

1st JUNE, 1911.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR FREDERICK J. DEALTRY LUGARD, K.C.M.G., C.B., D.S.O.

COLONEL C. W. R. ST. JOHN, R.E. (THE OFFICER COMMANDING THE TROOPS).

HON. MR. C. CLEMENTI (Colonial Secretary).

HON. MR. C. G. ALABASTER (Attorney-General).

HON. MR. A. M. THOMSON (Colonial Treasurer).

HON. MR. W. CHATHAM, C.M.G. (Director of Public Works).

HON. MR. A. W. BREWIN (Registrar-General).

HON. CAPTAIN F. W. LYONS (Captain-Superintendent of Police).

HON. DR. HO KAI, M.B., C.M.G.

HON. MR. WEI YUK, C.M.G.

HON. MR. H. E. POLLOCK, K.C.

HON. MR. E. A. HEWETT.

HON. MR. C. MONTAGUE EDE

HON. MR. C. H. ROSS.

MR. R. H. CROFTON (Clerk of Councils).

Minutes

The minutes of the last meeting were read and confirmed.

Financial

THE COLONIAL SECRETARY — Your Excellency has directed me not to lay on the table to-day the financial minutes which appear as the first item under the head "business" in the Agenda list, because you think it will be a convenience to hon. members if in future financial minutes are presented in the form of quarterly schedules. The Finance Committee will therefore in future be called together only once a quarter instead of as at present after almost every meeting of the Council. That is the practice elsewhere, and will, I hope, commend itself to hon. members.

Papers

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the following papers:— Sessional paper No. 6; Report of the Post Office; and Report of the Director of Education.

THE ATTORNEY-GENERAL, by command of His Excellency the Governor, laid on the table the Report of the proceedings of the Standing Law Committee.

The Military Contribution

HON. MR. EDE moved the following resolution standing in his name:—"That it is desirable that the Military Contribution should be fixed at the annual sum of One million Dollars (\$1,000,000)." In doing so he said:—Your Excellency,—The unofficial members of this Council are unanimous in the opinion that this question should be brought up for debate at this time, viz., before the Imperial Conference closes. I fully realize that the question of the Military Contribution is a knotty and much debated one, but in moving the motion I am encouraged by your Excellency's attitude as shown in the debate of the 24th September, 1908. You there stated that you approached the matter of the Military Contribution with an open mind, possibly with a bias in favour of the view that the Contribution weighed too heavily, and that you were fully prepared, if your examination of the matter should confirm that view, to appeal to the Imperial Authorities for its reduction. That statement warrants that if it can be shown by reasoned argument that the Contribution at present paid by the Colony falls unnecessarily heavily on the taxpayer relief may be counted upon. The following factors affect the question:—(1) The ratio of taxation at present levied. (2) The cost of Defence of Trade and Property. It has been stated, and is believed by a section of the community, that we are more lightly taxed than residents at Home, and I deem that the time has arrived when this statement, which has for so long passed current for truth, should be disproved. I

preface my remarks by saying I have studied all available statistics fairly fully. I have examined the incidence of taxation on different classes of the population, but I have discovered it to be impossible by this means to arrive at any tangible result either for or against the argument for a reduction. I propose therefore to treat the whole question from the point of view of the Law of Average, a very simple law and easily understood by the people. Following this law, to arrive at the burden of taxation per head one must divide the Revenue by the population. The Gross Revenue of Great Britain in the year 1909, for which full statistics are available, was Imperial £153,000,000, Municipal £163,000,000, or, in all, £316,000,000, the population in the same year being estimated at 46,000,000, or a taxation of £6.17s. per head. The Gross Revenue of this Colony in the same year amounted to \$6,800,000, while the population here and in the New Territory was 429,000, or, say, \$16 per head, which translated into sterling equals £1 9s., or rather less than one-fifth of the taxation per capita at Home. This at first sight appears to support the contention of those who believe that we are too lightly taxed, but the most important factor has yet to be reckoned with, and that is the ability of the taxpayer to stand the burden of taxation. It is very difficult to arrive at the average wealth of the individual in Great Britain. At first sight the income tax collected would seem to give one a fair indication, but this is misleading, in so far as many below a certain figure per annum pay no income tax at all, and various books of statistics differ as to what proportion this class is to the whole. Another method of estimating the average wealth per head is to take the gross income brought under review of the Department, which in 1908-9—the latest available—was £1,009,000,000 sterling; but even this method is faulty by reason of the fact that it still excludes a large percentage of the population whose incomes are not brought under review at all, and one must perforce look elsewhere for more exact figures. In L. G. Chiozza Money's book, "Riches and Poverty," published in 1904, one finds that the national income of the United Kingdom in 1903 was estimated at £1,710,000,000, sterling, but this figure has been challenged by an authority who is more widely known and accepted, viz., A. L. Bowley, who in his notes on the Report

of the Royal Commission on the Poor Laws and Relief of Distress, as well as in his book, "National Progress in Wealth and Trade," places the figures at £2,000,000,000 annually. He arrives at this by dividing the national income into four groups:—(1) The part received as wages, (2) the part under review of the Inland Revenue Department, (3) the sum of money which is earned as salaries too small to be considered by the income tax collectors, and (4) the profits from investments abroad and businesses at Home which in part escape the tax gatherer, though legally liable. This estimate, which was made in 1904, has not since been challenged. It is true that the population of Great Britain has increased since that date, but the average rate of wages has not risen, and although it may be possible, or even probable, that the sum given by Bowley has grown to a larger figure between 1904 and 1909, it is quite impossible to make an estimate which is not open to be at once challenged, and I therefore take the actual figures given, viz., £2,000,000,000 annually, as representing the total income of the population of the United Kingdom in 1909. What, therefore, was the capital value of property to produce that income? I can speak personally of sterling investments on a fairly large scale, and my experience, which coincides with that of many others in important commercial positions, shows that the average rate of interest is rather under three per cent., but as I am anxious that no taint of special pleading shall characterise this argument I have put down the average rate of interest at four per cent., or 25 per cent. higher than that obtainable for well-invested money. This shows that the capital value of privately-owned property in the United Kingdom is £50,000,000,000 sterling; divide by the population, and it gives a per capita wealth of £1,090. The value of property in this Colony is not even as easy to arrive at, but a fair estimate sets it down at \$275,000,000, which is the equivalent of £25,000,000, or, say, £60 per head, as against £1,090 per head at Home. It follows therefore that the average wealth of an individual in this Colony is one-eighteenth of that of an individual at Home, so that although we pay taxes of £1 9s. per head, or, as I said earlier, about one-fifth that paid per unit in the United Kingdom, this sum is paid out of

the attenuated resources, and if a fair comparison of the respective burdens is made between ourselves and those resident at Home it will be seen that we pay nearly four times the taxes in proportion to our means. The second heading which I take is the cost of Defence of Trade and Property. Statistics show that in 1909 £60,000,000 was spent in the United Kingdom on Defence, including the expenditure on the Navy—and it is important to remember that the money spent on the Navy is not omitted from the calculation. The trade of Great Britain—imports less re-exports and exports—amounted to £1,000,000,000 sterling. This added to the value of property increases the figure to £51,000,000,000 sterling. Local statistics are non-existent, but the trade of Hongkong can be arrived at by making an analysis of the total exports and imports of China herself, which in 1909 amounted to £98,600,000 sterling. The proportion of those imports and exports from and to Great Britain, Hongkong, India and all other British territories are set down in statistical tables at 51 per cent. of the whole, or £50,000,000 sterling, and this added to the value of privately-owned property increases the figure to £75,000,000, which represents the value to be defended. This compared with £51,000,000,000 shows our proper proportion for Defence under this head to be in the neighbourhood of £88,000 per annum, or, speaking in the currency of the Colony, \$974,000, which is considerably less than we are paying at present. I submit that the argument, although apparently in favour of a Contribution of \$974,000 a year, is stretching the point to its utmost limit, in so far as the so-called trade of the Colony, broadly speaking, although reckoned as a living trade, is only a transit one, and properly speaking, only a small portion should be brought into the calculation, more particularly as the figure taken covers a great variety of interests which merely pass through the harbour *en route* for destination and are never landed or handled here. I appeal for a reduction only on the grounds of equity. I would be the last to hold that we should try to evade payment of our fair proportion of the necessary expenditure for imperial requirements. On the contrary, being part of the Great Empire of which we are so justly proud, we are glad to pay our fullest share, and my endeavour has

been to show what that full share amounts to. I have thus shown, Sir, that we are already much more heavily taxed in proportion to our means than those resident at Home. I have further shown that the Contribution for defence properly leviable for the Colony should not exceed \$974,000, and as I do not believe that the Secretary of State is deaf to reason I beg your Excellency to place the views which I have expressed before him in order that a re-adjustment of the Contribution may be made and the much needed relief obtained. (Applause.)

