

21ST OCTOBER, 1909.

PRESENT:—

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

HIS EXCELLENCY MAJOR-GENERAL R. G. BROADWOOD, C.B., A.C.D. (General Officer Commanding).

HON. MR. F. H. MAY, C.M.G. (Colonial Secretary).

HON. MR. W. REES DAVIES, 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, M.B., C.M., C.M.G.

HON. MR. E. OSBORNE.

HON. MR. E. A. HEWETT.

HON. MR. MURRAY STEWART.

HON. MR. W. J. GRESSON.

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

MR. C. CLEMENTI (Clerk of Councils).

Minutes

The minutes of the last meeting were read and confirmed.

Financial Minutes

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (Nos. 42 and 46), and moved that they be referred to the Finance Committee.

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

The Estimates

THE COLONIAL SECRETARY moved the second reading of the Bill entitled An Ordinance to apply a sum not exceeding Five million six hundred and twenty-five thousand six hundred and eighty-three dollars to the Public Service of the year 1910.

THE COLONIAL TREASURER seconded.

HON. MR. HEWETT—Your Excellency, I have been asked by the unofficial members to speak first in reply to the Budget speech which your Excellency made a fortnight ago. I understand that some of my colleagues will supplement what I have to say later on. Setting aside the question of the liquor duty, we all agree, I think, that the Budget taken as a whole is fairly satisfactory. That is to say, there is a revenue of \$6,908,000, including the liquor duty, and an expenditure estimated at only about \$40,000 more than that. I am sure it is very satisfactory to all of us to find that the loss on the opium farm for the next three years is very much less than at one time was feared. But with regard to that loss we have still to learn what attitude the Imperial Government will take up. We were promised—at least, so we understand—by the Secretary of State in the House of Commons—that substantial compensation would be made for loss occasioned through a policy dictated to Hongkong by the Home Government. I understand that your Excellency spoke of the Imperial Government possibly granting Hongkong half the amount of that loss. Speaking for myself—in this case I do not speak for my unofficial colleagues—I maintain that it would only be an act of justice if the Imperial Government granted to the Hongkong taxpayer at least the full loss incurred on the next three years' opium farm, by accepting a policy which we have never unreservedly endorsed. Turning generally to the question of the revenue of the Colony, there are one or two points on which I would like to touch. We all know that land sales have very largely decreased during the last few years. At one time they formed a very important item in our revenue, last year this fell to a figure of something like \$70,000; there is no reason to suppose that there will be any material increase during the next two or three years—certainly not as far as the Island is concerned, as the country is largely developed. Another important item of our revenue, as we all know, has been the opium revenue. That, of course, is an extremely precarious item, and we have every reason to believe it possible

that in a very short time that revenue may altogether cease. Therefore, it is very obvious, as your Excellency stated in your remarks the other day, that although during the next twelve months the financial problem of the Colony will not be very difficult, there will be in the immediate future a very serious financial problem to be faced. Reverting to the question of the opium divans, it is not very satisfactory to understand that your Excellency appears to look to a breach of law for certain increases in our revenue. I trust, although your Excellency may be right, that you may prove to be wrong, and that the Colony will prove more law-abiding than your Excellency appears to contemplate. With regard to the loss of revenue on opium divans, I am not sure that I follow the remarks made by your Excellency, but perhaps you will correct me if I am mistaken. I have carefully studied your speech as published in *Hansard*, and it appeared to me that you rather connected the new revenue from liquor duties with the opium. It seems to me that would be wrong if that was the intention your Excellency meant to convey. I trust you did not mean to suggest, because we were getting an extra half million, or whatever the exact amount may be, from the new tax on liquor, that that might possibly be used as an argument by the Imperial Government against making a substantial contribution on account of the loss to revenue through the closing of the opium divans. It may be that I did not quite understand what your Excellency said, but I must confess that was the impression left upon my mind as to what you did say. It is a great deal too early to even hazard a guess as to what revenue will be brought in by the new liquor duty. Your Excellency put it at the conservative figure of \$508,000. Personally, I think it will be more. But I merely take the opportunity of expressing the hope, which I am sure will be fulfilled, that the Local Government will not, because the revenue has been raised by three or four lakhs, launch out into any fresh expenditure. I hope and feel sure that the policy of strict retrenchment and careful husbanding of the funds will be persisted in. In this connection I think it is advisable to refer to the constantly increasing expenditure on public works. Take the railway, for instance. The original estimate was put down at something like \$8,000,000, but so far as I can gather the amount actually spent is somewhere nearer \$11,000,000, or 40 per cent. more. The Law Courts were estimated to

