

17TH JUNE, 1909.

**PRESENT:—**

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

H. E. COLONEL DARLING, R. E. (General Officer Commanding).

Hon. Mr. A. M. THOMSON (Colonial Secretary).

Sir HENRY BERKELEY, K.C. (Attorney-General).

Hon. Mr. C. McI. MESSER (Colonial Treasurer).

HON. MR. P. N. H. JONES (Director of Public Works).

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

HON. MR. F. J. BADELEY (Capt-Superintendent of Police).

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

Hon. Mr. E. A. HEWETT.

Hon. Mr. E. OSBORNE.

Hon. Mr. W. J. GRESSON.

Hon. Mr. MURRAY STEWART.

Hon. Mr. WEI YUK, C.M.G.

MR. C. CLEMENTI (Clerk of Councils).

**Minutes**

The minutes of the last meeting were read, and confirmed.

**Papers**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the report of the Superintendent of Prison for 1908.

**Financial Minutes**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (Nos. 26 to 27) and moved that they be referred to the Finance Committee.

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

**Financial**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the report of the Finance Committee (No. 6) and moved its adoption.

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

**Prisons Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Prisons Ordinance, 1899.

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

**Tramways Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Tramways Ordinance, 1883.

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

**Public Service Transfer of Duties Ordinance**

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled An Ordinance to transfer to certain officers of the Public Service certain duties at present performed by other officers. In doing so he said—The purport of this Bill is shortly stated in the memorandum attached. It is to transfer from the Colonial Secretary's office and the Registrar-General's certain duties in connection with licensing and registration which it is considered will be more effectively performed by the police. For instance, it is proposed to invest the Captain-Superintendent of Police, instead of His Excellency, with authority to grant pawnbrokers' licences and also licences to keep dangerous goods, the Government to have the power to decide whether a licence might be renewed or not. Authority to grant certain other licences was given to the Captain-Superintendent of Police. It was also proposed to take from the Colonial

Secretary and invest the Captain-Superintendent of Police with the power to grant auctioneers' licences and other licences. I think the House will agree that it is quite proper to transfer certain duties under the Vaccination Ordinance, such as the issue of notices to parents to have their children vaccinated, and the keeping of a register where vaccination has been certified, to the Head of the Sanitary Department from the Registrar-General. It is also proposed to give to the Head of the Sanitary Department the administration of the Ordinance with regard to the registration of births and deaths.

THE COLONIAL SECRETARY seconded.

HON. MR. HEWETT—There is one point to which I would like to draw attention, that is section 9. It is, comparatively speaking, a small matter, but I would like to remind Your Excellency and the Council generally that though for a great number of years it has been considered inadvisable to have a Municipal Council in Hongkong, it has been considered reasonable by the Secretary of State and the local Government to allow the public to have a certain amount of say in municipal matters. For that reason the Sanitary Board was instituted, and a certain number of unofficial members, a majority, was appointed. Two or three years ago a very important Commission sat for a considerable portion of the year to consider the working of the department and made certain recommendations which were generally on the lines that the Hongkong ratepayers, as represented by the unofficial members of the Sanitary Board, should have an increased say rather than a decreased say in municipal matters in the colony. That seems to be only reasonable in view of the increased control over municipal affairs allowed in other colonies and at home. The whole of the legislation which has been introduced since that date has been constantly directed to one end, the gradually whittling down of the powers of the Sanitary Board until now it is reduced almost to a farce. It appears to me now that the time has come to make a protest against the attempt to transfer certain matters—small in themselves but in the aggregate considerable—from the control of the Board to the Head of the Sanitary Department. If the feeling of the Government here is that the Sanitary Board is inadvisable, I think the

Government should honestly say so, and that the Sanitary Board should be abolished, and the Sanitary Department should be controlled by a Government official as other departments are. It is only one little nail in the coffin of the Sanitary Board, and it is only right I should point this out. The feeling was growing on the Board that it had less and less control every year over municipal matters, and we were rapidly approaching that point when the Government ought to consider whether they should continue the existence of the Sanitary Board or not.

THE ATTORNEY-GENERAL—That is a matter which can be brought up in Committee.

HON. MR. HEWETT—It is a question of principle.

THE ATTORNEY-GENERAL—It is hardly a question of principle. It is only a question of who is to give written sanction. The Head of the Department should be in a better position to give the sanction than the Secretary.

The motion was agreed to.

Council then went into Committee to consider the Bill clause by clause.

On clause 3—

HON. MR. HEWETT said that the words "Head of the Sanitary Department" should be deleted and the words "Sanitary Board" substituted.

THE ATTORNEY-GENERAL—The Head of the Sanitary Department is the head of the Board.