HON. MR. POLLOCK—Your Excellency, I rise to second the motion, and I think that the figures which have just been laid before us by my hon. friend are of a very striking character, for they show that compared with our individual ability as taxpayers to pay we are more heavily taxed in this Colony for defensive purposes than are the inhabitants of the United Kingdom. In truth, Sir, the present system of assessing our military contribution is hopelessly illogical, for it is based upon the fallacy that the more revenue we raise to meet the expanding needs of this Colony the more prosperous we must be and the better able to bear a large amount of military contribution. Sir, as a striking instance of the absurdity of such a theory I will refer to the duties on imported liquors. These duties were imposed for the first time in September, 1909, and constituted an entirely novel form of taxation. These were increased at various times subsequent to that date, and on March 16th this year a resolution was passed by this Council increasing them to a very considerable extent. Now, Sir, the astonishing circumstance is this, that while we are obliged to pay this heavy taxation upon our drinks we are compelled also to give 20 per cent. of that taxation to the military contribution upon the unsound theory that we are able to pay a larger contribution, whereas the contrary is manifestly the case. Let me pass on now to consider another point. I believe it is sometimes argued that because we do not pay in this Colony the entire cost of our garrison it must necessarily follow that the amount which we pay for military contribution cannot be considered an unreasonable amount. Sir, such a contention has at all events the charm of novelty, for the Secretary of State in his dispatch dated 20th

February, 1890, stated that the Colony would then be called upon to pay one-seventh of the then cost of this garrison, namely, £40,000 out of £280,000 annually. That assessment of £40,000 was based upon a garrison of 2,525 troops. That force, Sir, has been considerably increased, and I believe now stands at somewhere about 4,400. But, Sir, the amount which we are paying as a contribution in this Colony has increased during these twenty years out of all proportion to the increase in the number of the garrison. Whereas twenty years ago we were paying in sterling £40,000 per annum we paid last year, not with standing the enormous drop in exchange which has taken place within the past twenty years, no less a sum in sterling than roughly £110,000. If we look at it from a dollar point of view the result is even more striking, for we shall find that we paid last year five times as much in dollars as we did twenty years ago. Moreover, since the present system of reckoning the contribution came into force in the beginning of 1901 our payments have gone up in an astonishing degree. Whereas in 1901 we paid eight and a half lakhs for military contribution, we paid last year 14 lakhs of dollars in military contribution. Sir, the unofficial members of this Council yield to no one in their devotion to the Empire, but we are the trustees for the ratepayers of this Colony, and there are extensive public works clamouring to be executed, amongst which I may mention in particular the construction of the new typhoon refuge, which is estimated to cost two million dollars, and the extension of the water works at Tytam, which, I believe, is estimated to cost roughly three million dollars. Besides that, Sir, we have a heavy payment to make annually on account of the railway. I submit that it is imperative that these works should be pushed on with all speed and that they should not be delayed or hampered by reason of other schemes coming forward requiring large sums of money to be spent upon them. With regard to the typhoon refuge in particular, I would submit that it is imperative that it should be pushed on in order to complete the work by the contract date. Sir, there has already been too much delay in this matter. On referring to the pages of Hansard for 1906, I find that on 1st November of that year I addressed the following question to the Government: "When does the Government intend to

commence work on the construction of a new harbour of refuge?" To that the Director of Public Works replied: "As soon as the necessary plans and estimates can be prepared." That, Sir, was over four years ago, and it is only within the last few months that the work on this refuge has been commenced. Sir, a junkman or a sampanman or a cargo-boatman may not be a very heroic figure, but in an important shipping port like this he is a very important factor, and I think that it will be a disgrace to this Colony if through any cause the completion of this harbour of refuge is postponed beyond the contract date. I think there is reason to fear from our experience in the past that if this military contribution is continued at the present rate the claims of other works to be accomplished will be pushed in and this work will be postponed. Sir, it may be said that I am anticipating evil needlessly in suggesting the possibility of postponement, but when one considers the new law courts, which have become old before they are new, and when one considers the fact that under the original contract the law courts were to be finished in the year 1906, I think, Sir, I have shown sufficient grounds for healthy scepticism. The unofficial members of this Council are unanimously in favour of this resolution, and they desire a division to be taken. We are not seeking for any favour or grace. We are simply asking in the interests of the ratepayers for what is fair and just. (Applause.)

THE DIRECTOR OF PUBLIC WORKS—
May I rise to correct one or two statements made by my hon. friend on my left? He stated first of all that work on the typhoon refuge had only begun a few months ago. It is true that the contract for the construction of the breakwater was let only some six months ago, but I would remind him that the preliminary dredging was begun more than two years ago. In the matter of the law courts, he stated that the contract was due for completion in 1906. The contract to which he refers did not include a considerable amount of work that was necessary to complete the law courts. It included merely structural work, such as masonry, roofing, &c., and did not include the finishings and fittings for the building. These formed the subject of a later contract.

HON. DR. HO KAI—Sir, although this will be the sixth or seventh time I have had the honour in this Council to discuss the military contribution, still, I think a few words are due from me as being the senior unofficial member of this Council in support of the arguments which have been put so eloquently forward by our junior unofficial member and also by my hon. friend who seconded the resolution. I had almost said that I was tired of discussions on this subject, but yet at the same time I don't see how we can avoid bringing it forward periodically so long as the military contribution is calculated and raised on an unfair basis. My hon. friend opposite in seconding the resolution has given an instance of the unfairness of the calculation, and I wish to emphasise the opinion that to have to pay twenty per cent. of our gross revenue in that way is most unfair. When we have to raise any extra taxes to meet some contingency, some necessary expenditure, we have at once to pay 20 per cent. to the military contribution. As long as this unfair method of calculating the contribution obtains there must be periodical protest and discussion in this Council, and I hope that the Imperial Authorities, who your Excellency informed us at the last meeting had the subject under consideration, but had not come to a decision, will at once direct their attention and energy to the matter with a view to arriving at a fairer way of reckoning the contributions from Hongkong and other colonies. At the same time, Sir, the question is not one of real difficulty. On one hand I think we all agree that we must as a British Colony, as a loyal Colony, contribute a just share towards the military expenditure of the Empire, and on the other hand it has been said by no less an authority than Mr. Joseph Chamberlain that this military contribution should be calculated in a fair and just way, and the only fair and just basis on which it can be calculated is the ability of the inhabitants at any particular time to pay that amount of contribution. Now during the last few years it is well known that trade in this Colony and in the two neighbouring colonies has been depressed both among Europeans and Chinese, and up to the present day, so far as the natives are concerned, it has not recovered from such depression. We know this by the large amount of money lying idle in the banks. We know they cannot get their

money invested at a reasonable rate of interest. Why? Because business is bad and money is not needed to develop it. It may be argued by those who have recently come to the Colony and who have seen the large subscriptions given by the Chinese community for charitable purposes that the Colony was in a prosperous condition, but I wish to assure the Council that this is not the case. It is a trait of the Chinese character to be charitable when they are not too well off. They are much more charitable in times of depression than in times of prosperity. They realise that it is much more meritorious to give at a time when they are not prosperous. I think that the argument of my unofficial colleague on my right is a fair one, and I think we are all agreed that this question of the military contribution should be put on a proper basis, on the basis of the ability of the inhabitants to pay and not by comparison with taxes levied in other places, or with the amount which the people at Home pay towards the defence of the Empire. The figures given are most striking. They are new to me, but I think they are very suggestive. We all hope that they will be sent to the Secretary of State, and that he will see his way to rearrange a basis of assessment which shall be satisfactory to all for years to come. (Applause.)

