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Philander Chase Letters

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2-1843

## Letter to Philander Chase

Samuel Chase

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To Bishop Chase

Rt. Rev. & Very Dear Sir

Having received from you a copy of the Journal of the Twenty Fifth Convention in the Diocese of Ohio, held 1842, and of the Special Convention held Dec 29 same year, together with duplicates, Copies of Liabilities & assets and Estimates of Real Estate & Personal Property, prepared by the Clerks of the Seminary & used by you in Settlement with the Trustees; with the request that I would examine them I hereby return the same to you & beg leave to call your attention to the following points -

In the "Call" made by Bishop McIlvaine for the Special Convention he uses the following language; "Our Diocesan Institution at Gambier you well know has been greatly embarrassed with pecuniary difficulties from its earliest history" -

If the above assertion was intended to cover the time during which the Institution was under your charge, it could not have been made with a full knowledge of its financial state: The Duplicates, Balances and Estimates with which you furnish me are sufficient to establish its incorrectness in reference to the year 1830, the year before you left -

The whole amount of Liabilities including debts for Merchandise in Philadelphia, New York, & Pittsburgh & other places - outstanding debts due Clerks, Mechanics, Laborers & others made the gross sum of \$ 12,681.19



\$ 12,681.19  
Add to this the Balance due Bp. Chan 3,871.22  
16,052.41

The total amount of assets including Merchandise on hand and outstanding debts amounted to \$10,829.93 leaving a Balance of actual indebtedness of \$ 5,722.48 (The above is from a Balance of Drs & Crs in the handwriting of Mr. Samson Mead Clerk) —

Now before it can be affirmed that the Institution at this period (the 4<sup>th</sup> or 5<sup>th</sup> year of its history) was "greatly embarrassed with pecuniary difficulties" it must be satisfactorily shown that it had not available resources to meet within a reasonable time this amount of indebtedness —

The Institution at this time possessed unincumbered Real Estate (8000 acres of land at a low valuation worth \$10, per acre) amounting to — \$80,000.

Improvements in Buildings &c — 34,416.

Personal Property, estimated at the time — 5,779.

Total amount of Real Estate & Personal Property 120,196.

Then should also be taken into consideration the fact, that at that period of its history the Institution was in receipt of an income from the Store, the Mills, & various Tradesmen's Shops & boarding Departments over & above ordinary expenditures of upwards of \$5,000. per annum; this latter fact I assert not only upon common notoriety but upon the authority of the Clerk in answer to enquiries from myself.

Under such circumstances there can be no doubt but that, had the Institution ceased extraordinary expenditures



in the way of building & other improvements, it would have discharged its debts in twelve months; and that too without any sacrifice of its real Estate. Its income and the sale of such personal property as would have been thrown out of employ by ceasing to build would have been more than sufficient for the liquidations of its debts.

Almost the same might be said of its financial condition in 1831. If the liabilities were greater so were the assets; if the debts were increased by the purchase of merchandise, preparations of building materials and improvements upon the farms so were the resources. But Bishop McIlhenny asserts in his address before the Special Convention, "that in 1831 when Bishop Chase resigned the charge of the Institution there were due to him & other creditors a gross sum exceeding \$20,000," and that, "in accounting for the present indebtedness of the Institution, these debts with its interest amounting to over \$1500 per annum forms an important item"—

Now the assertion that in 1831 the Institution owed a gross debt of \$20,000. so far as it has any bearing upon its present indebtedness should in all fairness receive such qualifications as would bring directly & distinctly into view the resources which the Institution then possessed of meeting such debts. If the gross debt of \$20,000; which the Institution is affirmed to have owed in 1831 is to be brought forward in accounting for its present financial condition, by the same rule all available assets then in existence should enter into the same account—



The Merchandise on hand, or its proceeds if sold - the ~~property~~ profits of the shops - the preparation of building materials, as stone for Roper Chapel (with other materials for the same building cost over \$8,000.)

Brick for a Hotel - Lumber of the Mills, profits of the Boarding department - proceeds of the farms affording more than sufficient breadstuff for 12 months - should enter in as available assets in liquidation of the liabilities - and had these assets been so applied instead of being diverted to extraordinary expenditures in 1832 by those who succeeded you in the management of the finances of the Institution, & had its income from various sources been preserved unimpaired, its actual indebtedness would have been materially diminished -

The gross debt in 1831, as affirmed to have been \$90,000.

This Bishop McIlwain says, "was some what diminished by the sale of a portion of the North Section lands shortly after" amounting to - - - - - \$ 7,500.

Add amount realized from debts due the Institution when you left - - - - - \$ 3,000.

Amount of Merchandise on hand in 1830 was

X  
College  
Library upwards of \$7,000. in 1831 as great but say - - - - - \$ 6,000.  
\$ 16,500.

Leaving a balance of actual indebtedness of \$ 3,500. to be liquidated by the other means alluded to - and there can be no doubt that had the available assets (including



(the \$7,500 arising from the sale of lands), been applied to the liquidation of the debts they might have all been paid in 1832-3 -

But again Bishop McHovaine in his recapitulation of items of present indebtedness says - "The original debt of \$21,500. diminished if you please by some \$3,000, realised afterwards from debts due the Institution when Bishop Chase left & by proceeds of first sale of North Section land \$7,500. will form an item in the present indebtedness of at least \$10,000."

