

EDUCATIONAL ASSETS

In analyzing the financial and educational assets of our Institutions as of November 1st, 1932, one arrives once again at the irrefutable conclusion that the liability of our Institution began primarily and solely through the unpardonable actions of the American Bond and Mortgage Company, which suspended payments without warning and thus immediately created the impression that the value of our bonds had depreciated. The \$50,000 which was later paid by the Company was only a small part of the company's indebtedness to us, and of the irreparable losses which were precipitated by the actions of the company. And now, the deference of the amortization of the Bonds of the second issue is by no means a just nor adequate recompense for our damages in this matter. Thus, the Friendship Bond Campaign in essence, is only a method of covering the losses caused by the Bond and Mortgage company. If we compare the sum of our indebtedness on November 1st, it corresponds quite definitely to the initial amount withheld by the bank, which was the responsible for the beginning of our debt at the moment when our activities were expanding.

Let us further consider the most unjust tax assessment, whereas other institutions some even not educational institutions are exempt. Then let us remember that the amount demanded by the heirs of Mr. Lowenstein never was included in our calculations, since the statements personally made to us by the deceased, indicated that his intentions were quite different and quite benevolently inclined. Now, let us add to the above-mentioned ^(at) statements, the need of reducing the rentals as much as 40% and the decline in the value of the Bonds, (due entirely to the illegitimate activities of the Company) and we get the complete picture of the present situation which entirely justifies the accuracy of our original calculations.

To neutralize the illegal actions of the Bond and Mortgage Company, we must primarily direct our efforts to eliminating the unwarranted taxes, following the precedent of other institutions. In the second place, it is necessary that the Trustee and the Committee of Bondholders ~~take into~~ grant us the best possible conditions, realizing the responsibility of the American Bond and Mortgage Company, and taking into consideration that any action ^{on} of their part would jeopardize their own position. In the third place, we are entirely justified in expecting from the heirs of Mr. Lowenstein a fair consideration in line with the wishes expressed by the deceased--or, in any case, a deferment of the payments. The low ^{price} cost of the bonds, one must conclude is based on ~~misunderstanding~~, since interest has been constantly paid on the bonds and six percent is too high an interest in comparison to their market price. ~~No~~ further ^{reductions of} rentals should be expected because they are already unprecedentedly low and out of all proportion. As regards our debt to the Chemical Bank, is it not possible to defer this against the security

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of our land in Meriah or on the Pomperag?

In any case, due to the activity of the Bond and Mortgage Company, we are placed innocently in a difficult position and it is quite natural that in appeal to public assistance, we do not invite assistance for an unbalanced budget but cooperation in righting the results of criminal procedure (as it has been judged by the Government) of the bond and mortgage company. This point of view should be made entirely clear to our Campaign Committee, in order that no one may wrongly conclude that the preliminary financial-administrative calculations were wrong. For the Committee itself it is far easier to act, under the inner conviction that only extraordinary events and illegal bank activity resulted in the need of appealing to public sympathy. If we can eliminate through special means our unexpected losses, we can again continue our steady constructive activity.

Thus our financial unrest is due to unsuspected and illegal bank actions which unbalanced our financial estimates. But let us examine the financial balances of other educational institutions such as the American Museum of Natural History, the Archaeological Institute of America, the Society for Ethnography in France, the Universities of Calcutta and Allahabad and similarly varied educational institutions. Everywhere we see huge deficits, sometimes reaching amazing amounts. In his recent speech, Prof. Sir V.C. Raman pointed out the abnormal and distressing position of scientific and educational budgets.

The only consolation in this calamity of culture is that fortunately educational institutions are not classed as common debtors and that even in the most backward localities after all, no one would dare to injure an educational or scientific institution. In any case up to now no one has heard of such crass vandalism. And public opinion, in some aspect or another, still comes to the aid of culture.

It is also regrettable that the lack of means so often keeps educational institutions from the possibilities of constructive work. We know how the publication of scientific works and various enterprises have been deferred, although for lack of floating capital, although they could have become entirely self-supporting. Here we encounter the world question of culture of which all Governments of the world will have to think sooner or later if they want to construct a sane and educated generation, which can alone create the true prosperity of a country.

I should like all our correlated committees to adopt strongly the correct view point since --as I have already written --our committees are volunteers for culture in all its various fields.