HIS EXCELLENCY—Gentlemen, the hon. member on my right who moved this resolution has done so with a thoroughness and intrepidity which is characteristic of him. I know he has spent very long hours in working out in detail the figures at which he has arrived, for he has done me the honour of consulting me, and I have suggested some aspects of the question to him. I think that the community is under a debt of gratitude to him for the amount of private time he has given to the examination of this public subject. (Applause.) Before I proceed to criticise his arguments I would like to express my obligations to him for his courtesy in informing me generally of the line he intended to take in the debate to-day. That has enabled me to come to this Council not wholly unprepared. I venture also to offer to him our congratulations on his excellent maiden speech in this Council.

Gentlemen, I had only myself been a few

weeks in this Colony before I embarked on the same field of investigation in connection with this subject of military contribution, and I venture to think that even the professional student of economics and statistics, however difficult he might think that it would be to form any approximation of the incidence of taxation on the individual and on the various classes of any one community, would give it up as a hopeless task to contrast the incidence of taxation in a community such as in the United Kingdom with the incidence of taxation in a community in the Far East such as this. The first question to which the hon. member sets himself to reply is whether we are more lightly or more heavily taxed than the people in England. Now, the first difficulty that suggests itself to me in that problem is: What is the unit? It appears to me that to divide the gross income of a community by the population as given by the census cannot possibly produce any useful result. The census includes women and children, who are not separately taxed if they form part of the household, and yet, on the other hand, we must remember that they do pay indirect taxes on sugar, tea and other articles both of food and luxury. The general unit, I think, in calculations of this sort is the household or the family.

Then, again, we must remember that the gross revenue of the United Kingdom which was assumed by my hon. friend to be the result of taxation is not by any means solely produced by taxation. If I remember rightly something like $\frac{1}{4}$ millions of that revenue accrues from an investment in Suez Canal shares. You have also investments on the other side of the account, such as the Uganda Railway, which was built out of the consolidated fund and cost upwards of five millions sterling, and has so far not been directly remunerative. All these questions must be taken into consideration, and I will not pursue the subject further, for it leads into a maze of difficulties. But even if we could get figures showing approximately the incidence of taxation in any one State or community in Europe, I ask you how is it possible to contrast them with similar figures for a community so entirely dissimilar as this Colony? Here about 94 per cent. of the population consists of Chinese. They have an abnormally small number of households or

families in comparison to the total population. A large proportion of them, I believe, own real property in China, and many have investments in the banks here or elsewhere. They are also largely a migratory population.

Apart from all this, the fundamental proposition remains that severity or otherwise of the incidence of taxation depends upon the ability to pay. No-one, I think, will deny that a Chinese coolie with a family in this Colony would find himself in fairly comfortable circumstances on an income of, say, \$15 per mensem, or £16 sterling a year. That is to say, he could supply the necessaries of life and have a not inconsiderable margin to devote to enjoyment or to the purchase of what are to him luxuries. And yet it may be that a British labourer of the corresponding class with a family might find it an exceedingly difficult thing to make both ends meet on an income of ten times that amount. The ability to pay, therefore, depends on the cost of living and on the social demands of the environment in which each individual lives. I therefore maintain, as I said before, that to divide the gross revenue, whether due to taxation of the community or not, by the gross population produces no results which can be usefully employed for such a purpose as we have in view.

The hon. member by his process of calculation arrived at a quotient of £6 17s. as being the incidence of taxation in the United Kingdom as against £1 9s. in Hongkong. But surely, gentlemen, it is also vital to the argument to estimate the incidence on each class of the community separately? It must be shown upon which class the taxation falls most heavily in relation to the ability to pay. It is absolutely necessary to know in some rough way what are the numbers of the wealthy among the population upon whom the bulk of the taxation falls. Again, both the British and the Chinese here have sources of income outside the four corners of the Colony. They have also heavy expenses to bear outside the Colony—as most members of this Council can testify. The monied classes in the United Kingdom own an immense amount of property in the world at large outside the United Kingdom from China to Peru. The amount of such investments

abroad is something astounding. But although this enormous wealth is owned by the monied class of Great Britain outside those islands, their expenses outside the United Kingdom in respect of this property are exceedingly small, and for the purposes of this argument they are negligible.

The hon. member states that the private income of persons in the United Kingdom amounts by the estimate of one gentleman to one thousand million pounds, and by the estimate of another to two thousand millions. We will assume the latter, although the divergence shows how very arbitrary the calculation must be. He stated that this income was equivalent to a capital sum privately owned in the United Kingdom of fifty thousand millions sterling. Now surely, gentlemen, that is in itself obviously wrong, for we know that a great part of that privately-owned property is invested outside the United Kingdom, and its security does not therefore depend on the defence of the British Isles. Turning to his estimate of the privately-owned property in this Colony, which he places at 25 millions sterling, I should imagine that was very much under the mark. In the first place, the estimate excludes Government property, and Government property is the property of the taxpayer at large. It follows that it took no count of the ratio of that Government property to the population. Now this ratio is a very vital point in the argument, and I have no doubt whatever that it is enormously greater in this Colony than it is in the United Kingdom. We have here a railway which has cost us, as you know, upwards of one million sterling; we have reservoirs both at Tytam and at Kowloon which have cost very large sums indeed, besides Government buildings and other property. The value of these per head of population is, I should think, vastly greater than the similar value per capitem in England.

I am therefore compelled to differ fundamentally from the conclusions at which the hon. member arrived. I do not think it is proved that we are taxed four times as heavily as in the United Kingdom. My own belief is that it is just the other way.

The next argument which my hon. friend brought forward was the cost of defence with reference to the value of the property to be

defended. He commenced by saying that the value of imports and exports passing through this Colony were about 50 million sterling per annum. That is an absolutely arbitrary assumption. Being a free port we are unable to produce any statistics, because it is at present perfectly open to any vessel passing through this port to declare or not declare the value of its cargo. We are hoping, by the way, to introduce some greater precision in that matter in the future. But assuming the figure given by the hon. member to be correct, it represents the total value of imports and exports for a whole year. It is not the value on any one particular day on which you are calculating the wealth of the Colony which has to be defended.

But even if we accepted the general lines of argument, I do not see that it follows that if this Colony were proved to pay a larger proportion per head for its defence than the average citizen of the United Kingdom, that that would of necessity be an injustice. The fortunes that have been made in this Colony, are, I presume, due to its position as a port on an Ocean highway. The reason that European and Chinese merchants come to this Colony is because its geographical position makes it favourable to trade, and if it is also a vulnerable position it follows that you must pay more for its defence. I should conceive that if you put the material property owned by the taxpayer either individually or collectively at something like 50 million sterling, you would not be very far from the mark, and that sum divided by the military contribution, gives a rate of 0.2 per cent. insurance premium. With regard to this question of defence, I may point out that the adequacy of defence depends upon geographical position, upon sea power, and upon the value of the territory and property to be defended; and any arbitrary calculation arrived at by dividing the revenue by the population or the cost of the troops into the value of property does not take into consideration all the really vital facts.

