

3RD JULY, 1891.

PRESENT :—

HIS EXCELLENCY THE ACTING GOVERNOR, Major-General G. DIGBY BARKER, C.B.

Hon. W. M. GOODMAN, Acting Colonial Secretary.

Hon. A. J. LEACH, Acting Attorney-General.

Hon. J. H. STEWART-LOCKHART, Registrar-General.

Hon. N. G. MITCHELL-INNES, Colonial Treasurer.

Hon. S. BROWN, Surveyor-General.

Hon. P. RYRIE.

Hon. HO KAI.

Hon. J. J. KESWICK.

Hon. T. H. WHITEHEAD.

Mr. A. M. THOMSON, Acting Clerk of Councils.

MINUTES.

The minutes of the last meeting were read and confirmed.

A CHINESE CONSUL FOR HONGKONG.

The ACTING COLONIAL SECRETARY—I have the honour to lay on the table by direction of His Excellency the Officer Administering the Government a despatch from the Secretary of State relating to the appointment of a Chinese Consul for this Colony.

FINANCE.

Two financial minutes were referred to the Finance Committee, one recommending a vote of \$5,640 to cover certain increases of salary in excess of the estimates of 1891, and the other recommending a vote of \$2,800 for printing and binding a concise edition of the Ordinances.

EXPENDITURE ON SALARIES.

Hon. T. H. WHITEHEAD asked:—

What is the total estimated expenditure of the Government under the head of salaries for the year 1891 on the basis of the increased pay and allowances sanctioned by the Right Honourable the Secretary of State's despatches dated 3rd April last and 7th ultimo?

The ACTING COLONIAL SECRETARY stated in reply that the total amount was \$756,977.6.

THE HAPPY VALLEY IMPROVEMENTS.

Hon. T. H. WHITEHEAD asked:—

Will the Honourable the Surveyor General lay upon the table a statement shewing what has been done, and how much money has been spent up to date in connection with the reconstruction of the Praya Bridge over Bowrington Canal, and improvements on Recreation Ground at Happy Valley, for which the Council voted \$32,000 in the estimates for Extraordinary Public Works for 1891?

The ACTING COLONIAL SECRETARY—Before answering this question I may point out that there were two distinct votes passed by the Council, one for the reconstruction of the Praya

bridge over Bowrington Canal and the other for improvements of the Recreation Ground in Happy Valley. In the estimates for extraordinary public works item No. 7 was for the reconstruction of the Praya bridge over Bowrington Canal and No. 8 for improvements to the recreation ground at Happy Valley. The \$32,000 applies only to No. 8. With that preface the answer is as follows:—The iron-work has been received for the reconstruction of the Praya bridge over the Bowrington Canal, and the amount expended to date is \$3,944. The following sums have been expended on the improvement of the Recreation Ground at Happy Valley, viz., in 1890 \$6,272 and in 1891 up to the 31st May \$4,113 making a total of \$10,385.

ADMIRAL FONG AND THE PUNISHMENT OF THE "NAMOA" PIRATES.

Hon. T. H. WHITEHEAD asked:—

Will the Government lay upon the table a copy of their letter conveying the thanks of the Hongkong Government for the services rendered by the Chinese Admiral Fong and his officers in tracking and bringing to trial and condign punishment the *Namoa* pirates?

The ACTING COLONIAL SECRETARY—I am directed by His Excellency the Officer Administering the Government to reply that it is unusual to lay on the table letters of this description and that His Excellency sees no reason to do so on this occasion.

GAMBLING AT KOWLOON.

Hon. T. H. WHITEHEAD—Notwithstanding your Excellency's assurance at last meeting of Council that this question is exercising the serious attention of the Government, I think it well to move the resolutions of which I have given notice. It may seem hardly necessary to do so, but my object in bringing them forward in this Council is to help if possible to strengthen the hands of the Government by getting public opinion to also move in the matter. The press may safely be regarded as one of the greatest powers of the present age, and no doubt the local and other newspapers in China will warmly take up this most important subject, as gambling at Chinese Kowloon is a very serious cause of annoyance and injury to the inhabitants of the Colony and must tend to render inoperative recent legislation in Hongkong against gambling. In this way the matter will come before H. E. the Canton Viceroy and the ministers of the Tsung-li Yamen at Peking much more simply and much more directly than through the usual diplomatic channel in which

