

10TH JUNE, 1918.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR FRANCIS HENRY MAY, K.C.M.G.

HIS EXCELLENCY MAJOR-GENERAL F. VENTRIS (General Officer Commanding Troops in China).

HON. MR. CLAUD SEVERN, C.M.G. (Colonial Secretary).

HON. MR. J. H. KEMP (Attorney-General).

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

HON. MR. E. R. HALLIFAX (Secretary for Chinese Affairs).

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

HON. MR. C. MCL. MESSER (Captain Superintendent of Police).

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

HON. MR. E. SHELLIM.

HON. MR. D. LANDALE.

HON. MR. LAU CHU PAK.

HON. MR. P. H. HOLYOAK.

HON. MR. HO FOOK.

MR. A. G. M. FLETCHER (Clerk of Councils).

There were also present in the Council Chamber eight or ten members of the public, including Mr. A. H. Harris, Mr. F. C. Jenkin, Mr. Eldon Potter and Mr. Crew.

Paper

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the report of the Superintendent of Imports and Exports for the year 1917.

Finance

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the report of the proceedings of the Finance Committee No. 4, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

Questions by Mr. Pollock

THE HON. MR. POLLOCK asked the following questions:—

1. Will men, who are eligible for service under the General Military Service Ordinance, and who are either,

(a) Members of the Belchers 6-inch section who have been through special training there and have passed in gunnery tests: or

(b) Men of the Engineer Section who have passed in the required tests, be given the opportunity of proceeding to England and of there joining up with some unit in which their training here will be of use to them and to the Empire?

2. Will men who joined any of the various branches of the Volunteer Forces of this Colony either before the War or within 3 months after its commencement, and have not been home for over 5 years, be given the option of proceeding to England to join up?

3. As regards Government Civil Servants,

(i) Will not those Civil Servants who have left for home, under the express undertaking of the Government of this Colony to the effect that their Military pay shall be made up to their full Civil pay, be given the benefit of that undertaking and not be compelled to come in, against their will and contrary to the said undertaking, under the new scheme for separation allowances, insurance, etc.?

(ii) Will all Civil Servants who have gone home to fight, other than those falling under the above head (i), and, if not, what classes of such Civil Servants, be allowed to enjoy the privileges under the new scheme?

(iii) Will the Government, in the case of those who have left, or may leave, the Colony on War Service, take steps for the purposes of insuring that their rights under the Widows and Orphans Pension Ordinances or regulations are not lost or prejudiced by any omission to keep up the periodical payments to the Fund?

THE COLONIAL SECRETARY replied as follows:—

1. This is a question for the Military Authorities to decide. This Government is not prepared to make representations on the subject.

2. It is not proposed to give such option, except in the case of men who applied to the Military Service Commission prior to the 20th May, 1918.

3. (i) The answer is in the affirmative.

(ii) All Civil Servants who have gone home to fight fall under Head (i). Civil Servants now in the Colony who volunteered their services prior to the 20th May, 1918, will be treated in the same manner as Civil Servants under Head (i), with the option, if approved by the Secretary of State, of coming under the new scheme, if they prefer it.

(iii) In the case of the officers mentioned, subscriptions to the Widows and Orphans Pensions Fund are and will be deducted from the pay due to such officers.

HON. MR. POLLOCK—Arising out of the third part of the answer to question No. 3 I know that in the cases of those receiving pay the contributions will be deducted, but I was rather referring to the fact that there might be cases of people who were not receiving pay and yet might have to contribute. I do not know whether that is so.

H.E. THE GOVERNOR—There are no such cases.

HON. MR. POLLOCK—Then there will be no difficulty.

Chamber of Commerce Resolutions

HON. MR. HOLYOAK—I beg leave to discuss the three resolutions sent in by the Chamber of Commerce.

H.E. THE GOVERNOR—I do not wish to avoid discussion, but under the rules of this Council, it is not in order.

HON. MR. HOLYOAK—I know it is not in order without the sanction of the Council, but I thought, having regard to the importance of the matter, the privilege might be granted.

H.E. THE GOVERNOR—I have sent the reply to the Chamber of Commerce. It is to the effect—

HON. MR. HOLYOAK—I have that reply.