I turn with much pleasure to a point on which I find myself in full agreement with my hon. friend, and, indeed, the ability which he has displayed in going into these figures makes it very disagreeable to find myself at variance with his general conclusions. He said, that as part of the Empire

to which we were all proud to belong, we wished to pay a fair and just proportion of its defence, and those words were echoed by the senior unofficial member and by the seconder of the resolution. I am myself in a difficult position in this matter, because, as you know from my reply to questions asked at our last meeting, the Secretary of State deprecated my laying on the table the papers asked for which contained my views and calculations. That being so, it is impossible for me to explain those views and calculations verbally. In the debate in October, 1908, I gave the general purport of them, and the subsequent investigations which I made only tended to confirm more strongly the views I then expressed.

It was a somewhat strange coincidence, of which I was not aware until to-day, that while I spoke at the very end of October, 1908, on this subject, the Governor of the Straits Settlements made a not dissimilar speech a week or two later, in November of the same year. He laid before the Council papers containing correspondence with the Secretary of State on the subject, and he in very strong terms condemned, as I have, the method of assessment. I am in full agreement with my hon. friend who seconded the motion that the method of assessment is hopelessly illogical. (Applause.) I was glad also to observe that the Governor of the Straits took the view which I have myself advanced, in regard to loan expenditure, viz., that the revenue raised for the service of a loan—to provide interest and Sinking Fund—ought not to be assessed to military contribution.

In the circumstances, gentlemen, I find I am compelled to limit myself to the somewhat disagreeable and futile task of endeavouring to show that the arguments advanced by my hon. friend are open to much criticism, and that the conclusions at which he arrives are not, in my opinion, justified. For the rest, I am unable at the present moment to lay any constructive policy before you further than what I have already said in the debate of October, 1908. For my own part I think that it is much the best course in dealing with this question to lay aside all futile comparisons with taxation in the United Kingdom, and to place ourselves face to face with the real issues. They are very simple. Are we paying too much for the military

contribution, at a time when every nation of the earth is groaning under increased taxation for defence, and when we pay a little under one-third of the cost of the defence of this Colony? The second important question is: Is our land defence adequate as we are entitled to demand that it should be? I am not speaking to order, but as an honest man I am bound to say clearly and definitely that I do not myself believe that the resolution which is placed before the Council is one which would be to the advantage of this Colony. It is not a matter which is one of merely local interest: it is a matter which affects the Empire at large. It may be that the whole of the unofficial members, and possibly some of the official members, may disagree with my personal views, but I have studied this question very carefully. I have spent much time in comparing the incidence of the cost of defences in this Colony and the incidence in other Colonies all over the Empire.

I believe that it will not be to the advantage of this Colony to have a fixed contribution of one million dollars or any other sum. I believe a better system of assessment than that now employed is easy to invent. I have myself suggested a system of devoting half the margin between ordinary revenue and ordinary expenditure to the military contribution. That may or may not be the best possible method, but at any rate it has the advantage of making the incidence correspond with the prosperity of the Colony. Although I cannot accept the resolution which has been moved by the hon. member, I shall, of course, be glad to forward to the Secretary of State not only the resolution but the report of the debate in this Council to-day. I have no doubt that Mr. Harcourt will be specially interested to read the remarks which have fallen from the senior unofficial member (Hon. Dr. Ho Kai) in regard to the very remarkable fact of which he has told us, that it is in times of adversity that the Chinese contribute most to charitable works and other such calls, and therefore that we are not entitled to assume that because large subscriptions are raised the Colony is in a singularly prosperous condition. (Applause.)

THE HON. MR. EDE—Your Excellency, may I use my right to reply very briefly? I do not propose to go over the ground I have already been over, but, as I stated, I

worked the figures on the law of average. Your Excellency very kindly but firmly disagreed on the question of the unit. I have ascertained the unit in Great Britain, but I have not been able to ascertain it here. It can, however, make but little difference whether the unit as shown by the census return or the unit of the family is used so long as the same unit is made use of throughout. A point I would like to mention is the question of our geographical position. It is one of those expressions which implies so much, but which may mean so much more or so much less. I have tried to grasp it, but it eludes my mental grasp. Even supposing we could agree as to the value of our geographical position, we would not look for violent fluctuations in that value in normal times in relation to revenue, and yet we are now asked to pay one-third of the entire cost of the garrison while the Colony's average annual payment over the past 47 years was but 20% of the cost. It would seem to me that some explanation of this difference might be made.

The resolution was then put to the meeting, and the voting was as follows:—

Ayes: Hon. Mr. Ross, Hon. Mr. Ede, Hon. Mr. Hewett, Hon. Mr. Pollock, Hon. Mr. Wei Yuk, Hon. Dr. Ho Kai.

Noes: The Captain Superintendent of Police, the Registrar-General, the Director of Public Works, the Colonial Treasurer, the Attorney-General, the Colonial Secretary and the Officer Commanding the Troops.

His EXCELLENCY — The "Noes" have it.

Food and Drugs Ordinance

THE ATTORNEY-GENERAL moved that the Council go in to Committee on the Bill entitled, "An Ordinance to amend the Sale of Food and Drugs Ordinance, 1896."

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

HON. MR. POLLOCK—I understand that certain dealers in condensed skimmed milk desire to be represented by Counsel, and I beg to formally move that leave be given for Counsel to be heard.

THE ATTORNEY-GENERAL seconded,

and the motion was agreed to.

SIR HENRY BERKELEY, K.C., then addressed the Council. He said:—May it please your Excellency, — By your Excellency's permission I appear before this Committee on behalf of certain manufacturers and importers of the article of trade known as condensed skimmed milk to lay before the Committee certain reasons which we respectfully submit should lead the Committee to decline to pass the second clause in the Bill as drafted. The clause as drafted contains these words: "This milk should not be used for feeding children under one year of age." These words should be deleted from the Bill, or other words should be added which I will later submit to the Council. Sir, I say these words should be deleted because it is unnecessary to put them in the Bill. The words can only import to anyone who reads them that to use condensed skimmed milk in any shape for the feeding of children under one year of age is to endanger the life or at least the health of the child thus fed. Now, Sir, there is no evidence before the Committee, and it is not possible to place any evidence for the consideration of the Committee, that would warrant the insertion in the Bill of any words bearing that meaning. Before I pass to the grounds which I wish to lay before the Committee I desire to draw attention to the objects and reasons which were appended to the Bill as it originally stood. It was stated that such legislation has been in use at Home. That, of course, was wrong, and the Attorney-General, in explaining the Bill, set that right before the Council. I intend to emphasize the fact that the legislation which this Council is asked to pass with regard to this article of trade is legislation which, though it has been urged upon His Majesty's Government from time to time by the persons interested in rival manufactures and by medical and other experts, has nevertheless never been adopted by the Home Government. It is therefore a matter for the most careful and gravest consideration on the part of the Committee, whether it would be introduced into this Colony, with respect to which the Imperial Government had declined to take any action. I do not know whether any members of the Committee have ever seen any of the tins in which the condensed skimmed milk is sold,