HON. MR. HEWETT—Yes, but the Head of the Sanitary Department has certain powers of which the Board have no knowledge. I am going back now to the contention that the ratepayers in the colony ought to have a greater say in municipal matters, and therefore I say that matters of this kind should be in the hands of the Board and not in the hands of the Department.

HON. DR. HO KAI—The secretary of the Sanitary Board?

HON. MR. HEWETT—The secretary of the Sanitary Board can only act with the authority of the Board.

THE COLONIAL SECRETARY — Much better to have the power in the hands of a Government officer. That will ensure that it will be done properly.

HON. MR. HEWETT then referred to the granting of permits. He said the authority to issue permits should rest with the Board.

HIS EXCELLENCY—There is no intention whatever to minimise the powers of the Sanitary Board. If the hon. member will refer to the Section (No. 13) he will see that it is concerned only with the granting of permits for the removal or burying of bodies. It was considered that since such permits must in the nature of the case be issued promptly, it would be more convenient for the head of the department to do so than for a meeting of the Board to be convened—and without a meeting the Secretary could not act.

HON. MR. HEWETT admitted that there might be cases for urgency, but then the Head of the Department could instruct the Secretary to report to the Board what had been done.

THE ATTORNEY-GENERAL suggested that in that case it would be better to invest the general authority in the Head of the Department.

HON. MR. HEWETT said there had been occasions when the Board had asked for information, and had been informed that the work had been done by the order of a Government official who was not under the control of the Board, and who received his orders from the Government. The Board should be recognised.

HIS EXCELLENCY—Will you move your amendment?

HON. MR. HEWETT—I will move that it stands as in the original Ordinance.

The amendment on being put to the vote was defeated, there being only one member who supported Hon. Mr. Hewett.

Council then resumed.

#### **Patents Amendment Ordinance**

THE ATTORNEY-GENERAL moved the second reading of a Bill entitled An Ordinance to amend the Patents Ordinance, 1892. In

doing so he said—The object of this Bill is to give effect in this Colony to the provisions of the Imperial Patents and Designs Act passed in 1907. The effect of that Act was that any article or process patented must be manufactured and carried out in the place where letters patent are granted in order to validate the letters patent. It will be seen from the memorandum that the Bill was passed in the Imperial Parliament a short time ago, and it provided that foreign patents could not be valid in England unless they were not worked in England. If they were not worked in England the letters patent would be revoked. It is necessary for us to legislate here on that subject because a patent could not be granted in Hongkong unless it has been first granted in the United Kingdom. The Bill provides that a patent is not revoked in Hongkong merely because it has been revoked in England for not being worked there, but it is revoked if it is not worked in Hongkong. That makes it necessary to make further provision for procedure with regard to the revocation of patents here, and opportunity has been taken in this Bill to introduce several other amendments as to procedure which were necessary.

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

THE ATTORNEY-GENERAL—Suggestions have been made by the President of the Law Society that this Bill might be submitted to them for consideration, and as it is what might be called a lawyer's Bill, I think we should not proceed with the Committee stage of the Bill until that has been done.

This was agreed to.

#### **Opium Ordinance Amendment**

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled An Ordinance to amend the Prepared Opium Ordinance, 1891. In doing so he said— Hon. members will understand the necessity for this Bill. The Colony is prepared to do what it can to assist the Imperial Government in its endeavour to assist the neighbouring empire of China in the restriction of the opium habit. It is necessary for us, having come to that

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the law with respect to the sale of opium in the Colony, and in order to do that it is necessary to place restrictions after the date of the expiry of the present opium farm upon the consumption of opium in the Colony. Stated shortly, the Bill provides for the abolition of opium divans, and as it is impossible to give effect to the principle of the Bill and allow the divans to be recognised, it is provided that the divans as such cease. It also provides that the selling of opium to women and children shall be prohibited, and it places restrictions upon the importation and exportation of the drug. It also provides for enlarged powers being given to the Government to supervise the conduct of the farm so long as it continues to exist. Those are the main provisions of the Bill. There are a number of minor provisions introduced to meet the representations of those interested in the trade. It is necessary that this Bill should be passed as soon as possible, because the time is approaching when this Government has to frame its budget. We can no longer look forward in the future to the great source of revenue which in the past has been derived from the sale of opium. I do not think I need say anything more to Council. The Bill will be discussed and amended if necessary when we come to consider it in Committee.

THE COLONIAL SECRETARY seconded.