H.E. THE GOVERNOR—All I can add to that reply is that the Government will deal sympathetically with the whole question of separation allowances and, as at present advised, it is proposed, with the sanction of the Secretary of State, to deal with the question of injuries wholly or partly incapacitating a man under a pension system; that means to say we will insure him not only against death but against injury. The whole thing is very complicated and we wish to act fairly as far as we are permitted, and any proposal we make we will discuss thoroughly with unofficial members.

HON. MR. HOLYOAK—It is not a question of married men only, but of the dependants on bachelors.

H.E. THE GOVERNOR—The pension scheme we propose to introduce would cover single men.

HON. MR. HOLYOAK—I am thinking of the allowances to a mother or sister remaining in the Colony, which ought to come under the separation allowances as in the case of married men. The responsibilities are the same.

H.E. THE GOVERNOR—I cannot go further than to say that we will deal sympathetically with the representations made.

HON. MR. POLLOCK—Also, there is the case mentioned since the last meeting of a widow and children. There will have to be some provision made in the case of the children.

H.E. THE GOVERNOR—Yes, you might multiply these cases *ad infinitum*. It is a complicated question.

HON. MR. POLLOCK—All I want is an assurance that these cases will be considered by the Government with a view to modifying hardship.

H.E. THE GOVERNOR—I think I may say that every case that is brought before us we will consider fairly and sympathetically.

The Conscription Bill

Council then went into Committee to consider further the Conscription Bill.

THE ATTORNEY-GENERAL moved that clause 2 and 11 of the Bill be re-committed for the purpose of making certain amendments.

This was agreed to.

In Clause 2 the definition of "Competent Military Authority" was omitted.

THE ATTORNEY-GENERAL proposed that the following should be substituted for clause 11:

"(1.)—The said force shall be called the General Military Service Force of Hongkong.

(2.)—All the provisions of the Army Act, and of all orders and regulations for the time being in force thereunder, and of all other Acts for the time being amending the Army Act, shall apply to the General Military Service Force of Hongkong, and to all persons belonging to the force, whether within or without the limits of the Colony, and whether such persons shall have been transferred or attached to some other corps or not.

(3.)—For the purposes of the Army Act, and of the said orders and regulations, and of any Acts amending the Army Act, and of this Ordinance, every person belonging to the force shall be deemed to have been duly enlisted in His Majesty's regular forces for general service with the colours for the period of the war."

In doing so, he said:—The reason is that it is thought that this new clause will be more in accordance with the section of the Army Act on which this legislation to a certain extent depends, and the new clause deals with other acts amending the Army Act and also refers to the Orders and Regulations made under the Army Act.

The clause was agreed to.

In clause 4 the words, "which shall contain a substantial commercial majority," were inserted after the word Tribunal in sub-section I, and the words "but the substantial commercial majority shall always be maintained" were inserted after the word "permanently" in sub-section 2.

HON. MR. HOLYOAK—I beg to move the recommitment of Clause 6 and propose as an amendment to sub-section 4 the addition of the words "and of British trade in the Far East." Exemption would then be allowed "on the ground that it is expedient in Imperial interests, or in the essential interests of the Colony—and of British trade in the Far East."

HON. MR. LANDALE seconded.

H.E. THE GOVERNOR—As regards the amendment proposed by the hon. member I had hoped that we had finally got rid of this clause. It has been the subject of very long discussion.

HON. MR. HOLYOAK—Perhaps I ought to say that we all thought we had got rid of it, but we were so deeply concerned by the words which fell from the hon. and learned Attorney-General in his comments on the Bill, and which we took to be more or less inspired by the Government, and as a direction for the Tribunal, that we felt it was essential to take exception to them. The words referred to are these

"Essential interests mean something very different from the maintenance of the present state of affairs. The old standard of "Business as usual" which was swept away in England in the early days of the war is now to be abandoned here. Perhaps it has already been abandoned to a certain extent, but it now has to be abandoned to a much more stringent extent."