but I think they should have an opportunity of looking at them. I will produce several tins of different brands, and I would ask the Committee to look particularly at the labels, so that any misapprehension which might exist in the minds of any of the Committee would be removed, as to the labels being misleading to the general public. Your Excellency will find, on examination of the tins, that every tin is labelled clearly and distinctly. This is the Volunteer Brand. There are other brands. That brand to which I draw your attention has it stated clearly and distinctly that it is machine-skimmed milk, and that statement appears in English and in Chinese. Now that is the only provision that is required in England, the printing on the label of the contents of the tin. I ask the Committee to note the fact, because it was of vital importance in doing justice to the persons whom I represent that they complied in every particular with the requirements of the law in England. On the tins there is the statement that the article contained therein is machine made. That is all that the Act requires. We therefore submit that we are entitled to be heard favourably when we oppose the introduction of any further provision such as that which is now proposed: I submit, Sir, that the words "This milk should not be used for feeding children under one year of age" should not be inserted in the Bill. Such a provision is not necessary, inasmuch as the contents, condensed skimmed milk, are not injurious as food for infants, while the words import that it is so under all and any circumstances. This, it seems to me, is the real point. Has it been established before this Committee that the use of skimmed milk is injurious, so injurious to the life and health of the child that it is necessary to protect it from its use in any circumstances? If not, then you should not put these words in, because they mean that and nothing else. There are no words of qualification in the Bill. It says this milk should not be used for feeding children under one year of age. There is no limitation, no qualification. But, Sir, while the provision proposed in the Bill is not necessary for the protection of the infant, it will have the effect of protecting a rival industry, that of condensed skimmed milk, under the ban of a disparaging label. Any persons taking the tins and seeing one without the words of warning

and the other with, would, of course, reject that against which he was warned in favour of that which had no warning attached to it. It is the last intention of Council to enter upon a policy of protection. The Council has no desire whatever to protect any one trade or industry against another. However, it is not a question of what the Council intends, but what the effect of the legislation will be if passed. The intention is foreign to the point. The question is, what will the effect be if the Bill passes? Of course I am quite willing to admit at once that though the point is one of importance, it is not the one which I intend to make. The point I intend to make is this, that it has to be shown before the Council is justified in passing the Bill, which must affect an important industry adversely, that there is a necessity for the legislation contemplated. I submit to you, Sir, that the burden of proving that lies upon those who have advanced the assertion that it is. It is not for me to prove a negative, but I think I shall be able to discharge even that heavy burden and to show you that the weight of authority is against the assertion that it is dangerous to the health and lives of children under one year of age to feed them under any circumstances upon condensed skimmed milk. I take the higher ground that the milk, on the weight of authority, is not only not injurious, but it is a valuable food; that it contains all the properties of whole milk, except fat in some percentage. It contains fat, but not the same percentage as whole milk. It contains material which is bone-forming, flesh-forming and muscle-forming. In other words, it contains all these elements of nutrition which are necessary to the feeding of infants, though one of these elements, the fatty element, is contained in less quantity than in whole milk. Now when the Bill was last before the Council for the second reading an honourable member of the Committee drew attention to what he called a noteworthy fact, that an objection to this was that it had not been introduced into the legislature of England. The honourable member who represents the Justices of the Peace, on May 18th, showed why he regarded that as a noteworthy fact, because he pointed out that at Home they were very strict in their tests and ideas in these matters, but, nevertheless, the Home Government had not adopted the legislation that it was proposed

to adopt with regard to this particular form of business. Neither can I conceive any reason which would apply to the Bill in Hongkong that would not apply at Home. I cannot conceive how it is possible to say that if the English Government could be justified in refusing a label to be attached to condensed skimmed milk, how it is that this Government is justified in not taking a similar course, which I suggest should now be taken by deleting the words "Should not be given to children under one year of age." I repeat with some confidence the proposition that I laid before the Committee, that it lies upon those who assert that it is a danger to the life or health of children in feeding them upon condensed skimmed milk to show there is greater danger than there would be if the children are fed, as some of the witnesses whose names appeared in the sessional paper seemed to think, upon rice water, and other things. Some of the witnesses had said that children were fed upon rice-water pap and other worse stuff. The alternative must be assumed. If words are placed upon these tins of milk, which are within the reach of the poor, and if by reason of those words they are prevented from buying them, the effect must be, not to make the poor buy the more expensive milk, but to drive them to worse things—such as ricewater pap. It would be farcical for this Council to assume that because the poorer classes are warned against this milk that they will not use it, but would use the condensed whole milk. It is illogical, because if, in the first instance, they are rich enough they will buy the dearer article. If, on the other hand, they cannot get the cheaper, they will go to something cheaper still. Now, in dealing with this matter the Colonial Secretary very properly said that the real question was one for experts, and he read to the Council a minute by Mr. Franklin, who may be regarded as the Government's expert on the subject. If your Excellency and gentlemen of the Council will look at that minute you will find that it simply consists of two quotations from two writers upon the subject, two writers who for the last ten or fifteen years have been urging His Majesty's Government in England to pass legislation on the subject. I am almost entitled to say that Mr. Franklin's minute is based upon the evidence of two discredited experts. I use the word discredited in its most complimentary

sense, because these two gentlemen urged their opinions on the English Government, who refused to be convinced by them. Why should this Government act upon evidence of that kind? Moreover, if they took the trouble to read Mr. Franklin's minute they would see that it practically amounts to a general condemnation of all condensed milk as unsuitable for children. Taken as a whole the minute amounts to quotations from persons—I won't call them faddists—but persons who have particular views, which are not those of the majority and which summarily condemn all condensed milk as being unsuitable for children. If the Council is to be guided by Mr. Franklin, you would label all condensed milk as unsuitable, and say it should not be given to children under one year of age. But, Sir, I would draw the attention of members to this, that all the evidence quoted by Mr. Franklin was given in 1896, 1899, 1900 and 1908, before various Commissions, and that, notwithstanding all that, no legislative action in England followed. What is the logical conclusion? Surely it is that Mr. Franklin's witnesses, as I may call them, the gentlemen whose opinions he states, do not accurately represent the views of the majority of opinion in England. We know that a large section of the community regard as anathema condensed milk and condensed whole milk, and notwithstanding that fact the majority must be of the contrary view, because, as I submit, it is inconceivable that H.M. Government would have for fifteen years declined to legislate if it were true that condensed skimmed milk as a food is a danger to the life and health of children. You will find in that minute that Mr. Franklin states that it means "starvation and death." If you make reference to the letter in the *Hongkong Daily Press*, written by a firm in this Colony interested in the sale of a rival product, you will find that the matter was brought up in the House of Commons and the President of the Local Government Board was questioned in 1908 on the subject as to what the Government proposed to do. The quotation is here in the *Dairy World*. The President replied that he was aware that condensed skimmed milk was deleterious to infants, and it might be found on consideration that a case had been made out
f o r r e q u i r i n g

a special label calling attention to the fact. In July, 1908, when Mr. Masterman, the President of the Local Government Board, was pressed upon the subject, he expressed his own opinion that the milk was deleterious, and perhaps a case might be made out after enquiries. Well, we are now in the year 1911, and I submit that it is only reasonable to assume that had it been possible to make out a case, such as had been presented to Mr. Masterman, the legislation which was asked for would have been introduced into the House of Commons and become law long before now. The only inference possible is that on consideration it had been found that a case had not been made out for requiring a special label. Other evidence brought forward in support of the measure is contained in a letter which appeared in the *Daily Press* of May 25th. The writer of that letter stated that South Africa had passed similar legislation to that which is now proposed to pass here. No such legislation had been passed in South Africa. There is a duty, and a high duty, upon condensed milk and condensed skimmed milk, and the duty on the latter is higher. The sole reason for its introduction is that there is a large dairy industry in South Africa, and it was introduced as a protection of the industry and not because it was a danger to the community by feeding children on condensed skimmed milk. There is no legislation of this kind in South Africa. Another precedent has been quoted by the writer of that letter, who are the agents of the Anglo-Swiss Company. That precedent is Jamaica. It is true that in Jamaica in 1908 legislation took place, and words almost identical to those objected to in the Bill before the House had been inserted. That precedent means nothing more than that, while the British Government was taking time to consider whether a case had been made out to provide for legislation for such a label, the Jamaican Government hastily adopted the proposal. The Jamaican Government could have had no better medical advice than was available for Mr. Masterman. Jamaica is indeed the only one of the widespread British communities which has legislated in the direction suggested. Surely this is a strong argument against the action which the Committee is asked to take? I submit, therefore, that you will do a serious injury to an important trade if you pass this Bill as it stands. If it is really necessary for

