.80. We are further off from our expected rate3:1 than ever. We are told that

the effects of the American act has already been felt by the market. There should be no violent fluctuations from now on. If this is so, we gain by not contracting because the contract rate for a period of a year in advance will be considerably lower than the current rate."

As we have already assured you, we will be glad to follow any move with reference to the exchange contract for Harvard-Yenching Institute fund this year that the Trustees of the Institute may desire. It is quite possible that you may be acquainted with factors in the money market that are unknown to the field, and that your judgment may be quite different from that expressed by the Field Treasurer.

Very cordially yours,

BAG/R

HARVARD-YENCHING INSTITUTE

OFFICE OF THE TREASURER
24 MILK STREET, BOSTON, MASSACHUSETTS

HARVARD-YENCHING INSTITUTE

October 8th, 1934
Noted

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

Dear Mr. Garside:

I am much obliged for yours of the 5th with the inclosed check for $1,335.83, representing one-half of the amount collected from pledges to the Natural Science Endowment Fund of Yenching University during the quarter ended September 30, 1934.

Yours very truly,

Treasurer

HLS MEL

(Henry L. Shattuck)

October 8th, 1934

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

Dear Mr. Garside:

I am much obliged for yours of the 5th
with the inclosed check for $1,455.82, representing one-
half of the amount collected from pledges to the Natural
Science [illegible] of Vanderbilt University during the
[illegible] October 4th, 1934.

Yours very truly,

Treasurer

Henry L. Chatfield

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HARVARD-YENCHING

HARVARD-YENCHING INSTITUTE

Bible House,
Astor Place, New York.
Nov. 13, 1934

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

Dear Garside:

I am sorry that you did not take breafast with Mr. Donham this morning. I think you would have had some side-lights that would have been of real help on the campaign both as to method and presentation and also as to the relation of it to the Boston group.

Donham feels that the stressing of "needs" by educational institutions at the present time at once operates to put them into competition with relief funds, etc., but, that (as he is doing with the new developments in the Graduate School) if the program can be shown to form the basis for a genuine contribution to healthier social and economic life for the world, the constructive rather than the competitive values will be brought out. He feels the whole cultural program of the Institute fits into the direction of cultural studies not only in China but also in the United States, so that the points of cultural interest that can be played up across the Pacific may be of very great value in the future not only for the countries that border the Pacific but for the world as a whole.

He suggested that in the way of his assistance in the campaign it might be possible for you from the Institute point of view to draw up a letter emphasizing the significance of the institutions in China as seen from the point of view of the Institute and showing the need of the backing of these institutions on the sides which the Institute is not equipped to assist. If you can find time to draft a letter on this line and send it to me, I will give it another lick and send it on to Donham to revise and sign. I think this would be helpful. When you come to your own campaign operations in Boston, it would be well to take further steps to arrange for your Boston committee to send some word directly to the Institute people. It is clear to me from what Donham said that the interest and backing of the Harvard group, not only among the trustees but outside of the trustees, in connection with the China cultural developments and our own group of universities is real and growing,

With best wishes for success,

Faithfully yours,

Eric M. North

[illegible]

HARVARD-YENCHING INSTITUTE

Bible House,
New York City.
Jan. 22, 1935

Cable 1/24/35

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

Dear Mr. Garside:

An examination of the formalities in connection with the appointment of the trustees of the Institute indicates that in the matter of the election of Dr. Hume the form of the action was not in proper form.* Will you, therefore, be good enough to put it on the docket for the next meeting of the Yenching trustees to the following effect:

> RESOLVED, that pursuant to Section 2 of an Act of the General Court of The Commonwealth of Massachusetts, entitled "An Act relative to the Harvard-Yenching Institute", approved April 17, 1928, this Board hereby appoints Dr. Edward H. Hume a member of the Corporation of Harvard-Yenching Institute, effective as of April 25, 1934.

_____

Dated,

It appears that the Institute has both members and trustees. The personnel is identical but Harvard and Yenching appoint members and then the members elect each other and themselves trustees.

Cordially yours,

Eric M. North

Eric M. North

* Not your fault, but due to confusion in the Hy Inst Con the legal technicalities.

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November 27, 1934

Dear Professor Porter:-

The Educational Committee, at its meeting on October 8, 1934, referred to me the reports of the six institutions in China receiving grants under the Restricted Fund of the Institute for a reply after being presented to the Trustees at their meeting on November 12, 1934.

I have your interesting report before me, and the only additional information I should like to have from Yenching University in its report for next year is the names of the professors in the list of the courses given in the Chinese Department. I should also be glad to know whether Chinese 27, Etymology, is the history of Chinese words based upon the Shuo Wen.

We are also desirous of having the Institute put on the list to receive regularly the Yenching Journal. We have not received No. 14.

I think you will be interested to know something of my aims for the Harvard-Yenching Institute, and I therefore enclose a copy of the Harvard Alumni Bulletin, containing an article which I wrote in regard thereto. From it you will see that I am quite ambitious in my proposals, but you will also notice that there is no time set for carrying them out, and I trust you will not think they will be accomplished during my first two years here. They are, however, activities that I hope can be achieved in the not far distant future. You and I both know that activity depends not only on personal energy, but also on finances, which are not as favorable as they were five years ago.

I send you herewith lists of research work being carried on at the five other institutions in China affiliated with the Institute; and forms suggested by the auditor of the Institute for the reporting of receipts and expenditures of Restricted Income by the institutions and for the report of the New York agency. I am also enclosing copies of the letters I have written the other institutions in China. I also send Suggested Form for reporting receipts and expenditures of Unrestricted Income, prepared by the auditor.

Sincerely yours,

Director

Professor Lucius C. Porter,
Harvard-Yenching Institute,
Yenching University,
Peiping, China.

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