

The Fiscal Century

THE FINANCES of a literary club are not the be-all and end-all of the organization. If they were, it would be an investment club with its portfolio the main subject of each meeting. In fact, in an organizational meeting on 13 March 1874 Edward G. Mason records that "one gentleman present produced and read a list of proposed members which seemed to have been copied from one of our newspaper articles upon Chicago millionaires. Not a local capitalist of any note was omitted, and those credited with less than a million had no occasion to apply. The reading of this remarkable role of nominees for membership in a purely literary organization paralyzed the hearers to such an extent that it was nearly adopted by default. One of those present, however, rallied sufficiently to recollect that it had been stated to be a reason for forming the proposed club that there should be one place in Chicago where money did not count, and he mildly suggested that such a membership was not exactly the best way to accomplish this object."

From its inception money has not been a problem for the club. When needed, it was found with no great fuss. This felicitous attitude has persisted. There have been no "Micawberisms" during this century nor has debtors' prison threatened the Club's officers.

The earliest meetings were held at the Sherman House which could also provide dinners. There are no fiscal reports covering those days. However, on 22 November 1875 the club moved into its own quarters in the American Express Building. The annual rental of \$500 for two rooms, each about 40 by 25 feet, brought the cost to 25¢ per foot. (The 1974 rate for comparable space is about \$8.) With annual dues of \$10 and no initiation fee (which is again the practice) the club had a bill of \$1,552.87 for furnishings and \$401.16 in the treasury. To avoid a "deficit" the treasurer held over certain amounts payable until receipt of the next sea-

son's dues so that he could show a "balance" of \$65.07 at the end of the fiscal year.

"Home" has been a recurring problem. The dilemma is whether we should have quarters of our own, open to members for reading and resting, or only rooms for Monday night meetings. The latter, our present choice, provides no resting place for our *lares et penates* but is undoubtedly cheaper. We moved from the American Express Building to the Portland Block, to the Orchestra Hall Building, to the University Club under an interesting contractual arrangement described in the following chapter. The two clubs have remained friends ever since.

A welcome early bequest was a legacy of five hundred dollars from Charles W. Fullerton for the club library. The money was duly used but the results are no longer visible. When the club had exclusive use of its rooms the books were in locked cases, unavailable during the week but open during meetings. Any member who browsed instead of participating in the intellectual flow demonstrated an unsocial attitude. A library committee was appointed in 1923 to examine, arrange, and catalogue the books. The positive good that this committee did was to sell \$127.25 worth of outdated books. They also made a catalogue which has disappeared without trace. At their next meeting they were to arrange the books on the shelves. Alas, there was no next meeting. Books and pamphlets have gradually disappeared until practically nothing is left but remainders of club publications which the secretary has put in order and is selling.

Another five hundred dollar bequest, made in 1967 by Earle A. Shilton was designated for publishing a paper read during his membership. He had been president and, for many years, Chairman of the Committee on Rooms and Finance. Henry Regnery's "WYNDHAM LEWIS: A Man Against His Time" was published under this bequest.

Our largest bequest was made by John Crerar in 1893. After four years of litigation to which the club was not a party, we received \$10,000. The results of this bequest are very much in evidence to this day. It is the foundation and start of the investment portfolio which enables us to give generous treatment to our members on modest dues.

In earlier days some members got rather short shrift on non-

payment of dues. The club has in its possession five promissory notes for dues in arrears, all of which are now outlawed by the statute of limitations, and which the treasurer referred to as worthless. In all cases the member resigned or was dropped when the note became due. Later treasurers have been more flexible. Usually a resignation is accepted even though dues are delinquent. In the last decade, one member was dropped solely for non-payment of dues, and another for provoking a sense of incompatibility among the members. No one knows, of course, how many notes were given and later redeemed to keep a member in good standing. In a hundred years there has been a number of economic cycles.

The annual dues were originally 10; now they are \$45. The non-resident dues were originally 0; now they are \$5, which barely pays for the publications and mailings they receive. As the dues were raised modestly with inflation, the investment portfolio also increased in value and income. There would otherwise be neither Inaugural and Ladies' Night dinners nor publications. Mr. Crerar's largesse has been carefully nurtured by far-seeing Committees on Rooms and Finance.

The Club was incorporated by the State of Illinois on the 10th day of July 1886 and was not categorized at that time as being for or against profit. That came later, along with the advent of the income tax and its rulings on exemptions. As an organization "operated exclusively for educational and literary purposes" a letter of exemption dated 14 December 1944 was received from the Treasury Department. Meanwhile the State of Illinois dissolved the club as a corporation on 24 May 1937, apparently to no-one's knowledge, probably for failing to file an annual corporate report, even though the Club is not for profit. For twenty-two years the Club believed it was a corporation, behaved like a corporation, but was an amorphous association legally. However, since the Club did not know it was dead, its activities continued as if the Club were a legal entity. When the anomalous condition became known to Walker B. Davis, the Recording Secretary, in 1959, he instituted a petition to vacate the earlier order dissolving the Club. On 12 August 1959, with a payment of \$41 and the filing of all delinquent annual reports, the Secretary of State made the club whole again. So ended a completely unimportant interval from which a student of bureaucracy might derive a moral.

Less than two years after the depression of 1929, the bank which held the club's deposits, failed. As things go in a depression, this was not disastrous but it did put a crimp in the Club's finances, even though a 35% dividend was paid within a year, and a total of 20% more over the next thirteen years. It speaks well for the managers of the Club's finances in those days and earlier that there was not a default on any of the Club's bonds during the depression, although interest dates were occasionally skipped.

Until 1941 the Club's funds were in bank accounts and government or corporate bonds. At its regular meeting on 8 December 1941, the Directors announced that henceforth a major departure in investment policy of the surplus funds, or portfolio, would be made. They recommended "purchasing equity stocks in corporations of proved stability and earning capacity". This was flouting the investment advice of conservative fiscal managers, although common practice today. The daring shift in policy is the basis for the Club's present solid financial position. For years the prudent handler of other people's funds had thought of bonds and bank accounts as safe investment policy, thereby keeping even with past records but purchasing power was eroded by inflation.

The present status of the account assures continued financial stability of the Club in future years. Just as a former member, Edgar Lee Masters, said, a recent treasurer can also say: I've 'ended up with . . . a thousand memories, and not a single regret.'

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