HON. MR. STEWART—Your Excellency, in rising to oppose the second reading of this Bill I feel called upon to set forth my reasons at some length. For that I offer no apology. The importance of making the position clear warrants iteration and reiteration of the salient facts connected with it. A year ago it was my unpleasant duty adversely to criticise the action of the Home Government in announcing a development of their opium policy which threatened the revenue of this Colony, without having first taken the usual and proper preliminary steps to ascertain the views of those immediately responsible for its administration. In proposing the resolution which embodied the gist of my remarks I endeavoured to indicate the attitude generally adopted by representative men. I stated that they were of the opinion that the Home Government's action had been inconsiderate, but that there was no desire to display a spirit of uncompromising hostility to the opium policy. The attitude which I endeavoured to

indicate may be found condensed in the terms of a resolution passed by the Chamber of Commerce, and forwarded to the Government at the time, in which no opposition to the policy proposed was offered, but, on the contrary, support was promised, provided the Government recognised the reasonableness of applying it to Hongkong by some gradual method similar to that approved in the case of India. Another aspect of the prevailing view was reflected with equal accuracy in the terms of the resolution which I brought forward in this Council and which recorded "a protest against any steps being taken to carry out the order of the Home Government before this Council shall have been called upon to consider the methods by which it is proposed to readjust the burden of taxation." In opposing that resolution Your Excellency deprecated distrust of the ultimate wisdom of the politicians concerned and encouraged the belief that reasonable representations would ultimately prevail. I remember your saying, "I think we can rely upon the statesmanship of the British Cabinet." And again you said: "I trust that we may hope that both the great parties in England will recognise the necessity of dealing with this question in a gradual manner and not by hasty and arbitrary legislation." Following upon this the Under Secretary of State in the House of Commons on the 28th July, after making a far from flattering allusion to the inhabitants of this Colony, and several self-contradictory statements relating to their views, concluded by expressing the hope that "the best opinion in Hongkong and the opinion of the Governor would be found to coincide with measures proposed." We know that Your Excellency's opinion, as to the wisest course to pursue, did coincide with that held by the leading men of the community. We know, Sir, that you proposed a scheme of gradual reduction admirably adapted to the genuine needs of the case—a plan based roughly upon that employed in the reduction of the Indian export, under which by diminishing periodically the supply of opium purchasable by the Farmer, and thus gradually curtailing the trade, you proposed automatically and almost painlessly to extinguish the existence of the divans. I venture to say that had the despatch in which you made these proposals to His Majesty's Government been

made public in October, when it was forwarded, every sensible man in the Colony would have been found to agree with it, and the Under Secretary would have his hope so far fulfilled that there would have been coincidence between the best opinion in Hongkong and the opinion of the Governor. The remnant of the Under Secretary's hope remains unfulfilled, because His Majesty's Government has seen fit to disregard both, and to turn a deaf ear to the plea advocated officially and unofficially from here for "the necessity"—I quote Your Excellency's words—"of dealing with this question in a gradual manner." This regrettable divergence between these coinciding opinions, on the one hand, and the measures proposed, on the other, was revealed on the 11th of March last, when Your Excellency announced to this Council the decision of His Majesty's Ministers to refuse the one thing asked for—time in which to re-adjust the burden of taxation. Your Excellency's recommendations and the recommendations of the Chamber of Commerce were seen to have received unfavourable consideration. Your former hopes were falsified; former doubts were justified. I was not present when that announcement was made and this is the first opportunity I have had of replying to a comment, quoted by Your Excellency from a despatch signed by the Secretary of State, animadverting upon unofficial criticism in this Council, presumably that which originated in the vexed question of the famous promise made by the Under Secretary that the divans were to be closed forthwith. The unofficial members of this Council were inferentially reproved for protesting vigorously, seemingly on the ground that we ought to have had faith that His Majesty's Ministers would never have done what the Under Secretary said they were about to do. As far as I can see our fault lay in taking the Government at its word. Are we to assume that promises and statements made by an Under Secretary are not to be understood in a literal sense? This appears to be the lesson to be drawn from the incident. Now inasmuch as it has thus been made plain that we must be careful to inquire into the precise meaning of promises made on behalf of His Majesty's Ministers, it is inevitable that we should seek for further information regarding that particular promise upon the strength of which we are asked to pass this Bill. Recognising the