cost about four lakhs, but the figures now before the Council are almost double that amount, an increase of 94 per cent. The same thing applies to the Post Office, which was expected to cost five lakhs, but which has cost to date \$873,600, an increase of 75 per cent. That has been the story for many years past on all big public works in Hongkong, and my recollection goes back, I am sorry to say, for 30 years. I can only express the pious hope that my successor on this Council in years to come will not have the painful duty of calling the attention of the Government to the fact that the typhoon refuge at Mongkoktsui has exceeded the estimate by from 40 to 75 per cent. rather than that he will have the unique experience of congratulating the Government that the estimate has not been reached. It appears to me that there must be something radically wrong in the way in which estimates for public works are drawn out here. In the first place, we are asked to approve certain works which are going to cost a certain sum. Many years later, when they are nearly completed, we find that sum largely exceeded. Another point in connection with these big public works, to which it is only fitting that I should again refer, is the unnecessarily long time spent in carrying them out. The Law Courts were started, if I remember rightly, at least nine years ago, and the Post Office about a year later. Looking at this from an entirely business point of view, where land has been purchased and public money expended for large public works, surely it is only practical and economical that the works should be completed as promptly as possible, bearing in mind the two particular buildings are the Law Courts and the Post Office. In the first place, supposing they were completed in reasonable time, a very large and valuable piece of land could be available for other purposes. As regards the other section, a very heavy rental has to be paid annually until the new building is put up. I am quite prepared to hear arguments put forward against my proposal, and one will probably be that this is no time to sell land. That, however, could not have been contemplated eight or ten years ago when the Law Courts and Post Office were started. As regards the Post Office,

of course that means we are paying a heavy rental which might have been saved. It might be suggested that when all this work is paid out of the current revenue the money is not available, but I don't think, from a business point of view, that is a sound argument, supposing such an argument were adduced. It appears to me perfectly reasonable to raise a five or ten years' local loan to cover the cost of special work. We have a very notable example of the difference between the way in which certain Government building operations are carried out and the way in which other people conduct their business. Opposite the Post Office a very handsome building has been erected and the old hong demolished. The work of putting down a new foundation and erecting a new building, one of the most handsome and best constructed in the Colony, was carried out in eighteen months. That building was erected by business men working on business lines, who wanted to receive in the shortest possible time a return for their investment. Your Excellency referred to various payments, principally with regard to the Law Courts, the Post Office and the Kowloon Water Works as final payments. I think you will have the thanks of the community if your Excellency will give the assurance that these particular works will be completed by the end of 1910, and that no further payments in respect of them will be asked for. And I think, if I might be allowed to suggest it, that it is all the more necessary that your Excellency should give us this assurance, because rumours have been put about lately as regards the Post Office that some hitch has taken place about that building, and that it may not be completed as soon as hoped. Turning to the Postal Agencies, I think we are all of one mind that it is quite unreasonable to expect the taxpayer of Hongkong to contribute towards their losses. It is very gratifying indeed to know that the Imperial Government now agree to pay half of that loss, and I trust the communities concerned will put their hands in their pockets and bear the other half. Speaking as a resident for a great number of years in China I would be the first to deplore closing the British Post Offices in China, because I understand the advantages to British interests that these Postal Agencies confer. At the same time the time has now arrived when it is absolutely unreasonable to ask the Hongkong taxpayer to pay a single cash towards their maintenance. Your Excellency made reference to the Observatory, and as this

