

Stanford Incidents

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Leland Stanford's school problems

Mrs. Stanford's graduation from Albany "female" Academy.

Dancing and social activity.

Viewed in Mrs. Stanford's youth

Stanford's educational ideals expressed consistently in his messages to the Legislature and subsequent interviews from 1862 to 1893

Mrs. Stanford's educational ideals. See booklet on this subject by G.E.C.

Leland Stanford Jr.

His interest in art and archeology

His plan to create a museum for Golden Gate Park and the commencement of his art and archeological collection

Mrs. Stanford asks and obtains from Leland Stanford \$100,000 to build a museum for Golden Gate Park to carry out Leland Junior's plan, but later puts it at the University

Stanford admitted to practice and goes through Chicago, then a small town, to the "live" town of Port Washington, Wisconsin, where he succeeds in the law practice, returning to get married and bring Mrs. Stanford there.

His office and \$3000 library burned at Port Washington, and the Stanfords go back to Albany, where he leaves Mrs. Stanford at her home and goes to California to make his fortune. He establishes a store in a mining camp and sleeps on the counter. After making a modest fortune he returns to Albany and they both come to California.

The building of the Transcontinental Railway to keep California in the Union, the election of Stanford as a friend of Lincoln and as a Union advocate, as Governor of California, probably prevented its joining the Secession, as most of the political leaders of California were southern aristocrats.

Public refusal to buy railroad stock.

Mrs. Stanford stated later in life that her happiest time was when she had chintz on the windows, matting on the floor and did her own work (presumably at Port Washington)

Death of Leland Stanford, Jr.

(His original name was Leland DeWitt Stanford, but he dropped the middle name)

Founding of Stanford University

No law existed in California or elsewhere which would permit a founder to create such a trust and with such reserved powers as that desired by Stanford.

The "Enabling Act", which Stanford said he wrote himself but was probably aided by Creed Haymond, one of his attorneys, contained many extraordinary provisions. It permitted a founder to found and endow a university or other institution by a single grant in his lifetime, and permit the founder to reserve to himself all of the power usually vesting in a Board of Trustees and many other powers over the property and the institution, and also the power to amend the trust in many designated particulars, and if the founder reserved any such powers other than the power to amend, to himself during his lifetime, he could reserve the same powers to his wife if she should survive him.

Stanford reserved no powers to himself alone, but all powers, including the power to amend, to himself and Mrs. Stanford during their joint lives and during the life of the survivor of them.

No amendment to the founding grant was attempted during the lifetime of Leland Stanford, but after his death Mrs. Stanford

attempted to amend the founding grant or charter by a series of speeches and clauses in various of her grants to the University, all of which were open to legal question and some of which were open to the question as to whether they conflicted with general laws or with the rights of professors and employees at the University.

Illustrations of these attempted amendments would be startling.

University opened October 1, 1891.

Tuition was free and the only charge at the University other than nominal fees for syllabi or outlines of courses of study, was the charge of \$18 per month for board and lodging in the dormitory. The latter charge did not come within \$7000 of meeting the expenses of the operation of the boys' dormitory ~~at~~ Encina Hall, yet E. R. Zion, a sophomore student who came over from the University of California, conducted a continuous campaign of abuse on account of the food, which was excellent and plentiful and supplied under the direction of a famous San Francisco caterer who had conducted the dining service of a leading club in San Francisco.

Before his death Leland Stanford told Mrs. Stanford that he had less trouble with the handling of the men in all of his railroad activities than he had with attempting to satisfy the students of Encina Hall, and he seriously questioned whether or not he had ~~not~~ been in error in attempting to establish the University. Had he finally concluded that his enterprise would be a failure, Mrs. Stanford would have had a perfect opportunity to abandon the enterprise shortly

after his death on account of her financial difficulties.

Death of Leland Stanford brought on by the knowledge that the great panic of 1893 would commence on the following day in Wall Street.

Sale of 6 strings of pearls by Mrs. Stanford for \$125,000

The University's financial status

Stanford had by his founding grant merely given the University three great ranches. That of Vina, 55,000 acres of which 5000 was in vines, had never as yet been a source of income, and the grape vines were shortly thereafter destroyed by phylloxera. The Gridley Ranch, consisting of 22,000 acres, was a grain ranch which had been planted and replanted in grain until its production was very unsatisfactory. The Palo Alto Ranch, aside from the University and running and trotting stables, never had been operated at any substantial profit, and usually lost a minimum of \$7000 a year. The running and trotting stables, of course, were a source of tremendous expense.

This left the University with practically no income, as it had no other endowment whatever.

Stanford's estate owed the Pacific Improvement Co. one million and a quarter dollars on account of money withdrawn to put up the University buildings. The Pacific Improvement Co. had borrowed twenty-eight million dollars, for which Stanford and his estate were liable on stockholders' liability for one-quarter, or seven million dollars more.