In this case there can be no propriety in carrying forward this item of \$10,000. as part & parcel of present indebtedness, merely implying that the present embarrassed to that amount are in consequence of debts incurred by you - Since before any debts incurred by yourself in behalf of the Institution can be regarded as part & parcel of present indebtedness liabilities. it must be clearly shown that no sufficient assets or investments made by you have become available to cancel those debts -

But that such assets or investments did exist - that they have become available - and that they have been applied to <sup>the</sup> liquidations of the \$20,000. I think quite evident from the documents before me.

Passing all assets which may in any manner be regarded as hypothetical & taking into account only <sup>those</sup> whose specific sums are acknowledged on matters of public notoriety we have more than sufficient for the payment of the entire indebtedness of the Institution when you left -

We have as the first item the proceeds of



The Sale of 4000. acres of land - - - - - \$22,500.  
 Amount realised from outstanding debts 3,000.  
 To which may be added Mrs H. Moore's Legacy of  
 \$200. - Mrs Clarke's do of Philadelphia \$1000. -  
 both of which were left to Bishop Chan. say - - - 2,000.  
27,500.

All of which has been available to the Institution without  
 any investment or contingent expense on the part of those  
 who succeeded ~~them~~ to the Management of the Institution  
 & should by every principle of finance be regarded as assets -

That I do not err in regarding them as assets against  
 the liabilities of 1881 is evident from the fact that Bishop  
 McElvaine gives to \$7,500. arising from a partial sale of  
 the land & to \$3,000. realised from the debts. That Character-  
 & this diminishes the debt to \$10,000. But why withhold the  
 remaining \$15,200. arising from the Sale of land?

By every principle of finance it should pass to the same  
 account & that which renders it imperative in this case  
 is that the \$15,200. makes no appearance in any other  
 account - it enters into none of the calculations of excesses  
 of disbursements above receipts in any one of the departments.

There is a further consideration confirming the prop-  
 riety of regarding the proceeds of land sales so far as the  
 N. Section is concerned as assets against any debts which  
 you might have incurred. Your intention as founder  
 of the Institution I believe always was to dispose of  
 the N. Section whenever the exigencies of the Institution  
 should require it, and the increased value of the land



should render it advisable, & expend the proceeds of the same in improvements.

Now the endowment in land originally cost \$18,000. — There has been realized from the sale of one half of the lands (4000 acres) \$22,500. The remaining half comprising by far the most valuable portion is estimated by the "Committee on the financial state of the Gal. Seminary & College" to be "worth from \$20. to \$25. per acre or \$90,000;" add to this the former item & we have aggregate sum of \$112,500, from which deduct the original cost & the net proceeds amount to \$94,500, a sum from which the Institution might well have spared sufficient to liquidate any debts incurred by you without carrying them forward as items in its present embarrassments, especially since <sup>sales</sup> ~~sales~~ have been effected over and above the amount of debts & that too without suggesting the inquiry "how far there is reason to infer from the fact of such a debt having arisen any thing unfavorable to the present plan of an endowment in land"

Admitting then the gross debts of the Institution in 1831 to be \$20,000, in addition to ordinary assets which had they been judiciously applied, it is believed would in a reasonable time have met the liabilities,

I have shown that the Institution at that time was in possession of resources whence it has realized a balance of \$7,500. after paying its debts without any diminution of the value of the Real Estate or



additional expenditures or investments on the part of those who succeeded you in the fiscal agency; & that from one source alone, the sale of the St. Section, more than sufficient has been received to liquidate the debts & for any that appears was so applied.

When then is the propriety of carrying forward an old liquidated debt as part & parcel of present indebtedness?

I have carefully reviewed what I have written & compared it with the submitted documents & can come to no other than the preceding conclusions.

The assertions "that the Institution has been embarrassed from its earliest history" — "that Bishop Chase left it in 1831 \$20,000," — & carrying forward \$10,000 of this debt as an item in its present indebtedness — all do manifest injustice to you; the first & second need large qualification the third is in violation of all financial principles. The manifest tendency is to relieve the present finances of the Institution from the obliquation of mismanagement & by effecting to trace their embarrassments to yourself.

But that Bishop McEwan was aware of the true character of his expose of the Institution present indebtedness I cannot suppose; it must so far as its statistics are concerned have been



prepared by others -

In Making up the items of present indebtedness no allusion should have been made to any debts incurred by you for this simple reason that they have all been liquidated from sources created by yourself without any additional investment expense or even embarrassment on the part of the Institution, or if alluded to as matters of history their ~~at~~ available assets should have been so clearly stated as to amount to a disclaimer that they did not enter in as items in the present liabilities of the Institution - This disclaimer accompanied with instructions to the Committee to whom were referred the present pecuniary embarrassments of the Institution that they must look to other sources than yourself for their causes - would have been but an act of bare justice to yourself, it was due to you & to the Institution over which you now preside - It was due to the Diocese of Ohio & the Church at large - And

I verily believe it must be rendered ere there will be a response to any appeals for aid

Most Respectfully  
Samuel Chace

Yubilee College,  
Feb 1548



Rev J Chas.  
Atty. Gen.  
on the final award  
of King's College  
Feb, 1843