the protection of the lives of children, that, of course, must weigh; but before you inflict such an injury upon the trade surely you will require to be satisfied that what you are asked to do is in accordance with the opinions of the majority of those whose opinions are entitled to respect, and that you do what you are asked to do not with standing the fact that in Great Britain the authorities have declined so to act. I am entitled to use the word declined, because they have chosen not to take any action. Our case does not rest upon the destruction of the case for the other side. I wish to read to you extracts of opinions of experts, from which it will appear that this article is a valuable food for infants as well as adults. If you will look at Sessional Paper 6 you will find a minute by Dr. Clark in which he negatively supports the contention I put before you. He says that "this milk is most unsuitable for infants unless supplemented by cream, which would be outside the means of people who buy the stuff." Of course, the language in which that gentleman speaks of the milk can hardly be called a judicial weighing of the value of this article. (Laughter.) However, it amounts to this, that it is suitable if supplemented by cream. In other words, it is not accurate to say that condensed skimmed milk should not be given to children under one year of age under any circumstances, whether supplemented with cream or anything else. Take the evidence of other experts, Drs. Muller, Justi and Hoch, a respected firm of German doctors here. They state in the sessional paper that the "milk on which they report is not a perfect substitute for whole milk, but as the poorer class of people are bound to feed their children on a very doubtful class of goods, such as rice water and even worse stuff, because a good and cheap whole milk is not obtainable for them, we are of the opinion that under the circumstances the Baby Brand milk is very fit for use as a substitute for cow's milk." Surely you must give some attention to such an expression of opinion. Here is a firm of doctors well-known in the community pledging their professional reputation to the fact that where you cannot get better, where you are not rich enough to buy condensed whole milk, that condensed skimmed milk is a good substitute for cow's milk. Then we have the opinion of

Dr. Stedman, who writes that he examined the Volunteer Brand and finds "that it contains all the nutritive properties that are contained in skimmed milk, and that there are no injurious preservatives added to it. It is not advisable to bring up a baby under a year old on skimmed milk only, because owing to the removal of the cream there is not a sufficient percentage of fatty matter left to satisfy the wants of the human infant, but there is nothing actually injurious to the infant in skimmed milk, and where poor persons cannot afford to buy whole milk, skimmed milk is a much more suitable food for a baby than many of the patent infant foods that are so extensively used in these days, and it is still more suitable than a pap made of rice and water which is often employed for babies by the poorer classes in this Colony." What is the inevitable result? Those who cannot afford to buy this skimmed milk will be driven to the more unsuitable rice pap, because the passing of this legislation will not result in the poorer people using better milk, but using other substitutes. I submit that the whole question is a practical one, viz., whether you are satisfied that the effect on the children of skimmed milk is so unsatisfactory that the Council cannot take the view expressed by the four medical men of high standing in this Colony. Moreover, I have here a pamphlet—I regret I have only one copy—in which are set forth the opinions of men entitled to be called eminent authorities, all of whom speak to the highly nutritive value of this skimmed milk as food, Sir, if this Bill must be passed as it stands, I suggest that the words "unless supplemented by some fatty food" follow "under one year of age," because on the evidence of Dr. Clark himself it is clear that even in the case of the hostile narrow minority the separated skimmed milk is a food which might be given to children if supplemented with some fatty matter. I do not say that is the shape the Bill should take, but I submit that if the words complained of are not eliminated altogether, the only alternative is the words I have asked to be added. In any case, I submit that the operation of the Bill should be postponed for a considerable time, say, six months, to enable dealers to complete their present contracts. Your Excellency, the article is sold by sample. Tins must have certain labels, and if purchasers are supplied with tins bearing labels on which disparaging

words are printed, they may repudiate the purchase. The result would be very serious to a legitimate trade. In conclusion I can only ask you to bear in mind the warning which I have uttered, following the warning uttered by eminent expert authorities in England, that the probable effect of the legislation will be to drive the poorer people in the Colony to the inferior food, such as rice water pap, for their children, as they could not possibly pay the high price for the better kind of article, and the last case of the child after the Council's legislation will be worse than the first.

Counsel then withdrew.

THE COLONIAL SECRETARY—I desire to address a few remarks to the Council in reply to the speech made by Sir Henry Berkeley. In the first place, I wish to correct his statement that the minute of the Government Analyst as printed in the sessional paper is not identically the same as the one I read at our last meeting. It was then my humiliating duty to say that the official members of the Council knew little about milk as a beverage, and in consequence I felt constrained to read the opinion given by an expert. I read a minute by Mr. Franklin, and I have compared what I read with the minute as printed in the sessional paper, and I find that they are identical, the only difference being that certain explanatory remarks of mine are included in the report of the minute as read. Sir Henry said it was unnecessary to place the words "should not be used for feeding children under one year of age" on the labels, because it could not be proved that condensed skimmed milk was injurious to such children. I would therefore like to call attention to the fact that the manufacturers in some cases of their own accord have labelled their tins of skimmed milk as unsuitable for infants. I hold in my hand a copy of the *Chemical News* dated November 8th, 1907. In it on page 225 appears an article entitled—"Further Analyses of Condensed Milk," by F. T. Lloyd, F.C.S., Consulting Chemist to the British Dairy Farmers' Association. He says that the makers of a brand of machine-skimmed milk made in Holland, to which he refers as Sample A88, "print on the label surrounding the tin—'U n s u i t a b l e f o r

the use of infants and invalids." Mr. Lloyd adds:—"Probably much of the illhealth among children, frequently attributed to the consumption of impure fresh milk, if investigated, would be found to be due to the use of condensed machine-skimmed milk." No doubt, Sir Henry would regard Mr. Lloyd as one of the "hostile narrow minority." But that minority (if indeed it is a minority, which I take leave to doubt) is certainly not a narrow one; for it appears from p. 387 of the *Law and Chemistry of Food and Drugs*, by Messrs. Robinson and Gibb (1895) that in 1892 a memorial signed by over 7,000 members of the medical profession was forwarded to the Right Hon. H. H. Fowler, and that this memorial, after expressing the opinion that the matter "urgently calls for legislative action," concluded with the following recommendation:—"We think it very desirable that an enactment should be obtained to the following effect: Condensed Milk from which any of the cream has been removed must be conspicuously labelled 'Condensed Skim Milk' in large and legible type, and on labels pertaining to the article the word 'milk' must not be used unless preceded by the word 'skim' or 'skimmed' in equally bold type." It may be contended that this will be sufficiently met by inserting on the label the words "machine-skimmed milk" without any addition to the effect that such milk should not be used for feeding children under one year of age. But this is clearly not the case, for in the first place the words "machine skimmed," even if carefully translated into Chinese, do not convey any clear meaning to the Chinese vendor of the poorer classes. Moreover, as Messrs. Robinson and Gibb say:—"A serious and even dangerous fraud has been committed by the sale of condensed *separated* milk, with a notification, it is true, but one of distinctly fraudulent character, which is backed up by equally misleading directions for the use of the preparation." They add:—"From the point of the *infant consumer*, fed, as so many children of the poorest classes are, almost exclusively on condensed milk, the offence is a serious one indeed." In China this fraud takes the following form. Look, for instance, at the Chinese labels on the tins of "Volunteer Brand" and "Baby Brand" milk which have just been placed upon the table by Sir Henry

Berkeley. These brands are those referred to as *A* and *B* respectively in Mr. Franklin's minute of the 1st ult. on page 5 of the sessional paper. I have obtained from the Registrar-General an English translation of these Chinese labels. That on the Volunteer Brand begins as follows:—"The 'Soldier' brand milk is condensed pure milk of milch cows extracted by means of machinery." The Asst. Registrar-General appends the following note:—"The Chinese is not very clear, but the meaning apparently is that the cows are milked by machinery."