hardships which would be imposed on this Colony by forcing the closure of all divans in March next, without compensation, the Secretary of State has committed to paper the following undertaking:—"When the time arrives His Majesty's Government on their part will be prepared to ask Parliament to give a substantial contribution towards making good to the Colony the revenue which is found to have been lost as the direct result of measures adopted under their instructions." The direct result of the measure under discussion will be to reduce the annual revenue by some \$600,000. That, I understand, is the Opium Farmer's estimate. It is not easy to estimate the indirect losses. The indirect losses to the Colony will of themselves be hard enough to bear. Already, with this legislation in prospect merely, one large Indian firm has decided to close its Hongkong establishment. Others may be expected to follow suit. Loss to the Colony will result in various ways, all incapable of proof, all impossible to claim for, but none the less real, and just as much the immediate outcome of this hasty and arbitrary legislation as the shortage shown in the Opium Farmer's books. If the people at home, who supply the driving power for this legislation, want to gain some idea of what they are doing, let them imagine the financial dislocation which would follow upon similar action taken in London. Let them imagine what it would mean to close every public house in the metropolitan area in March next. Opium in this Colony occupies the same relation to the general taxpayer as alcohol does to the Bishop of London. Just as the revenue derived from the sale of the latter stimulant contributes largely to the support of the social and economic fabric which shelters him, so our revenue from opium contributes to the support of the social and economic fabric of which you, Sir, are the distinguished head. If the people at home would exercise their imaginations in the manner I suggest, they would realise a little better than I imagine they do our losses both direct and indirect. Indirectly everyone will suffer. The Indian firms pay office rent; their taipans and staff pay house-rent; buy cloths and stores, furniture and food; employ doctors, and dentists, lawyers and architects. Everyone will feel the effects of this measure from top to bottom of the community, Europeans and Chinese alike, from the leading merchants to the

humblest coolies. There will be less employment for the latter on land and in the harbour. Fewer or emptier ships will come and go. The port will suffer. That is the price which Hongkong will have to pay for the opium policy of His Majesty's Government—that is the burden which we asked in vain might be imposed gradually. If it had been imposed gradually we should have borne it unassisted. But under the circumstances, it would only be right that the whole of the demonstrable loss to revenue should be made good. The rightness of this has not been recognised by the Home Government. The Secretary of State for the Colonies merely undertakes to ask Parliament for a substantial contribution towards it. Could anything in the nature of a promise be more unsubstantial? "Parliament will be asked to give." It sounds as if Parliament might refuse. Then we should perhaps be told that we ought to have understood this particular promise in a literal sense and that there was literally nothing binding about it. Even our natural protectors, the permanent officials in the Colonial Office, might find themselves powerless to enforce the fulfilment of the undertaking appearing over Lord Crewe's signature. Even if we had a more satisfactory undertaking from the Colonial Office, what about the Chancellor of Exchequer? Lord Crewe may mean ever so well by us. But what about the Right Honourable Mr. Lloyd-George? Has the Treasury been approached in the matter? If so, has the Colonial Office received any positive and binding assurance that the Treasury will come handsomely to our rescue? Unless that great department of State is grossly maligned, generosity is not its strong point. In this Council on the 11th March Your Excellency expressed satisfaction in finding that the Imperial Government had dealt justly and generously with the Colony. I regret that I cannot yet share this satisfaction. I certainly find it difficult to derive any from the promise so guardedly made. You Sir, may have, and I hope you have, some better means of interpreting it in a generous sense. May I be permitted then to ask what amount you propose to include in the Estimates for next year, as the Home Government's "substantial contribution"? If we knew that, we should be able, perhaps, to view the position more favourably. But if the promise does not mean, as in equity it should, that our whole direct

loss will be repaid, have we no claim to seek further assurance that at least some definite proportion will be? We are not so unreasonable as to hope that the whole or any part of our losses will be met for us indefinitely, or for any lengthy period, but we may reasonably ask that help will be forthcoming for a few years, diminishing gradually as we shoulder in some new way the burden of taxation. Before we assent to this measure we must beg to be informed whether the proposals for compensation made by His Majesty's Government throw any light on the future. If Your Excellency cannot answer these questions, if Sir, you can do no more than repeat the assurance given on the 11th March, I am authorised to say, on behalf of all the unofficial members, that from their point of view, as representing the interests of the Hongkong taxpayers, such an assurance is not a sufficient guarantee against the inevitable financial hardships entailed by the measure proposed. Now I have no doubt that if we oppose this Bill on that ground, the community will be misrepresented widely as being indifferent to the evils of China's national vice, and we shall stand in some danger of being cut off from the prevailing sentiment in England and China. None of us, I imagine, lightly regard the consequences of being cut off, even through misunderstanding, from the main body of our fellow-countrymen in any matter of opinion affecting social ideals. I am keenly aware of the dangers of this. I foresaw and described them a year ago. I regard them as greater evils than financial embarrassment. And because I am jealous of Hongkong's good name I regret the risk which we are compelled to run. Nevertheless, it must be faced. Sir, the community over which you preside accepts, as in duty bound, the assurance of the Secretary of State that "the policy which His Majesty's Government have adopted has been dictated by paramount considerations of their duty to civilization." The employment of such language increases the difficulty of our position. If we resist any detail of that policy we run the risk of incurring the odium of being supposed to resist the policy as a whole. We do not oppose it. But as to the wisdom of enforcing it by abrupt methods, opinions may vary, and it is still possible to adhere to those advocated so recently by Your Excellency. If the Home