Now, Sir, I do not think we yield in patriotism, speaking as the representative of the Chamber of Commerce, to any man here, certainly not to any member of the Government, but your Excellency is well aware that from the commencement of the discussion which led to this Bill a pledge was given by the Government that essential commercial interests should be protected, and we view this pronouncement of the learned Attorney-General's with considerable feelings of alarm, the more so because it sounds like a direction to the Tribunal. There are two attitudes of mind—one which would send home every man possible and all the man-power available at the cost of all commercial interests, and the other which would maintain those commercial interests which, by their large contributions in the shape of excess profits year by year are helping to carry on the war. While we do not want to keep one man who can be spared, we must protest against the doctrine of obtaining men at

any cost, because we think that is economically unsound in the interests of the nation. We have again and again reiterated the view that labour trained and specialised here should be used for maintaining British trade in the face of increasingly aggressive opposition and competition from friendly, but nevertheless competitive, nations, and it must have an adverse effect on the trade of the Colony if it is to be denuded of the heads of departments without whom no great business can be run. We feel strongly, also, that it is essential to protect the small businesses which are British, some of which may have been recently established, while others are of ancient growth though perhaps not large, and the removal of any man from a small business is likely to be very adverse to British interests in the long run. I should not have mentioned this if the hon. and learned Attorney-General had not laid such stress on the fact that the days have changed and that the spirit of the appeal is now not to maintain our economic strength, but to obtain manpower. Whilst that is true at Home it must also be remembered that every man you take from this place is highly trained and represents specialised labour of economic value which it will take years to replace. We, therefore, want an assurance before the Bill passes—and without which assurance we cannot see our way to pass it—that the really essential economic interests of the Colony and of our vast distributing trade with China, from which a goodly portion of our taxes flow, enabling us to pay the large contributions year by year to the Imperial coffers which we have done since the war began, and the excess profit taxes which have been paid by many firms year by year at Home, shall be maintained. I sound this note of warning as the Attorney-General in his speech last Thursday seemed to lay great stress on the question and appeared to take the view then that it was no longer a case of protecting trade as opposed to man-power and that men must be obtained at all cost. It is distasteful to me to argue on these lines and I admit that it sounds unpatriotic, but from my soul and from my deepest convictions I am convinced that the soundest policy in the interests of our Empire is to maintain our trade that we may continue our contributions to Imperial War Funds, both here and at home.

H.E. THE GOVERNOR—What are the precise words you wish added?

HON. MR. HOLYOAK—"And of British trade in the Far East."

HON. MR. LANDALE—I seconded this amendment, and I would like to explain my reasons for doing so. When the Chamber of Commerce suggested this measure they did so for two reasons—that as many men as could be spared to go and fight should go, and that as it was necessary to retain here a certain number of men, those men should be satisfied that they were doing their duty and be protected from the imputations being made against them. The Attorney-General seems to have failed to realise this latter object of the Chamber of Commerce, and I am not quite sure whether the Government understands it, or have been misled on the point. There is no doubt that the Chamber of Commerce intended those required for trade in the Far East to be exempt under the Bill.

H.E. THE GOVERNOR—Why did they not say so?

HON. MR. LANDALE—I think they did quite clearly. If the local Government agree with this it ought to be in the Bill. If it does not, then the matter ought to be referred back to the Secretary of State for the Colonies and let us find out where we stand. I do not think that as a result of this Bill there will be any large addition to the fighting forces, as the vast majority of those who can be spared have long since joined the army.

HON. MR. POLLOCK—I would like to point out that the remarks of the hon. and learned Attorney-General at the last meeting of this Council went a very great deal further than his remarks at the first meeting of this Council on the Bill. At the first meeting of this Council on this Bill we understood that the essential trade interests of this Colony were to be preserved, and not only that but the trade interests controlled from this Colony. The Attorney-General went much further at the last meeting of this Council. To continue reading from where my hon. friend who represents the Chamber of Commerce left off, the Attorney-General, at the last meeting of the Council, made use of the following expression:—

"The larger businesses may have to be curtailed. New enterprises, however promising, may have to be restricted, and in the case of one-man businesses and occupations it may be that some of them will have to be closed altogether for the time being."