prolonged delay so often flourishes. I visited Chinese Kowloon city two evenings ago with a number of Naval and Military officers, Hongkong Government officials and others. We found fully half a dozen gambling houses in full swing and other gambling houses in the course of erection. We were informed that the local Chinese authorities derive a revenue of about \$30,000 per annum from tolerating these hot beds of vice in opposition to the law of China. The existence of such dens is as much a source of danger and loss to this Colony as was the existence formerly of opium and salt smuggling in Hongkong to the Imperial Government of China. On their urgent appeal we have taken extraordinary steps to put a stop to such smuggling. We passed an Ordinance to regulate the sale of opium, we send the Chinese Imperial Customs daily returns of the movement of opium in the Colony, and we prevent junks and boats from eaving the harbour during the night. We do all this in the exclusive interest of the Chinese Government, and do the no small inconvenience of our merchants and traders. On the same principle the Chinese Imperial Government cannot refuse to enforce its own laws in its own territory bordering on and adjacent to our very shores when this Colony suffers from the breach. Their refusal to so interfere could not but be regarded as an unneighbourly and a most unfriendly act towards a friendly Power. Under the circumstances I move:—

1.—That the existence of gambling houses in Chinese Kowloon and the toleration of gambling by the authorities there is, and has been for some time past, a very serious cause of annoyance and injury to the inhabitants of this Colony and tends to render inoperative recent legislation in Hongkong against gambling. 2.—That the Government be requested to move the Chinese authorities with a view to the entire suppression of public gambling and gambling houses at Chinese Kowloon.

Hon. P. RYRIE—I beg to second the resolution of my hon. friend. I thoroughly agree with him in his remarks as to the evils which these gambling houses produce. Every encouragement is given to gambling at Kowloon. Launches are provided and refreshments supplied to those who go over there. The houses cannot do anything but harm and their suppression would most certainly be a most advisable step. I believe there is another place where gambling is carried on, or was carried on a short time ago, and I think it still exists, and that is in a small village just over the border beyond the Cosmopolitan Dock, where the workmen of that establishment go and lose their money. The gambling is carried on somewhat differently from the Macao gambling, but it only makes the ruin of the unfortunate gambler more swift. A gambler who goes there, and who is sure in the end to be fleeced, can work his ruin in a much shorter time than at Macao. I second with great pleasure the resolution of my hon. friend.

Hon. HO KAI—Sir, I rise to support the resolution just proposed and seconded. I think if the Government were to move energetically in the matter there is no doubt the gambling in Chinese Kowloon would be stopped. It is no hardship to the Chinese Government to be asked to maintain and enforce its own laws. As I think all hon. members of this Council are aware, the Chinese law totally forbids gambling in any form except the lottery known as the Wei-sing lottery, and at present the Wei-sing lottery is farmed out to farmers at Canton. With that exception all forms of gambling are as illegal in China as they are here, so I do not think it would be any hardship to the Chinese to ask them to enforce their own laws. But at the same time I should say very energetic action would have to be taken before the gambling could be suppressed at Kowloon. It is a matter of notoriety in this colony and elsewhere that a large revenue is derived by the officials at Kowloon city from the gambling houses. The keepers have to pay a certain amount of money every day in order to obtain the privilege of keeping a gambling house, and consequently if these places are suppressed a certain revenue derivable from that source would be abolished, and it would require very energetic action indeed, I should say, to induce the Chinese Government to enforce the law. However, it is undoubtedly an injury to this Colony to have gambling dens so close to us. While we are suppressing gambling in this Colony we are simply, as it were, driving the trade, if it can be considered a trade, over to Kowloon, and of course the revenue there is increased two or three fold. However, I do not think the Chinese Government would, in the face of the universal condemnation of this Colony, feel justified in permitting any longer the existence of these gambling houses. I think on inquiry you will find most of the gambling house keepers at Kowloon are residents of this Colony who used to keep gambling houses here, but on account of the law recently passed here have gone over there and opened new houses. For these reasons, therefore, I cordially support the resolution that has been proposed by the hon. member.

The ACTING COLONIAL SECRETARY—May I ask whether the hon. member moves both resolutions at the same time or one first?

Hon. T. H. WHITEHEAD—I am quite agreeable to do as you suggest. I will take No. 1 first.