Government adopt the contrary opinion they ought to assure us, not vaguely but definitely, of their intentions. In striving to be generous to China they should not overlook Hongkong's just claims to considerate treatment. Consideration of the difficulty of our position should assume tangible shape. The Colony is being coerced into accepting as cover for a certain loss an indefinite promise. It seems neither reasonable nor right to force such a bargain upon us. Let the Imperial Government, through Your Excellency, admit us to a full knowledge of our financial prospects. Let them tell us exactly what they are prepared to do; let them state plainly what proportion, if not the whole, of our prospective loss they intend to accept, and then let them ask us to pass this Bill. This would be reasonable. This would be right. In the absence of any such clear understanding, in the presence only of a vague undertaking, I intend to vote, and I hope my colleagues will vote, against the second reading of this Bill (Loud applause.)

HON. DR. HO KAI—Sir, one would suppose that the introduction of this Bill, which is to carry out the policy of the Home Government in putting down the consumption of opium in this Colony, and to in some way restrict the dealing in opium here, would meet with very little opposition from the unofficial members, especially from those who have approved of the policy in a qualified way, and who have approved also of the doing away with the opium divans gradually as long as it does not affect the financial arrangements of the Colony. Last year in seconding a proposition by the hon. gentleman who has just resumed his seat, I then declared I did not support the resolution because I thought the closing of opium divans a mistake or was undesirable, or that the opium farm was a benefit to the Colony or a necessity thereto, but I stated that if the Government determined to root out the opium dens and abolish the opium farm I for one would not regret, and I was certain the Chinese community would not regret. To-day I am prepared to stand on the position I occupied then. I repeat what I formerly said that I support the policy of the Home Government. At the same time I am more than ever alive to the necessity for some definite assurances from the Home Government that the deficit in our finances should be met substantially by the Home Government. Now, Sir, you yourself on

a former occasion—I think your words have been quoted by the hon. member who has just sat down—on the 11th March this year stated that "His Majesty's Government are prepared to ask Parliament to give a substantial grant towards making good the revenue which we have lost as the result of the measures adopted in accordance with the instructions of the Home Government," and when I received that assurance and looked at it in print I must say that the English was plain enough, and I believed that the home Government would act up to their promise and give us that substantial assistance. It has been pointed out to me, however, that these words are too loose, although I did not think so myself, but as my knowledge of English has been acquired since my youth perhaps I may be excused for differing from those who claim English as their native tongue. No statesman worthy of the name in England would depart from a promise which he has given, and therefore I think, Your Excellency, we may expect the aid which has been promised us will be forthcoming. I am, however, here to represent other interests than my own, and therefore I must to a certain extent join in the request that Your Excellency would be so good as to give us the meaning of the despatch which I have just quoted. If the British Government intend to do as they have said in this message they would do, we have very little to fear, and I for one will support the second reading of this Bill. But if not then I say the Home Government have taken upon themselves a very great responsibility and their failure to ratify the promise would drag the fair name of Great Britain in the mire and would have a bad effect upon the Chinese population of this Colony, who will be led to believe that the promises of English statesmen are so many meaningless words. Therefore, I join my unofficial colleagues simply in asking for a renewal of that assurance, and if that assurance be given I apprehend that my Chinese colleague and myself will be satisfied and will offer no opposition to the second reading.

THE HON. MR. HEWETT—After the very eloquent speech made by my hon. friend on the right and that by the hon. senior unofficial member there is very little more for me to say in support of the resolution

