

January 23, 1907.

Mr. John D. Rockefeller, Jr.

Dear Mr. Rockefeller:

With respect to the proposed large funds. For clearness in my own thinking, let me write down a few numbered points:

1. I think we cannot improve on the charter or personnel of the General Education Board as now constituted for the custody of any educational fund, the income or principal of which is to be expended in the United States.

(a) It gives all the power we want.

(b) It is sufficiently broad and elastic to cover every conceivable requirement.

(c) It is perpetual.

(d) It places no limit on our funds.

(e) It exempts all our property from taxation.

(f) Nor is there any restriction whatsoever at any point which could embarrass us.

It cannot be improved upon.

2. As to the personnel---it will of course change from time to time as any board must, but I know of no set of men better qualified to choose their successors or to administer the fund while they live. Andrews remarked last night that there was no body of men in the world giving such thoughtful consideration to the problems of human progress, as the men who sat around that table.

3. Any special fund which might be desired to be held in the interest of the University of Chicago could be contributed to the society with the statement that the donor will in due time specify the particular purposes within the corporate powers of the board, to which he wishes this fund devoted. If it is necessary under the law, as I think perhaps it will be, he could specify to the

chairman officially the purpose of the fund, with the understanding that it was not to be communicated to the board except under restrictions which he would name. This is a suggestion of Mr. Murphy's to me in conversation.

4. The same board could hold a similar fund for the Rockefeller Institute of Medical Inquiry and for medical inquiry generally to be conducted throughout the United States to which our charter limits us. I have not the least question that medical inquiry is properly included in our charter right, for medical inquiry and investigation indeed of all kinds is a department of the work of our institutions of learning. I do not need to dwell on that fact. Investigation forms the necessary material of education, and even were it not directly connected with an institution of learning, to increase the material of human knowledge, is just as much a part of education, and just as necessary a part of it, as to communicate the material which we have, to rising generations. If it were necessary to bring it within our charter we could always stipulate some form of publication of valuable results directly educative.

5. So far as education and investigation in the United States is concerned, north, south, east and west and from the common school up, including agricultural education and the development of scientific agriculture, I cannot see how is it possible to improve on the General Education Board for any sum however great. If there are any difficulties and all that, they would be equally great, or greater, under any other form of organization or any other charter I have been able to imagine.

6. With respect to a fund for the advancement of civilization in foreign lands: I wish to call your very particular attention to the extraordinary advantages offered by New Jersey under the present law. I had not dreamed it possible under any state law now existing to secure the advantages <sup>now offered by</sup> New Jersey.

(a) New Jersey is contiguous.

(b) It requires only two residents.

(c) The incorporators and directors need not be more than five and there need not be more than three trustees. This enables us to act immediately by incorporating with five members of our own office and choosing three for trustees. Thus we have a nucleus - the nucleus that we wanted.

question of limit

7. The amount may be unlimited. Now this is going to be a stumbling block. Anywhere else, whether in any other state or in Congress, wherever the attention of legislators are directed to it, I have a strong presentiment that it will be regarded as against public policy to grant citizens of the United States the right to give the proceeds of unlimited property held in the United States, for the advancement of foreign peoples. I think it will be found that, as in the case of New York, which limits the amount of such eleemosynary institutions to three millions of dollars, so in other states wherever there has been careful legislation, the limit is fixed and fixed at a point, for our purposes, far too low. I have no idea at all that Congress can be got to pass a law that will not put too close limits to the amount of such funds. They would limit a corporation to operate in foreign lands with far greater jealousy than they would limit a corporation to operate in the United States. It takes money and it takes charitable money and perpetual incomes out of the United States.

8. Moreover, I doubt extremely if Congress would grant a perpetual charter, but I understand the New Jersey charter to be perpetual. In neither case would it be possible to secure a charter that could not be revoked; but in the case of New Jersey it would be far less likely to be revoked if it could be shown that the state of New Jersey itself was suffering no injury by perpetuation of the trust.

9. It is true that we will be subject to taxation in New Jersey, but

as Mr. Murphy has pointed out, our investments could be so made, and that I think without the least difficulty or embarrassment, as not to be subject to taxation according to the New Jersey law. I am a citizen of New Jersey. I pay on my real estate visible there and my personality that the assessor sees, or thinks he sees, behind my walls, and that is all. Mr. Murphy has shown that the tax laws of New Jersey are extremely lenient on the points where we would be sensitive, and by care in choice of investments we need not be taxed at all. So would not be taxed.

10. The conditions of things which make such an extraordinarily liberal charter possible in New Jersey are permanent. They are --

(a) It is to the interest of a great many people in Manhattan Island that they should be so; hence the powerful lobby in the New Jersey legislature.

(b) And not less cogent, the interest of the commuters of northern New Jersey, which have formed, now form and will continue in a still greater degree to form, the prevailing sentiment of the state. These commuters are New York business men who do not propose to pay taxes in New Jersey beyond the amount of their visible property in that state, and accordingly the tax laws of New Jersey practically exempt about everything that is not in sight by a peripatetic assessor who in fact never knocks at your door.

11. I think it highly advisable that Mr. Murphy draw a charter to be made an Act of Congress, giving us such powers as we want, and that this charter be submitted informally to the powers at Washington upon whom we should rely to get it passed, but I doubt extremely if such a charter as we want can be put through Congress and secure the signature of the President.

I would accordingly organize in New Jersey and transfer to a congressional charter if and when we get it.

F.T.Gates.