The ACTING COLONIAL SECRETARY—I can very well understand the natural desire on the part of the hon. member to put an end to an evil which undoubtedly does exist at Kowloon city. We have recently, if I may say so, acquired a new broom and we are sweeping our own house very clean, and it is but natural we should ask our neighbours over the border to do the same. The hon. member by moving his resolution has called public attention to the matter, and there, I think, so far as this

Council is concerned, the matter should cease. I beg to move as an amendment that it is inexpedient this motion should be passed by the Council. I am not suggesting for one moment the evil does not exist, or that action ought not to be taken, but you must bear in mind there are proper means and methods of asking an independent friendly and adjoining Power to effect certain things. You must bear in mind people are not bound to go to Kowloon city to gamble. People have only themselves to blame if they go from Hongkong, where gambling is forbidden, to Kowloon, where it appears to be permitted. Under the circumstances, although I think there is no reason to suppose the Government will not take all proper and legitimate action through the usual channels, I beg to suggest it is inexpedient the resolution moved by the hon. member should be passed by this Council.

The REGISTRAR-GENERAL—I beg to second the amendment, and in doing so I should like to say that while quite agreeing with the remarks of the hon. member who moved the resolution on the subject of the evils caused by the gambling houses at Kowloon, I am of opinion it would be more effective to address the Chinese Government through the usual channels. The resolution, it seems to me, instead of effecting what we all desire will tend to hamper it.

Hon. T. H. WHITEHEAD—I may be permitted to remark that my resolution is that the Government be requested to move the Chinese Government. I do not suggest the Government should adopt any other than the usual course.

HIS EXCELLENCY—We are speaking now in relation to the first resolution, which is an abstract resolution.

The amendment was then put and carried by a majority of two, the division being as follows:—

FOR.	AGAINST.
The Surveyor General	Hon. T. H. Whitehead
The Colonial Treasurer	Hon. Ho Kai
The Registrar General	Hon. J. J. Keswick
The Act. Attorney General	Hon. P. Ryrie
The Act. Colonial Secretary	
H. E. the Acting Governor	

HIS EXCELLENCY—The second resolution we may take, I think, to have been proposed and seconded.

The ACTING COLONIAL SECRETARY—I beg to propose to the second resolution an amendment slightly different from the last one. The amendment I propose is that this resolution is not necessary and is inexpedient. As regards its unnecessaryness I cannot see the necessity of the Government being moved to move the Chinese authorities to suppress this gambling when the Government are already taking the steps which they consider most advisable; and I think it inexpedient, because there is no reason why this Council should pass a resolution of that kind. If the Government had refused to act or would not act it might be well that the unofficial members should bring forward such a resolution, but

inasmuch as the Government and the unofficial members are in accord it is like telling the Government to do their duty when they are already doing it. It seems to me the resolution is not only inexpedient but unnecessary, especially considering that a good many of the members of the Council are members of the Government and they would simply be giving instructions to themselves.

The REGISTRAR-GENERAL—I beg to second the amendment. At the last meeting your Excellency assured the Council that steps had been taken and were being taken by this Government, and I should have thought that would be a sufficient assurance to render unnecessary the bringing forward of this motion, which is simply asking your Excellency to do what your Excellency has already informed the Council has been done.

Hon. P. RYRIE—Perhaps His Excellency will inform the Council what steps have been taken. It is a very vague sort of statement to say that steps are being taken.

HIS EXCELLENCY—I have already said the Government are taking steps they consider proper, that it is a matter of rather a delicate nature, and that it is undesirable the exact course should be published. I think the Council may be satisfied that proper steps will be taken and are being taken.

Hon. J. J. KESWICK—Having heard the remarks made by the hon. the Acting Colonial Secretary and your Excellency I beg to say I feel the amendment is called for. For my part I shall be satisfied to know the Government are taking action.

A division was then taken on the amendment with the following result:—

FOR.	AGAINST.
Hon. Ho Kai	Hon. T. H. Whitehead
Hon. J. J. Keswick	Hon. P. Ryrie
The Surveyor-General	
The Colonial Treasurer	
The Registrar General	
The Acting Attorney-General	
The Acting Colonial Secretary	
H. E. the Acting Governor	

HIS EXCELLENCY—The amendment is carried and therefore the original motion falls to the ground.

#### AFFORESTATION CONTRACTS.

The ACTING COLONIAL SECRETARY—I have the honour to move as follows:—"The Council having considered the following statement from the Superintendent of the Botanical and Afforestation Department concerning the planting and rearing of trees in the years 1892 and 1893 resolves that it is expedient that the liability for this work be incurred." (Here follows the statement showing liabilities proposed to be incurred under contracts to be made this year and next year to the amount of \$10,500, of which \$5,950 to be disbursed in 1892 and \$4,550 in 1893.) I asked Mr. Ford to make this statement and I think it speaks for itself. It will be within the recollection of hon. members that last year the same course was

adopted. It is necessary in the Afforestation Department to make contracts for the planting and rearing of the trees some time beforehand, and last year it was thought desirable to ask the assent of the Council to the liability being incurred first instead of entering into contracts first and asking for the money afterwards. Mr. Ford says this is the smallest amount that can fairly be asked for. He thinks that in a few years the amount may be very largely reduced, but for the present this expenditure is necessary. Mr. Ford has done very good work in the past. The island is assuming a very different appearance under his able hands, and I trust the Council will assist him by sanctioning this expenditure.