which I understand is to be put forward that the second reading of this Bill should be postponed until Your Excellency is in a position to give an assurance in the name of the Secretary of State for the Colonies, or on behalf of His Majesty's Government, that we will receive adequate compensation for the loss that will be forced upon this Colony by the policy of the Home Government. The hon. and learned member who has just sat down naturally takes a slightly different point of view to that held by the other unofficial members. We know perfectly well that the existence of the opium farm has always been extremely distasteful to the Chinese. I think Your Excellency pointed out very clearly in the memorandum which you placed before the Council some little time ago that some such restriction must exist. It is surely very much better that the divan expenses and also the opium farm regulations with regard to prepared opium should fall upon the opium farmer rather than upon the Government, which is the alternative. That, I think, is the only difference between the two Chinese members and the other unofficial members of this Council. Coming back to the original question, the first speaker stated that owing to the ambiguity in the Secretary of State's despatch there were grave doubts that the Government's offer of compensation would be sufficient—I think myself that the hon. member might even have gone further. In the extracts from certain despatches read by Your Excellency in your speech of March 11th, it appears that the Secretary of State wrote that whatever compensation might be found to be equitably due to the holders of these licences will be provided from the Colonial revenue. That makes it clear that the Home Government has not the slightest intention to fully compensate the Colony for the loss sustained. When we were asked later to pass a vote of \$11,000 for compensation to those divans which we closed under instructions—arbitrary instructions—from the Home Government the point was raised in Committee. Your Excellency referred to that on a later occasion at the meeting on 13th May. I gather that Your Excellency seemed to think this was a small matter. I may not be interpreting your Excellency's remarks correctly — I was prevented by illness from being present and can only go by the report in Hansard in which you are reported to have said, "I trust, gentlemen, that this explanation is sufficient, and that the Council will not desire it should be understood by His Majesty's Government that we repudiate the views which have been recorded in this Council." I think Your Excellency perhaps hardly

understood the protest which was made in the Finance Committee. We did not by any manner of means go back on anything we have said as to the advisability of gradually reducing the consumption of opium in this Colony, and joining with our countrymen in helping China to shake herself free from what is viewed as the curse of the country—a curse which has, no doubt, been very much exaggerated by interested parties. What the Committee considered was the question of the very direct loss incurred by this Colony through the Secretary of State's despatch, and what should be repaid by the Imperial Government. The Colony is incurring a very serious loss, roughly four-and-a-half to five-and-a-half millions sterling a year on the whole of that trade which we have every reason to believe will entirely disappear. As the hon. member on my extreme right has already pointed out, this will necessitate a very great loss to all concerned in the trade and affect the prosperity of the Colony. We are now to face a loss of a trade which has been carried on for fifty or sixty years at enormous value to the Colony, and which has brought a great deal of prosperity to the place, and we also have to lose all the incidental extra expenses which are incurred by people engaged in this trade who spend their money here. We are still prepared to go on the lines in Your Excellency's memorandum of "gradually and tentatively reducing the consumption of and trade in opium, and not too far in advance of the steps taken by China." I understand that the agreement between the Home Government and India is that the importation is to be reduced ten per cent. per annum. Meantime it is believed China will be gradually encouraging the decrease of the consumption of opium, and also its cultivation. After three years' time it will be reconsidered, and it will then be for China to prove her *bona fides*. The Indian Government and the Imperial Government have not agreed to go on if China is not playing the game. I don't say she is not playing the game, but I think it is impossible for China to entirely abolish the use of the drug in ten years. We consider we should be put on exactly

the same footing as the Indian Government if our revenue is going to be taken away. We should have gone on "gradually and tentatively," but instead we have a peremptory order from the Secretary of State to close the divans at once, and it does not seem reasonable to ask a small community struggling to pay its way, weighted down by bad trade and an excessive military contribution—which has been our old man of the sea for many years—expensive works which we are forced to carry out, and on top of that to be ordered that we must straight a way, and not gradually, close the whole of the divans within twelve months. The Secretary of State's promise is of too little value I think it must be admitted. My learned friend who spoke just now claimed—that was only his fun—that he was not conversant with the English language, but as I have pointed out, the Secretary of State has already distinctly laid down that as far as the compensation for divans is concerned, that has got to be paid out of the Colony's revenue. That I contend is wrong. In addition, through giving effect to the policy of His Majesty's Government, the Colony must suffer a loss. It seems to me that the Secretary of State has left a wide door open which he can take advantage of, and he has by no manner of means committed His Majesty's Government to fully reimburse us for the substantial loss which, I have no doubt we will be able to prove, is a very heavy one. I think the hon. member who moved this resolution might have spoken stronger than he did. The words in the Secretary of State's despatch do not necessarily mean that His Majesty's Government propose to ask Parliament to give us what we consider substantial compensation, and unless we get some such assurance from Your Excellency I shall vote against the second reading of this Bill.

HON. MR. OSBORNE—Lest there should be any misunderstanding as to the position which unofficial members of this Council take with regard to this measure, I should like to reiterate what the hon. member for the Chamber of Commerce has already stated—that there is no divergence of opinion whatever as to the virtue and even necessity of closing the opium divans in this Colony, and assisting the Imperial Government to help China to get rid of this curse. But I wish to point out that

the whole question hinges upon what is the interpretation of the Secretary of State's word "substantial," and whether his promise was only a promise to merely ask the Imperial Parliament for a grant, or whether it is the intention of the Government to press for a grant. I think if Your Excellency could make it clear to this Council what the promise actually means and if that promise is satisfactory, the second reading of the Bill will go through today. If, however, Your Excellency cannot give a definite promise, or rather a definite interpretation of the word "substantial," it would perhaps be better to hold the discussion over until Your Excellency has time to get that interpretation from London.