Well, Sir, nothing of that, and nothing resembling it, appeared in the speech of the Attorney-General when this Bill first came before this Council, and I think as the last meeting of the Council when these words were used was the first intimation received that the Government intended to throw overboard the idea of "Business as usual" and intended to force to the extremest limit the question of man-power in disregard of what the Prime Minister called the contributory help to the war by means of silver bullets—in view of this new attitude taken up by the Government, I quite agree with what has fallen from the hon. unofficial member who last spoke on this matter, and if necessary it should be brought before the Secretary of State again, because I think, Sir, as my hon. friend pointed out, there has been some genuine misapprehension on the matter. Certainly it was not contemplated by the Chamber of Commerce, when it suggested a measure of this kind, that it should be carried to the extent that apparently now the Government intends to carry it. I say the Government, because I can hardly believe that the Attorney-General, addressing us last Thursday, was addressing us on his own. He was, I think, outlining the policy of the Government, which policy, I understand from my two colleagues, has come upon the Chamber of Commerce as a surprise, as something which they did not expect.

HON. MR. LAU CHU PAK—You should not have asked for conscription to be applied to this Colony at all.

H.E. THE GOVERNOR—The Government abides by the remarks of the Attorney-General on the first reading. What we are concerned with is the essential interests of the Colony, and those essential interests include trade, and include trade in China controlled from Hongkong. Now the learned Attorney-General on the second reading emphasised that it must not be lost sight of that men are wanted, and I do not suppose anyone denies that, Mr. Lloyd George, in a recent speech, said himself that men were so badly wanted that if a certain amount of trade had to go it would have to go. You ask me to put in the words "British trade in the Far East." I say I cannot put in those words because they are much too wide. They might mean anything. Moreover, I suppose you are as well aware as I am that they are calling up men in China itself who are

employed in British trade in and with China. If you wanted to deal with this question in a comprehensive manner, including Hongkong and China, you would have to have one commission for the two places. We are only concerned here with our own trade and in the application of this Act it is obvious that hundreds—well, I don't know about hundreds, but I will say some—that some are not essential to the trade of the Colony or to the Imperial side of the trade. What the Attorney-General said was if there was a question as to what is essential trade, the touchstone—that I believe was the word he used—was as to its Imperial use or utility. That seems to me a very fair comment to make. We adopted, after a long discussion, these words essential interests of the Colony because they are wide and elastic. I do not think myself when the Tribunal and the Council of Appeal get to work any really serious difficulty will occur in the interpretation of the term essential interests of the Colony. I think the Attorney-General, when he made his second speech, only wanted to emphasise the fact that we could not consider the mere maintenance of trade. It is perfectly true that some large businesses will perhaps have to shed some of their staffs and that other businesses which now employ several men might be carried on by a lesser number.

HON. MR. HOLYOAK—It is extremely doubtful now the staffs have been so depleted.

H.E. THE GOVERNOR—We have to see what we can get. I abide by what was stated by the Attorney-General on the first reading, that essential means the essential trade of the Colony. There are some other essential things and we also recognise that we must take into consideration the trade controlled from Hongkong. But if the words British trade in the Far East were added, it might result in this, that when a certain firm was called up it could say "Yes, I have more men here than are necessary, but they have taken men from Shanghai and I want to fill up my office there." That would be a ridiculous state of affairs.

HON. MR. HOLYOAK—I do not think any firm of standing has one man whom it could afford to transfer to Shanghai, Hankow or elsewhere.

THE ATTORNEY-GENERAL — The Government do not consider that men must be obtained at all costs, because the bill itself recognises that the essential interests of the Colony must for Imperial reasons be protected, and to say that the policy of the bill is to obtain men at all costs is not to represent it correctly. It is also not true that the Government consider that the days for the protection of trade are passed, because they propose to protect the essential elements of trade. But the days *have* changed, and the need for men is so great, as your Excellency has said, that there must be some change in the standard. It is impossible to keep to the old standard of maintenance of trade as it existed a year or two or three years ago. I only want to point out that the Government do not say that men must be obtained at any cost or that trade must not be protected. But they do say that only the essential elements of that trade must be protected in view of the very urgent need of the Empire for more men.

HON. MR. HOLYOAK—I must press the amendment because it represents the very strong view of the Chamber of Commerce. You cannot separate Hongkong from Shanghai, or Hankow or Canton. We are interwoven, an incorporated body, continually corresponding, and in many cases the head of the business is here. Therefore you cannot separate British trade in China, as it is inseparably bound up with Hongkong, and to ignore that would be fatal to British interests.