Hon. P. RYRIE seconded.

Hon. HO KAI—Will this vote be referred to the Finance Committee? It seems to me it is financial question and in Finance Committee we can discuss it much more easily and freely than in Council.

The ACTING COLONIAL SECRETARY—Of course there are two methods of doing it. This was the course adopted last year and I think the other way would be taking up time unnecessarily. You cannot have the information more fully at any number of meetings of the Finance Committee than you have it now. Mr. Ford comes asking for a free hand beforehand; he may not have to spend all this money, or he may. A financial minute is rather giving the money, whereas this is not giving the money but only saying that expenditure up to that amount will be sanctioned if incurred. A peculiarity of that department of Mr. Ford's is that he has to make contracts a year or two beforehand, and he is now asking the sanction of the Council to make these contracts, not to spend the money at the present time.

Hon. P. RYRIE—I quite agree with the Acting Colonial Secretary. I think Mr. Ford should have a free hand. He has done a great deal for the Colony and if left undisturbed will do a great deal more.

Hon. HO KAI—I am quite satisfied.

The resolution was then passed *nem. con.*

#### SUPPLEMENTARY APPROPRIATION BILL 1890.

The ACTING COLONIAL SECRETARY—Hon. members will see there is an addendum to the orders of the day—the first reading of the Supplementary Appropriation Bill, 1890. I did not think I would have been able to get it ready in time. I now move the first reading. It is unusual to make any remarks in moving the first reading of a Bill, but to prevent any misapprehension I would like to point out that although according to the Treasurer the sum of \$539,101.83 is required to defray the charges of 1890 in addition to the amount provided, yet the estimates of 1890, excluding extraordinary expenditure, have not been exceeded, but savings from amounts voted for special purposes

cannot be applied to meet expenditure for other purposes.

The ACTING ATTORNEY-GENERAL seconded.

Bill read a first time.

#### PENSION ORDINANCE AMENDMENT BILL.

The ACTING ATTORNEY-GENERAL moved the first reading of a Bill entitled an Ordinance to amend the Widows' and Orphans' Pensions Ordinance, 1890.

The ACTING COLONIAL SECRETARY seconded.

Bill read a first time.

#### MARRIAGES AT THE ROMAN CATHOLIC CATHEDRAL.

The ACTING ATTORNEY-GENERAL—I have to move the second reading of a Bill entitled an Ordinance to license the present Church of the Immaculate Conception for the celebration of marriages from the time of its opening. The object of the Ordinance is really stated in the preamble or recitement. Most hon. members will recollect that the old Roman Catholic Church was situated in Wellington Street. It was pulled down in 1886 and a new church was built in Glenealy. There is no record of the licensing of the new church for the celebration of marriages between the date of its opening and the ??th October, 1890. The object of this Ordinance is to supply that omission.

The ACTING COLONIAL SECRETARY—I have very much pleasure in seconding the second reading of this Bill. I may add that when I was Attorney-General my attention was called to this matter. I do not for one moment say that without the aid of this Ordinance the marriages at that church would be invalid, because by the Marriage Act it is necessary that both the bridegroom and bride should know that the building was unlicensed before that fact could invalidate their marriage; but as there is no record of a licence having been granted to this church we thought it better in order to prevent the slightest misapprehension in the most stupid mind that an Ordinance should be passed treating this church as if the licence had been granted from the date of the change from Wellington Street to Glenealy.

The Bill was read a second time and passed through its remaining stages.

#### WOMEN AND GIRLS' PROTECTION ORDINANCE.

The ACTING ATTORNEY-GENERAL—I have to move the second reading of the Bill entitled an Ordinance to amend the Women and Girls' Protection Ordinance, 1890. The object of this Bill is to introduce into the Ordinance I have just now mentioned certain amendments, one or two of which have been suggested by the Secretary of State for the Colonies, and one or two of which appear to have been oversights or omissions when the Bill of last year was under the consideration of the Council. In the second section the proposed alterations are shown in italics. The old section, 8 of Ordinance 11 of 1890, imposed certain penalties for detaining