THE ATTORNEY-GENERAL—If the hon. member opposite representing the Chamber of Commerce had read a few lines further on in his quotation from Your Excellency's speech on the 11th March, 1909, he would have seen the necessity for at once passing the second reading of this Bill. Sir, the words which Your Excellency used when dealing with the promise of the Secretary of State with regard to loss that might be sustained in revenue by the action of Hongkong in supporting the policy of His Majesty's Government was as follows: "His Majesty's Government recognise that as a result of giving effect to their policy the Colony's revenue must suffer a loss which it will be impossible for the local Government wholly to replace." The hon. member stopped there, but he should have read on: "The amount of that loss cannot be estimated until the conditions which will obtain after March 1910, are known with some degree of accuracy." Sir, the amount of that loss cannot be known until this Bill is passed, until the conditions for the new contracts have been made, and when that time arrives His Majesty's Government on their part will be prepared to ask Parliament to give a substantial contribution towards making good to the Colony the revenue which has been found to be lost. The promise is absolute and distinct. When the Colonial Government has taken effective steps to give their assistance in the suppression of what is called the opium evil, and it has been found that the consequence has been a definite loss, then His Majesty's Government will propose to Parliament that a substantial grant in aid be given. I can-

not conceive words which could be more explicit than the words contained in the despatch. We must accept the plain clear meaning of the language in which the despatch has been couched. When it is ascertained what the loss is, Parliament will be asked to pay, not the whole of it as some hon. members would like, but a substantial grant-in-aid. You will never get any grant-in-aid until we do our part in suppressing the evil, and the first step is the introduction of this Bill. Therefore, I appeal to the hon. member who has just sat down to support the Bill, as I believe he would have done had he had the words in mind which I have quoted and which the hon. member for the Chamber of Commerce no doubt inadvertently omitted.

HON. MR. HEWETT—I did not leave them out inadvertently. It was not part of my argument.

HIS EXCELLENCY — Gentlemen, the unofficial members who have spoken this afternoon have all, with one accord, called upon me to substantiate, as it were, and to corroborate the promise made by the Secretary of State. The hon. member on my extreme right (Hon. Mr. Stewart) said that the promise was hardly definite enough. The hon. member representing the Chamber of Commerce (Hon. Mr. Hewett) said that the language used was ambiguous. The hon. and learned member on my left (the Attorney-General), has read the words used by the Secretary of State to which I think nothing can be added to make them as definite and as precise as it is possible for language to be. The Bill now before the Council contains the conditions which it will be necessary to incorporate in the call for tenders for the farm next year. The Secretary of State says that when the conditions are known with some degree of accuracy, His Majesty's Government will for their part be prepared to ask Parliament to make a substantial grant to assist the Colony to meet any loss directly incurred by giving effect to their policy. You will note that he does not say that he as Secretary of State for the Colonies will approach the Treasury (a form of request which the hon. member who spoke first thought it possible might meet with refusal), but speaking in the name of the Government of which he is a member he used the words "His Majesty's Government will ask Parliament."

Those words convey an absolute pledge on the part of the British Government. It is impossible for me to adopt the suggestion to telegraph to the Secretary of State inquiring what the promise really means, and whether His Majesty's Government intend to evade their promise.

I am glad to notice that in the speeches which have been made, every single member emphatically stated that there was no divergence whatever in the desire to carry out the general policy of the Home Government, and that they all wished to identify themselves with the gradual suppression of opium and with the desire to help China to get rid of the habit. The sole criticism which unofficial members of this Council have made in regard to the action of the Imperial Government has been that the methods proposed to carry out their purpose have been, in their judgment, not sufficiently gradual in their operation. I would remind you however that I received in May last year, a telegram saying that all opium divans were to be closed forthwith. Since then, something over a year has passed, and only a comparatively small number have been closed, and the Secretary of State has agreed that the remainder shall be kept open until March next year. I think, that in view of the statement which the Government had made to the House of Commons, viz: that the opium divans in Hongkong should be closed forthwith, that this postponement has been a very reasonable concession to opinion in this Colony. Practically for two years the majority of the divans will have been allowed to remain open. Perhaps that is not as gradual as many who are at this table would like it to be, but I think under all the circumstances we may regard it as a very reasonable concession on the part of His Majesty's Government.