HON. MR. LANDALE—I think, Sir, you touched on one of the vital points when you referred to the transfer of men. The transfer of men to and from Hongkong is just one of the things we wish covered; otherwise it would make it impossible to control a large business from Hongkong.

H.E. THE GOVERNOR—We recognise that trade in China controlled from here is one of our essential interests. Really, gentlemen, we might talk around the subject for a week and not be able to get any more satisfactory definition than that which stands in the Bill. As I said before, that is why we have this Tribunal, in order to arrive at an understanding on what are the essential interests of the trade of Hongkong. I regret that I cannot accept the amendment. I think it is too wide. How could

any man say what number of men in Hongkong is required for the essential British trade interests in the Far East? It is tremendously wide. An argument might be put forward based on trade in Newchwang, with which we might have nothing whatever to do.

HON. MR. SHELLIM—Would you add the words "essential trade interests controlled from the Colony?" These are the exact words used by your Excellency.

H.E. THE GOVERNOR—It is not necessary to put those words into the Bill. As I say, when the Government solemnly undertakes to interpret the phrase in a certain way that is as good as its being brought into the Bill. We laid down the form when we included in the term essential interests the essential trade interests and trade in China controlled from Hongkong. It is not necessary to put that into the Bill.

HON. MR. HOLYOAK—The Chamber of Commerce discussed this in Committee at very considerable length and passed a resolution unanimously that they wished these words in the Bill. If your Excellency refuses to include them I have nothing further to say except that your Excellency places your wisdom above that of the Chamber of Commerce Committee on a matter of trade, and I regret that I must press for a division.

H.E. THE GOVERNOR—The amendment is too wide altogether. You wish to divide?

HON. MR. HOLYOAK—Yes.

A division was taken and the amendment was lost, all the unofficial members voting for it.

HON. MR. HOLYOAK — I must protest against the use of the official majority against what is a specialised opinion from the leading merchants of the Colony, to defeat their unanimous wishes. It is not as though this matter had not been seriously considered, nor as if we had brought this forward without due consideration.

THE ATTORNEY-GENERAL—Is the hon. member in order in discussing an amendment which has been passed?

H.E. THE GOVERNOR—The amendment is lost.

On the motion of the Attorney-General, the following new clause, No. 16, was added:—

(1.)—It shall be lawful for the Governor to appoint three persons, two of whom shall be commercial men, to act as assessors upon appeals to the Governor in Council under the provisions of this Ordinance.

(2.)—Every such assessor shall during his tenure of office as such assessor be entitled to be present at all proceedings whatsoever in any such appeal.

The Bill having passed through Committee the Council resumed, and

THE ATTORNEY-GENERAL moved that the Bill be read a third time.

THE COLONIAL SECRETARY seconded.

HON. MR. HOLYOAK — I challenge a division on this.

H.E. THE GOVERNOR—I should be sorry if this Bill were not passed unanimously. I think that the subject is a difficult one, but I think many of the difficulties of which the Chamber of Commerce is afraid will disappear when we come face to face with the problems.

HON. MR. HOLYOAK—What we want is protection in the Bill, Sir.

H.E. THE GOVERNOR—The hon. member must give us some credit for having experience in drafting a Bill, for seeing the danger of adding lightly new words which may lead us into unforeseen depths. I would ask the honourable member, after the assurance given on the first reading of this Bill and the explanation given at this meeting, to accept the third reading without a division.

HON. MR. POLLOCK—I think we ought to divide on the third reading.

A division was then taken. All the unofficial members voted against the third reading with the exception of the Hon. Mr. Lau Chu Pak.

When the question was put to the Hon. Mr. Lau Chu Pak he asked if it referred to the Bill as a whole, and being informed that it did, he gave his vote in the affirmative.

The Bill was then read a third time and passed.

H.E. THE GOVERNOR—There is no further business. The Council stands adjourned *sine die*. I wish to thank honourable members for the patient consideration they have given to this Bill. I am quite certain that the legislation we have just passed will result in no inconsiderable addition to the fine contribution in manhood that the Colony has already made to H.M.'s Army and that the operation of this Ordinance will redound to the credit of this Colony.