women and girls for the purpose of prostitution, and the Secretary of State has suggested that if kept by threatening legal proceedings for the recovery of any debt or alleged debt or by using any threat whatever, that also should come under the penalty imposed by that section. The next alteration is really only the re-enactment of what appeared in the old Ordinances. The Registrar-General or any officer appointed by him had the power to enter inspected brothels and arrest the keeper without warrant. It appears that in the Ordinance passed last year the words "take into custody" or "arrest" were omitted. Now, it is very desirable the police or some authorised officer should have that power. The officer enters a brothel, is unable to obtain the name of any person there, goes to the Police Court to apply for a warrant, and the Magistrate says, "you must give the name." He is unable to do so, and therefore these people often escape I do not think there will be any opposition in the minds of hon. members to this. In England it might be a different thing, but here this power has been possessed for a long time, there has never been any complaint, and it is a very necessary power. The next section deals with the practice known amongst the Chinese as flying the white pigeon, the explanation of which I will leave to the Registrar-General. I should add that this was also in the old Ordinance.

The REGISTRAR-GENERAL—I beg to second the motion. In doing so I may explain that section 4 is intended to deal with an evil called *fong pak kop*, or "flying the pigeon," which means persons parting with their children often more than once for a sum of money and then going to claim them as their natural parents and trying to get them back from persons who have paid a sum of money for them under threats of bringing a charge of kidnapping or unlawful detention. Parents who will part with their children for money are not as a rule proper persons to be entrusted with their custody; and though in some cases the people to whom the children have been handed over are not proper persons to have the custody of them, in many cases it is found the children are very well treated and much better circumstanced than when under the care of their own parents. If it is found the people who have paid money for the children are not proper custodians it is always in the power of the Registrar General to prevent their continuing so; but the object of this section of the Bill is to prevent people who have parted with their children for money being able as a matter of legal right to regain possession of them. I am sure the hon. member on my right (Hon. Ho Kai) will support me in saying that "flying the pigeon" is rather a common practice. Only a few days ago I read an article in a Chinese newspaper, the *Chinese Mail*, calling attention to the evil, and cases are continually occurring at the Magistracy, and very often it is impossible

to bring people who deserve punishment within the law.

Hon. HO KAI—Sir, I have very much pleasure in rising as the representative of the Chinese in this Council to support the second reading of this Bill, especially with regard to section 4 and the section which gives power to the Registrar-General or his deputy to enter the house of a suspected person. That of course is quite necessary, but my attention has been specially drawn to section 4. The hon. Registrar-General has to a certain extent explained what is meant by the Chinese term of "flying the white pigeon," but he has not altogether explained that evil. It does not lie only in the selling of a child but in the repeated selling of the same child, that is, a person parts with a child for a sum of money and then turns round and demands it back again from the purchaser and then re-sells the child again perhaps for half-a-dozen or ten times, and should the *bonâ fide* purchaser refuse to give up the child they threaten and often do bring the case before the Police Court and charge the *bonâ fide* purchaser with kidnapping or forcibly detaining or obtaining possession of the custody of the child against the law. I therefore think this section 4 very necessary. As hon. members are probably aware the adoption of children by the Chinese is very com-nom. This is an old institution among them. It is like the custom of the Romans and in fact like that prevailing throughout the whole East. Very often a large sum is paid by rich people for the privilege of adopting a male child as one of the family. Another custom among the Chinese which is very innocent in itself, although directly opposed to the principles of English law, is that of purchasing a female child and bringing her up as a domestic servant. In China female children are, I am sorry to say, frequently at a very great discount and amongst the poorer classes it is often the custom to sell their female children, and in some parts of the country to drown or otherwise put an end to them. Throughout the whole of China you find institutions like the foundling hospital to receive female children and bring them up. In Hongkong we have something equivalent to a foundling hospital, but at the same time it is not unusual for people from the mainland of China to bring female children into this colony and part with their custody for a sum of money and allow the child to be brought up by the purchasers of the child as a servant for a number of years. These servants are generally kept till they are about twenty years old according to Chinese reckoning, or eighteen years according to English reckoning, and then they generally give the child in marriage for a certain sum of money. Those Chinese who wish for a servant generally give a hundred or a couple of hundred dollars for a girl of this kind and will when this one is married

purchase another in her place. Although this is directly against the principle of the English law, nevertheless this practice of dealing in children exists. Well, very often the parents or those in charge of the girl bring her here and sell her to be a domestic servant to a *bonâ fide* and respectable family. Then in two days, or three days, or ten days, or perhaps a month afterwards, they meet the child or give instructions to the child where it may meet them, and they want to get the child back again, because they know that the English law forbids the selling of children. If this is refused they threaten to bring the purchaser before the Police Court for trying to detain the child by improper means. The child is probably given up and is sold in the same way over and over again. That is what is known among the Chinese as "flying the white pigeon," because it is possible to domesticate the pigeon so that when it is parted with it comes back again. So the Chinese sell girls and the girls return and may be sold again and again, making a profit each time. This section takes away this power of re-selling from such people and prevents their making a trade as it were out of their own children or of those they have acquired the power over. This section will do a great deal of good and prevent improper dealing in children among unscrupulous persons. I most cordially support the second reading of the Bill.