HIS EXCELLENCY—May I interrupt my hon. friend in order to inform the Committee that an independent translation made at the Council table this afternoon by the senior unofficial member (Dr. Ho Kai) has just been handed to me? He renders the label:—"This 'Soldier' brand milk is pure milk extracted by machinery from a yellow cow."

THE COLONIAL SECRETARY — The same label recites that "For culinary purposes it (*i.e.*, Volunteer Brand Machine Skimmed Milk) is everywhere used in substitution for fresh milk, and it is used in hospitals for infants; these facts testify to its great superiority. . . . For infants mix fourteen parts of water with one of condensed milk. Decrease the proportion of water according to the age of the infant." In the case of the Baby Brand milk the very name and the trade-mark — a baby drinking from a milk bottle—are calculated to mislead. In Chinese the name of this milk is translated "Fat baby brand milk," and the translation proceeds:—"The milk is made from the milk of young and strong cows, mixed with nothing but sugar of the best quality. . . . It forms an excellent and nourishing food. . . . For cooking mix four or five parts of water with one of milk." Who could learn from such a label as that that "Baby Brand" milk when diluted as recommended would contain only 0.04 per cent. of fat, less even than "Volunteer Brand"? Sir Henry Berkeley quoted an opinion given by Dr. Stedman, and printed on page 3 of the sessional paper. I desire, therefore, to state that, since the last meeting of the Council, the proposed legislation has been referred to the Medical Board, of which Dr. Stedman is honorary secretary, and that I hold in my hand
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the Board dated the 23rd May and signed by Dr. Stedman. It is as follows:—"The Board is agreed that machine-skimmed milk is not suitable for the feeding of infants under one year of age. The Board considers that it is necessary to insert words to that effect on the label. They recommend that the words inserted should be as follows:—'Machine-skimmed milk should not be used for feeding children under one year of age.' The Board recommends that these words should be printed in large and legible type, in English and Chinese, both on the outer wrapping and on the label on the tin. The Board recommends that the above should only apply to tins of milk sold for local consumption." This opinion of the Medical Board corroborates the advice given to the Government by the Sanitary Board upon a recommendation made by Dr. Clark, the Medical Officer of Health, which appears on the first page of the sessional paper. Dr. Clark then wrote:—"I am told that this cheap condensed milk is being largely taken into use to feed Chinese infants, and in view of the already enormously high mortality among such infants I think that the Government should be asked to introduce further legislation to prevent the sale of such skimmed milk except under very strict regulations in regard to the labelling of the tins, not merely to the effect that it is "skimmed milk"—a term which the Chinese purchaser would probably not understand—but also to the effect, in Chinese, that such milk is quite unsuitable for the feeding of infants." Dr. Clark's information on this subject has been derived partly from the Sanitary Inspectors whose duty it is to frequently enter Chinese tenement houses, and who have noticed that the use of skimmed milk has recently increased very considerably. As Chinese adults rarely, if ever, drink milk, it is clear that the consumers of the skimmed milk must be infants. The evidence of the Sanitary Inspectors is confirmed by Dr. Alice Sibree, lately in charge of the Maternity Hospital and now in private practice. Dr. Sibree was good enough to place her knowledge of this subject at my disposal, and she has told me that, in her experience, condensed milk is almost exclusively used by Chinese women of the poorer classes for feeding their infants, the

reason being that when such Chinese women become mothers they find it profitable to hire themselves out as wet nurses in well-to do families, and therefore as they cannot feed their own babies at their breast they are obliged to give them condensed milk instead. I have no doubt that my hon. friends who represent the Chinese Community in this Council will be able to corroborate Dr. Sibree's statements. With regard to the question of dilution, I will only say that according to expert medical opinion *full cream* condensed milk would have to be diluted in the proportion of one volume of milk to three of water in order to restore it bulk for bulk to the same nutritive value as cow's milk. But in order to make condensed milk potable the dilution instructions on *full cream* tins usually prescribe six or seven volumes of water to one of milk. Now on machine skimmed milk tins, *e.g.*, Volunteer Brand, the prescription is, "For infants mix fourteen parts of water with one of condensed milk." No wonder, then, that many medical men pronounce the resulting liquid to be "starvation to infants." Sir Henry Berkeley referred to legislation elsewhere. I regret that I cannot follow him in his reference to South Africa. But it is a definite fact that there has been legislation in Jamaica on the lines which we now propose to introduce in this Colony. Apparently also in Trinidad legislation is pending which will enact a prohibitive tariff on milks containing less than a certain percentage of fat; while as regards the United Kingdom, I venture to suggest that one of the reasons why the legislation recommended has not yet been enacted may perhaps be that the House of Commons has of recent years been so hard pressed that there has been no time to take the matter up. In conclusion, with regard to the suggestion that the date when this Bill takes effect should be postponed, I submit that, if there is sufficient reason for passing the Bill, it should be brought into operation with as little delay as possible. It is a matter affecting the health of many infants in the Colony, and the reason for passing the Bill is that the Chinese are being misled by fraudulent labels, and that therefore steps must be taken to warn them that if they give condensed skimmed milk to their children they do it at their own risk.

HON. MR. HEWETT—Sir, this is rather a difficult question for me to deal with. I am like a certain historical character, whose place of residence was supposed to be in Japan, where he combined in his one person many different posts. I am a member of the Sanitary Board, a member of the Medical Board, representative of the Chamber of Commerce, and I also represent a big shipping Company, several of whose valuable constituents import large quantities of both the classes of tinned milk now under discussion. Both sides have approached me on the subject. Consequently, whatever way I vote I must go very hard one way or the other against some one of my friends. However, that has nothing to do with it. I merely mention the fact in order to show that I have done everything I possibly could to gather full information on the subject, and having done this propose to do my duty and vote in the direction I consider right. The Colonial Secretary said he could not follow Sir Henry Berkeley as to the South Africa legislation, but I am fortunately able to throw some light on this point, as I have before me an extract from the South African Customs Convention. Sir Henry suggested that skimmed milk was taxed not because it was skimmed milk, but to protect home industries. If he had seen the Customs Convention which I have here he would not, I think, have made that statement. Pure milk fresh from the cow should show about 3 per cent. to $3\frac{1}{2}$ per cent. of fat. Thus a one-pound tin of condensed milk should contain some 12 per cent. to 13 per cent. of fat. The import duty on tinned milk in South Africa is 5s. 2d. per 100 lbs. on full cream milk and 6d. per lb. (equal to 50/- per 100 lbs.) on skimmed or separated milk, or practically ten times the duty on full cream milk. I gather from these figures that South Africa wishes to check the consumption of skimmed or separated milk. If the duty were levied for the purpose of protecting home industries, as Sir Henry says, I think we may presume South Africa would have made the import duty on full cream milk at least as high as that on skimmed milk. With regard to Jamaica, Sir Henry found fault with what he called hasty legislation, but Trinidad is, I believe, shortly to introduce legislation on the subject. In Cuba the sale of tinned skimmed milk is absolutely prohibited, and only condensed milks which have not less than 9 per cent. to $9\frac{1}{2}$ per cent. of fat are sold. Costa