There was, if I may so put it, a species of compromise. The instructions that the divans should be closed forthwith were cancelled, and the greater part of them have been allowed to remain open until the end of the current farm. His Majesty's Government stipulated, however, that a certain number should be closed before that date, and also stipulated that any compensation due to them should be paid by us. That was part of the bargain. In return, they said that His Majesty's Government would

ask Parliament to make good a substantial part of the loss we incurred.

The Bill now before the Council is, in my view, a necessary preliminary for drawing up the terms of tender for the next farm. This is why it is brought forward to-day, and why it is desired to pass it with as little delay as may be. Those who may wish to tender will desire to see the precise terms of the Ordinance by which the next farm will be regulated. By passing this Bill, moreover, the general terms of which I have already submitted to the Secretary of State, and to which he has agreed, we shall have definitely assured ourselves that the policy upon which we are embarking is the policy of His Majesty's Government, and they have stated that they will make good a substantial part of the loss which is the direct result of carrying out their policy. It is important that we should be perfectly certain that what we are doing is part of that policy, so that when this Bill is passed, and has the sanction of His Majesty's Government, any loss which may arise of its operation may fall within the terms of the Secretary of State's definition.

The senior unofficial member (Hon. Dr. Ho Kai) supported very strongly the general policy of suppressing opium. The Bill before us has a double object. Several clauses have been inserted at the request of the opium farmer. The remaining clauses are designed to give effect to the policy of the gradual suppression of opium. We propose to take steps to prohibit the sale of opium to women and children, as well as, of course, to abolish divans and, finally to adopt the system, which I am glad to observe has met with the general acceptance of the Council, of reducing each year the number of chests the opium farmer is allowed to draw.

The main drift of every speaker has been to emphasize in the strongest language that the Council look to His Majesty's Government to make good the very clear and definite promise we have received, and I shall take occasion to bring to the notice of the Secretary of State the views which have been expressed by the unofficial members. For my own part I have no hesitation in saying that the promises which I have repeated are as clear and precise and definite as the English language can make

them (Hear, hear.)

HON. MR. STEWART—May I make a personal explanation. Your Excellency referred, or I understood Your Excellency to suggest, that some unofficial member had indicated distrust of the home authorities to the extent of suggesting that they would evade their promise. For myself I wish to point out that I neither said, nor suggested, nor contemplated any such thing. My whole point was that I do not feel sure that they would interpret their promise to our satisfaction. (Applause.)

THE ATTORNEY-GENERAL—That is the same thing as evasion.

HIS EXCELLENCY—I am very glad to have the explanation which the hon. member has made. I am glad that it should be recorded in the proceedings to-day. I must confess that I was under the impression that the remarks of the hon. member and of other hon. members had intended to convey that His Majesty's Government would not attach the same meaning to their words that we attach to them which amounts in my view to something very like evasion.

HON. MR. HEWETT—I move that the Bill be read a second time six months hence. This is the only opportunity I have of replying to the remarks made by Your Excellency just now. In bringing forward this motion that the Bill be read a second time six months hence, I am in perfect agreement with the unofficial members of this Council, because we believe that the compensation will not be what we consider it should be. It will not be adequate. It will not cover all the loss forced upon us through the operation of the policy of His Majesty's Government. It is for that reason we protest against the treatment which the Government at home has meted out to us. It has ordered us to carry a certain policy to a conclusion at a considerable cost, and I think it my duty on behalf of the ratepayers to protest against these undue demands on the Colony. Therefore, I move that this Bill be read this day six months.

HON. MR. OSBORNE seconded.

On a vote being taken, there voted for the second reading—The Colonial Secretary, the Colonial Treasurer, the Registrar-General, the Capt-Superintendent of Police, the Attorney-General, the Director of Public Works, and Colonel Darling. There voted against — Hon. Mr. M. Stewart, Hon. Mr. Osborne, Hon. Mr. Hewett, Hon. Dr. Ho Kai, Hon. Mr. Wei Yuk and Hon. Mr. Gresson.

The second reading was declared carried by seven votes to six.

The Council went into Committee to consider the Bill, which was left in Committee when the Council rose.

HIS EXCELLENCY — The Council stands adjourned till this day week.

#### FINANCE COMMITTEE

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A meeting of the Finance Committee was then held, the Colonial Secretary presiding. The following votes were passed.

#### **Incidental Expenses**

The Governor recommended the Council to vote a sum of one hundred and fifty-five dollars (\$155) in aid of the vote, Judicial and Legal Departments, Land Registry Office, Other Charges, Incidental Expenses.

The Governor recommended the Council to vote a sum of eighty dollars (\$80) in aid of the vote, Judicial and Legal Departments, *B.*—Magistracy, Other Charges, Incidental Expenses.

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