Bill read a second time.

The Council went into Committee on the Bill.

On section 4, which deals with right of custody over adopted girls.

Hon. HO KAI suggested that boys should also be included and suggested that the limits as to age, between six and sixteen, should be omitted.

The REGISTRAR-GENERAL agreed with Hon. Ho Kai and suggested that if the word "girl" were altered to "child" it would cover everything that was necessary. He also agreed that the restrictions as to age should be omitted.

The ACTING ATTORNEY-GENERAL said the only point was that if no mention of any age was made the question might arise as to what a child was. In the case of boys he presumed they were not parted with after reaching sixteen years of age, and in the case of girls it would be the same except for the purposes of marriage. If the age was raised to eighteen years he presumed that it would not conflict with Chinese customs. He proposed to leave the age in now, and if any different opinion on the point was arrived at between that and the third reading the Bill could be recommitted and the alteration decided upon made. With regard to the suggestions as to including male children in the Bill he was quite willing to accept the suggestion and moved the amendment of the title by altering it to a Bill to amend the Women and Girls' Protection Ordinance, 1890, and for other purposes.

The amendment having been made the Bill passed through Committee.

#### THE SHARE SALES REGULATION BILL.

The ACTING COLONIAL SECRETARY—The next item on the paper appears to be the Bill entitled "An Ordinance to amend the law in respect of the sale of shares in Companies registered under the Companies Ordinances 1865 to 1886 and in other joint stock companies." It will be in the recollection of the Council that on the last occasion when this Bill came before it I moved the adjournment of the debate and as mover of that adjournment it falls to me to make some few remarks on it to-day. I would like first to point out the exact position of this Council towards this Bill at the present time. The motion before the Council is that the Bill be read a second time, and that motion was proposed by Hon. J. J. Keswick and seconded by the hon. member on my right (Hon. P. Ryrie). We had on the last occasion the advantage of hearing an able speech from counsel; we had the advantage of hearing the opinions of all the unofficial members then present in Council. I then stated that His Excellency was most anxious to give due consideration to this Bill and that we should like some little time in order that the members of the Government might come to some conclusion as to the proper attitude they should adopt towards this Bill which in itself, although a public Bill, was introduced apart from the Government by a private member. Now first let us consider what this Bill really is, because it appears to me from the loose way it is spoken of that there is some misconception as to its nature, a misconception arising from not looking very closely at the Bill itself. If hon. members of Council examine the Bill they will find that the recital states that "Whereas it is expedient to make provision for the prevention of contracts for the sale and purchase of shares and stocks in joint stock companies of which the sellers are not possessed or over which they have no control." Now this does not make the contracts of the short seller illegal. It does not make it an offence for the short seller to sell short, for the bear to sell shares which he does not possess or which possibly he does not intend actually to possess, although in theory he may have to acquire them before settling day. It simply says that all contracts, agreements and tokens of sale or purchase of the kind mentioned shall be null and void to all intents and purposes unless the numbers of the shares are put in, or where the numbers cannot be put in, the names of the person in whose name the stock stands as the registered proprietor. Now, I think it is necessary that we should appreciate the difference between rendering a transaction illegal and simply rendering it null and void. What is the actual transaction of a bear who sells what he has not got, expecting that he will be able to buy again later on at lower price and then supply, if asked to supply