None of the railroad stocks were on a dividend paying basis.

Mrs. Stanford's \$10,000 a month family allowance was all turned over to the University except \$350 per month, she having reduced her household from seventeen servants to three, including her secretary.

Claim of \$15,000,000 of the Government against the Stanford Estate, later held without foundation by a unanimous U.S. Supreme Court decision.

Faculty salaries were cut ten per cent

Nine-tenths of the property of Leland Stanford was bequeathed to Mrs. Stanford. An equal proportion of the University coming from her to the University was jeopardized by litigation and panics of 1893 and 1897.

The panic of 1897--

The secondary panic of 1897 threw every Western railroad excepting the Southern Pacific into bankruptcy, and it was saved largely, if not mainly, by a loan of \$800,000 made by William H. Crocker of the Crocker-Woolworth Bank and the fact that T. G. Crothers '92 (a graduate of the first class) and James S. Angus, executors of the Fair Estate, which owned a single block of five and a half millions of Southern Pacific bonds and large blocks of other Southern Pacific bonds, consented to the earnest request of the Southern Pacific Ry. Co. to defer the presentation of their coupons until the Railroad

could pay the same. The default of the Railroad would have wiped out nearly all of the Stanford Estate.

Why Mrs. Stanford was governed by the advice of G.E.C. alone for years.

The Stanford University Constitutional Amendment--

Originally authorized by Mrs. Stanford to exempt the University from taxation and enable her to give the Stanford Estate of over \$25,000,000 to the University, tax free, but G.E.C. found it to be necessary to validate the original foundation and to create the University into a real legal entity capable of taking additional gifts, etc.

It validated the University founding and enabled Mrs. Stanford to convey, tax free, some 25 millions to the University, not yet income paying

Mrs. Stanford lead by a financier's deceit to sell the Stanford interest in the Southern Pacific and affiliated railway companies, at a small fraction of their real value. (This prevented Stanford University from being the richest educational institution in the world.) This was against the advice of Leland Stanford and G.E.C. and was carried out in New York on her way home from Europe. The vast loss .

Revision of Mrs. Stanford's legally questionable and clearly inadvisable amendments to the Charter - Oct. 3, 1902. Many of them both illegal and unworkable. Illustrations- Were they intended by one adviser to invalidate the entire foundation. He was the attorney for her chief heirs and indebted to one of them, as is his estate.

Her resignation of all powers, including the power to amend-- June 1, 1903.

Important incidents and policies leading up to resignation. She felt the Trustees could and would make changes she could not make without the defeat of her own purposes by public lack of faith in her ability as an educator.

Proceeding to test the validity of all of the foundation documents and the competence of the founders, brought by T.G. Crothers, culminating in the decree of July 3, 1903.

A friendly contest by unique procedure invented by G.E.C. and authorized by an Act he wrote and put through the Legislature.

The Ross dismissal case and its almost disastrous consequences.

Reports to her he had pronounced the Pacific Railroad "deals", steals. Public indignation. Mrs. Stanford's resentment of abuse of her. It all grew out of a misunderstanding by Ross as well as by the public, as well as by Mrs. Stanford, who thought he had resigned 16 months before.

The vital Alumni action kept her loyal to the University plan.
G.E.C. and associates prevented her denunciation by the Alumni.

President Jordan's status with Mrs. Stanford impaired as consequence of his apparent shift of blame for the Ross dismissal to Mrs. Stanford.

Her suppressed pamphlet criticising Jordan on the Ross-Jordan matter - suppressed on the advice of G.E.C. Would have lead to his resignation and that of his friends.

Her withdrawal of some \$8,000,000 shortly thereafter, made only after she had been persuaded ^{by G.E.C.} not to repudiate her great, but invalid, deed of \$25,000,000 of May 31, 1899.

Her creation of the life trust in \$6,000,000 to go to the University on her death and her refusal to have anyone but G.E.C. act as her trustee and agent. She insisted upon its secrecy so she could revoke it if the University Trustees did not follow her educational policies.

Her bitter addresses to the Trustees growing out of the Ross friction (some destroyed, others suppressed on advice of G.E.C. to prevent an explosion at the University.)

Her threat to co-education on the day of her resignation, June 1, 1903. See other memo and articles by G.E.C.

Her desire for changes in educational policies. Aside from her growing faith in the necessity of religion to be taught in the University, which G.E.C. told her the Enabling Act did not permit, she reverted strongly to the educational ideals of Leland Stanford requiring all students to prepare for vocational and advanced education in the high schools by requiring more mathematics, sciences, languages and literature, when necessary, as ^{high school} a preparation for University vocational or professional studies.