Rica also discriminates against skimmed milk. I have here a copy of a report dated Calcutta, 23rd November, 1908, on certain tinned milks signed by Major J. A. Black, I.M.S. Chemical Examiner to the Government of Bengal, dealing with three different milks—two full cream and one skimmed. The two first are largely sold in the Colony and contain respectively 11 per cent. and 11.64 of fat. The third contains only 0.35 per cent. of fat. In the minute relating to condensed skimmed milk laid on the table at our last meeting the analysis of one brand of milk shows as low a percentage as 0.22 per cent. of fat. The honourable the senior unofficial member informs me that a Chinese mother when feeding her child on tinned milk makes use of the ordinary European feeding bottle. Skimmed tinned milk is of so thick a consistency as to require to be diluted with about four parts of water to one of milk. An unfortunate child which is thus fed on skimmed condensed milk is receiving only some .04 per cent. of fat, and is practically consuming nothing but sugar and water. Two days ago I had the advantage of hearing this question fully discussed at the Medical Board, at which were present the P.C.M.O., the senior unofficial member, a well-known doctor in private practice, and the senior Naval and Military surgeons. The Colonial Secretary has already informed the Committee of our decision, in which we were unanimous. At Home a mother of the lower classes can readily learn the relative values of full cream and skimmed milk, but Chinese women, even if you tell them, would not know what skimmed milk meant. The translation before the Committee as to the wording in Chinese describing skimmed milk is absolutely misleading, and would lead the uninitiated to believe that the milk was full cream and not skimmed. It is very desirable that nothing should be done hastily with a view to checking trade, but this proposed legislation only deals with milk retailed for consumption in the Colony, There is an enormous trade in condensed milk here in transit to surrounding ports, but that will not be in any way affected by this legislation. I have given this matter my most earnest attention, and I confess, particularly after our meeting of the Medical Board,

that in my opinion this legislation is desirable, and I trust it will be brought into force at once.

HON. MR. POLLOCK—There is one point in the Colonial Secretary's statement. He said that mothers do not feed infants with their own milk. Is it clearly established that condensed skimmed milk is any worse than the substitutes employed?

THE COLONIAL SECRETARY — Chinese infants of the poorer class are as a fact being fed upon condensed skimmed milk. I have no information as to substitutes.

HON. DR. HO KAI — The hon. Mr. Pollock wants to know if there were no condensed skimmed milk, would the Chinese feed their infants on something worse.

HON. MR. POLLOCK—That's my point.

HON. DR. HO KAI—Chinese used to give their children goat's milk, or condensed whole milk, or fresh milk from native dairies, and soft boiled rice which had previously been chewed by the mother or nurse, before the introduction of condensed skimmed milk.

HON. MR. POLLOCK — And in your opinion that would be superior to condensed skimmed milk?

HON. DR. HO KAI—Yes. I think the trade in condensed skimmed milk was brought into existence by the unaccountable rising in price of condensed whole milk.

HIS EXCELLENCY — It seems to me, gentlemen, that the general opinion of the Council, so far as I can gauge it, is that some words ought to be added to the labels of condensed skimmed milk indicative of the fact that it is not good for infants. But the point is whether the words we have proposed to add are too strong. We must, however, add some words to show the difference between whole milk and skimmed milk. Sir Henry Berkeley suggested that we should add to the words already inserted in the Bill the additional words: "Unless supplemented by some fatty food." The question is whether the words we have should be retained in the Bill

and any other words added.

HON. MR. EDE—If the word "milk water" could be conveyed by a Chinese character that would get over the whole difficulty.

HON. DR. HO KAI—I would suggest the following: "The cream of this milk has been removed. Therefore children under one year of age should not be fed entirely on this milk."

HON. MR. HEWETT—Doesn't the word "entirely" take all the stiffness out of the Bill?

HON. DR. HO KAI—No.

HIS EXCELLENCY—I would suggest that we say, "The nutritive part of this milk having been removed, therefore," etc. Will you agree to that?

HON. DR. HO KAI—I prefer the word "cream."

THE REGISTRAR-GENERAL — Chinese won't understand what the cream is.

HON. MR. HEWETT—I think the word "entirely" ought to be left out.

HON. MR. EDE—And I should introduce the word "nutritive."

On a division a majority of 9 to 4 decided to omit the word "entirely."

The Bill was left in Committee, in order that the two Chinese members, the Colonial Secretary and the Registrar-General might frame words in English and Chinese suitable for insertion in the Bill.

THE ATTORNEY - GENERAL moved that a fourth clause be added to the Bill postponing its operation until June 21st.

HON. MR. POLLOCK moved an amendment that the date be October 1st.

HIS EXCELLENCY—The senior Chinese member has just handed me the following translation of the label which surrounds this

tin:—"This milk is the pure milk of yellow cows, extracted by a machine." This is intended, as he says, to convey the meaning that the milk is pure whole milk from a yellow cow which has been milked by machinery. The translation made at the Registrar-General's office was to the same effect. I confess that this fraudulent and untrue label has removed any sympathy I might have had with the vendors.

HON. MR. POLLOCK withdrew his amendment, and the Bill was left in Committee.

Trade Marks Amendment Ordinance

THE ATTORNEY - GENERAL moved the first reading of a Bill entitled, "An Ordinance to amend the Trade Marks Ordinance, 1909."

THE COLONIAL SECRETARY seconded, and the Bill was read a first time.

The objects and reasons of the Bill state:—The inscription on the seal of the Registrar of Trade Marks does not tally with the inscription required by section 3 of the Principle Ordinance, the amendment validates the existing seal and authorises its future use. Section 12 (2) of the Principle Ordinance does not appear in the Imperial Act, and as it deals with procedure it has been transferred to the rules relating to procedure made under the Principal Ordinance.

Patents Amendment Ordinance

THE ATTORNEY - GENERAL moved the first reading of a Bill entitled, "An Ordinance to amend the Patents Amendment Ordinance, 1909."

THE COLONIAL SECRETARY seconded, and the Bill was read a first time.

According to the objects and reasons attached these amendments in the Patents Ordinances are undertaken in consequence of instructions received from His Majesty's

Principal Secretary of State for the Colonies. The 13th August, 1909, was the date of the passing of Ordinance No. 22 of 1909, but as that was an amending Ordinance to be read and construed with Ordinance No. 2 of 1892 the use of the words "under the provisions of such statutes as are now in force in the United Kingdom" were confusing, as it was intended to include the Imperial Act of 1907. The first proviso is inserted because His Majesty's Secretary of State, after consultation with the Board of Trade, has decided that patents in Crown Colonies should not necessarily be revocable as a result of revocation in the United Kingdom. The second proviso is adapted to the needs of the Colony. The English Act enforces the manufacture of patented articles in England. The Colony is a centre of colonial trade, but few articles are manufactured here; and to revoke the local patents on articles manufactured in the Empire, which are not also manufactured locally, would be to destroy the value of local patents and to sacrifice the spirit of the Imperial Act to its letter.

Statute Law (New Revised Edition) Ordinance

THE ATTORNEY - GENERAL—I rise to move the third reading of the Bill entitled, "An Ordinance to authorise the publication of a Newly Revised Edition of the Statute Laws of the Colony." The Ordinance was referred to the Law Committee, and they have issued a report which has been laid on the table, in which they have suggested an alteration in the title and alterations in practically all its clauses. There is attached to the report a copy of the Bill in the form in which they would like to see it passed. I beg to move that the Bill be passed as shown in the form marked A.

THE COLONIAL SECRETARY seconded, and the Bill was read a third time and passed.

HIS EXCELLENCY—Council will adjourn till Thursday next.