at all, that which, although not having it at the time, he has sold ? What is that transaction? I take it it is neither more nor less than a bet. He bets, say for instance, that Bank shares, we need not mention any names, will be ten points lower on a certain date than at the time he undertakes to sell them, thinking that when the time comes for settlement, he will be able to buy ten points cheaper or that the whole matter may be a question of difference and that no shares will pass at all, but that probably a sum of money will go into his pocket. Now what is that transaction? Is it not practically a bet as to whether the shares will go up or down by a certain date? That is perfectly legal. If instead of selling shares one gentleman says to another if shares go up ten points by such a date you pay me so much or if they go down I will pay you so much, that is not an illegal transaction, but the agreement is null and void so far as the law courts are concerned. If you win a bet and the man refuses to pay you cannot go into a law court and waste the time of the court in seeking to recover it. The judge at once says, "No; this is a bet and you cannot enforce it." This is all that this Bill says about these short sales. It says that the nature of such a transaction is essentially a bet and recognising the nature of the transaction it relegates it to the region of betting and gives the same effect to such a transaction so far as the law courts are concerned as to a bet. I wish to make this quite clear, because it appears from what some gentlemen have said to me that they think there would be some terrible penalty inflicted on people who after the passing of this Bill sell shares without giving the number or the name. If that idea is now cleared away I think we may look a little further into the matter. Now, the learned counsel who addressed the house on the last occasion made certain admissions, admissions which one would only expect from a gentleman of such experience. I noticed that he admitted that great evils did exist in this Colony due to the excessive speculation in stocks and shares. I noticed that he admitted again that it was desirable to put an end to this state of affairs. Then he stated that this Bill as it stands will probably do a great deal to prevent short selling, but that this Bill will not interfere with or abate the gambling and speculation, because it was not the bears but the bulls that had brought the ruin on the colony. But you must remember that you cannot buy anything unless somebody sells it to you. Each transaction of sale means a transaction of purchase, and *vice versa*. If those who have bought for a rise have been ruined as stated by the learned counsel, where has the money gone to? Surely into the pockets of the bear, the seller. Therefore, if you can do anything to check short selling and to check bearing in its most objectionable form, where the seller does not hold any of those shares that

he sells, it does seem to me that you put a check on buying. It will not be so easy for a man to ruin himself by buying if he can only buy shares which exist, which are owned by somebody and specified by name and number. I do not say that this Bill is perfect, but for my own part I approve of the principle of the Bill. I do think that the state of things in this colony is disreputable, and has been even more so than it is now, as regards the stock market. I do not say anything against individual members. We all have the honour of the acquaintance of men of the highest honour and integrity on the stock exchange, but there have been dealings on that exchange which were neither right nor proper and which men would not be willing to have exposed to the public gaze and commented upon, and if the Government can do anything to remedy such a state of things it will be to the advantage of the community at large. Now, the Hon. Mr. Keswick did not agree with the proposition stated by the learned counsel who addressed this house, because he said, "I am convinced I am right in saying that the unlimited sale of shares without any numbers or marks upon them has had the effect of ruining a very large percentage of men in this Colony." Here we have a witness for the other side who does not agree with the proposition of the learned counsel. Mr. Belilios, a gentleman of some experience on these matters, when called upon as to his view, stated in the public press that "the periodical seasons of depression and retrogression which we have suffered here during the past ten years have been due mainly to the over selling of shares" and that it is hard that the genuine investor should be made rich and poor at the freak and fancy of scheming speculators. Now I do not think sufficient attention has been given to the position of the genuine investor. Suppose any of us want to invest a little money, and thinking that being in the Colony it is advisable to take some interest in the affairs of the Colony, we take a few shares in some of the undertakings that appear to be for the good of the Colony. The undertaking may be very good and our shares may be a very valuable asset, and we may look upon it as a sound investment, but all of a sudden we find these shares being sold at the most ridiculous figures and the man with a small capital becomes frightened and perhaps sells out of his investment. We cannot call that free trade in shares. It is quite right that commerce should be free, it is quite right that there should be freedom to buy and sell, but why should a man be allowed to sell what I have, but what he has not, in the most reckless manner throughout the land for his own purpose, which is to make my property appear to everybody as of no value while he puts a lot of money in his pocket? I don't think that a fair transaction. We cannot by law put a stop to that altogether, but when you limit

it you tend to put a stop to it, and if by any means you tend to put a stop to it you give the genuine investor a much better chance of investment for his money, and the price of his stock will then be regulated by the ordinary demand in the market. The price then would go up and down according to the proper demand and not according to the operations of those who may have no interest in the stock at all. I do not wish to weary you, but there is one other point to which I should like to call attention. It has been stated that the Stock-jobbing Act of George II., which existed for nearly a century, was put an end to by 25 Victoria, cap. 28, after experience had shown that it was productive of no good, and that we should be guided by that and not attempt to do here what had been tried and proved a failure in England. I speak with some diffidence on this subject, but I do not think the Stock Exchange here is in anything like the same condition as in England. I am not aware that we have here fortnightly settlements and fortnightly contangoes when people have to decide whether they will have their shares carried or not. We have not here the stringent laws of the Stock Exchange nor the vast power which is vested in its Committee and which all must accept. I cannot think that power of regulating at present exists in this Colony; it may be very desirable it should exist, and I would very much rather see the reform come from within than from without. The Government some time ago spoke of licensing brokers, and it was not until some time after that that the Share brokers' Association was formed, the rules and regulations of which are now under consideration. I am of opinion it would be much better that the reform should come from the inside, from among the brokers themselves, but in the meantime I regard this Bill as an honest endeavour to do what is right in the matter, and I support the Bill, not saying it is not capable of amendment, not saying various amendments may not be suggested when we go into Committee, and I do not think a Bill of this importance should be hurried through Council. I should therefore propose that if the Bill be read a second time members be invited to consider any amendments they wish to propose and that this day week they send them in in writing, so that the Government may have an opportunity of fully considering them, because in a Bill like this it is very difficult to know the effect of amendments suddenly sprung on the Council. I should be very sorry to see the Bill thrown out and I should be very glad to see a Bill running parallel to this Bill put forward by the Association themselves or to see them suggest such amendments as will give greater effect to the principle on which this Bill is founded. I would ask that this Bill be read a second time and that we then go no farther till the next

meeting of Council, so that when we go into Committee we shall be in a better position to consider any amendments that may then be suggested. I beg to support the motion of the Hon. Mr. Keswick that the Bill be read a second time.

Hon. J. J. KESWICK—I have no further remarks to offer on the subject of this Bill. I am very pleased to have heard the able speech of the Acting Colonial Secretary and I would now ask that the Council divide on the motion for the second reading.

The ACTING COLONIAL SECRETARY—I may add a word with reference to what was said on the last occasion as to whether the Bill doing away with the Jobbing Act referred to this Colony. If hon. members look into the matter they will see that the Stock Jobbing Act did not apply to this Colony and therefore any Act repealing it would have no effect here, because it repealed an Act which had never been in force here.

The ACTING ATTORNEY-GENERAL—Perhaps I may add a little more to what has just been said. The Act referred to by the learned Counsel is commonly known as Barnard's Act and I confess I did not recognise it under the year and chapter. It was introduced to stop the nefarious, that I believe is the word used, practice of stock jobbing and it has been interpreted since to apply only to public funds, British funds in England. Therefore if it was introduced by the effect of the introduction of all the English law prior to 1843 in this Colony it could only apply so far as there were British funds to be dealt with here. In one case it was expressly held that it did not apply to the stock of railway and other joint stock companies. I think that may possibly elucidate what my hon. friend has mentioned, more particularly as the hon. member who proposed the second reading appealed to me on one occasion on the point.

The Bill was then read a second time without a division.

HIS EXCELLENCY—I agree with the Acting Colonial Secretary that Government should have time to consider this matter and I wish that members who intend proposing amendments in Committee would hand them in by Friday next, and I propose adjourning the Council till the following week in order that the Government may have time to consider the amendments on the Bill.

Hon. T. H. WHITEHEAD—Might I suggest that a little longer time should be granted. This is a very important measure.

Hon. J. J. KESWICK—I think a fortnight should be ample time for consideration, with a week to send in amendments. The Bill has been before the community a very long time.

Hon. T. H. WHITEHEAD—I understood only a week's time was granted.

HIS EXCELLENCY—I proposed to adjourn the Council to this day fortnight and I asked



that amendments might be sent in by Friday next in order that we might have time to consider them. Of course it is not compulsory amendments may be proposed without notice, I simply asked that they might be sent so that we might consider them. I thought it might facilitate our discussion here.

Hon. T. H. WHITEHEAD—I understand the stockbrokers have instructed Counsel to draft a Bill embodying the principle of the Bill now before the Council.

Hon. J. J. KESWICK—I submit, Sir, that is another Bill.

HIS EXCELLENCY—That Bill will have to be considered on its own merits.

The Council then adjourned.

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FINANCE COMMITTEE.

At the conclusion of the Council meeting, a

meeting of the Finance Committee was held. The Acting Colonial Secretary presided.

The CHAIRMAN said the first vote was one of \$5,640 to cover certain increases of salaries sanctioned by the Secretary of State that were in excess of the estimates passed last year. They could only ask for a vote of increases, but it would be seen that the Secretary of State had sanctioned increases to the amount of \$5,640 and cut down certain items to the extent of \$5,938, so that looking at both sides there was really \$298 less sanctioned than the Council had voted.

The vote was agreed to.

The CHAIRMAN said the next item was a vote of \$2,800 for printing and binding a concise edition of the Ordinances of Hongkong from 1844 to 1890.

The vote was agreed to.