is the only time in the year when we have a chance of criticising favourably or unfavourably the policy of the Government and its officials, this is the time we should express our appreciation of the way the Observatory has been conducted. The more so, as we are perfectly well aware that the Director is handicapped by not being fully connected with certain quarters where full information would be obtainable as to impending changes in the weather. That brings me to another point, the necessity of increasing the number of our stations. The Chinese Government some time ago agreed to erect a station on Pratas Island, and now that the question of ownership has been settled I trust that it will be possible to induce them at the earliest possible moment to proceed with the wireless telegraphic station. I put forward this hope not only in the interests of foreign shipping, which, after all, is possibly not a great concern of the Chinese Government, but more in the interests of humanity with regard to the enormous junk and fishing trade carried on in those waters. We have only too good reason to know during the last month the appalling loss of life occasioned to native shipping by the absence of proper warning of bad weather. Therefore, in the cause of humanity, I trust that the Chinese Government at the earliest moment will put up that station. The Philippine Government have, I believe, practically undertaken to put up a similar station on one of the islands in the Balintang Channel, and I am sure we all hope it will be pressed forward at the earliest possible moment. Of course, the erection of these two stations is not of particular value unless the Hongkong Government erect a wireless telegraphic station or permits others to do so. I do not believe myself such a station run as a commercial undertaking could possibly pay for two or three years, but it is absolutely necessary that we should have one, as year by year an increasing number of teamers will be fitted with wireless telegraphy. How it is to be erected, either by Government or as a commercial undertaking, is a matter that will come up for consideration later on. I know it has been before your Excellency already, and I am sure it

will not fail to receive your attention. Your Excellency also referred to the military contribution, and stated that the Secretary of State proposed to appoint a committee to inquire into the matter. The unofficial members entirely agree that the Colony should contribute something towards the defence of the Empire, but we consider that improvement might be made in the manner in which the collection is levied on the Colony, and we welcome the proposal of the Secretary of State to appoint a committee. I do not propose to go deeper into the matter. My views are well known, and after two years' further consideration, I see no reason to modify what I said at this Council two years ago; but I will take this opportunity of pointing out how extremely heavily this military tax presses upon the ratepayers of Hongkong. You told us in your speech in submitting the estimates that the import duties on liquor were expected to realise \$508,000, and that the cost of collection will be \$60,000. As a matter of fact, I believe that these figures are very conservative, but even taking your figures, that would mean that we have to get a net revenue of \$508,000 from these new import duties to which we all object and which the Council reluctantly passed because we realised that the money had to be raised and that our revenue had to be made up from fresh sources. This tax, even on your figures, sir, means that we have to pay very nearly a lakh and a half to military contribution. That is to say, that in order to obtain that five lakhs for the Treasury we have to be taxed to the extent of some \$750,000. Your Excellency referred to the bogey of subsidiary coinage. I do not propose to go deeply into that question, which is a very vexed one, and as we know different opinions prevail. But I would remind your Excellency that when you appointed a Commission some time ago, the majority report was signed by five members, consisting of leading officials and merchants in the Colony. That majority report was signed amongst others by the Chinese member sitting opposite. One member, the head of a bank, signed an individual report, and three members signed a minority report. I would remind your Excellency that the committee of the Chamber of Commerce, after discussing the matter very carefully, endorsed the minority report signed by Messrs. Smith, Law and Wood. I merely refer to this question to remind you how very difficult it is to arrive

at any decision on such a vexed question, because you find out of a dozen men collected together perhaps not more than three agree on one point. The policy at present and hitherto adopted by the Government is perfectly correct—one of watchful care. At any moment the situation may change and the Government may have, sooner than we anticipate, to take drastic steps to deal with it. For myself I believe our coin is not redundant. I believe that, in the interests of the Colony, it would be a mistake to redeem our subsidiary coins and re-sell at melting value, as it would be a loss of about a quarter or half a million dollars a year to the Colony. I also believe it would be a mistake to try to prevent the circulation of Chinese coin in the Colony. Those are my personal views, but I know a large number of people do not agree with me. There is only one other matter mentioned in your Excellency's remarks to which I shall refer, and that is the erection of lights at Douglas rock and the Bunansiah reef. This question is an old one. It has been before the Chamber of Commerce, and was referred by us to the Government on more than one occasion. The consensus of opinion as given by men, some of whom have spent half a lifetime in navigating the Canton River, is that a beacon on Bunansiah reef is practically of no use at all. If money is going to be spent on erecting a beacon, what they want is a beacon that will enable them to navigate the Capsuimun Pass. Several years ago a letter was signed by fifty senior merchant captains asking that a beacon should be erected at the southern end of Capsing Island. I trust, before your Excellency proceeds further with this matter, that it will receive your thorough consideration. I think it will be a waste of money to erect a light on that reef when it is required at Capsing Island more than anywhere else.

HON. MR. OSBORNE—Your Excellency has informed us that the Government's policy on the question of subsidiary coinage is to be a policy of watchful inactivity. "Watchful care," the honourable member who has just spoken calls it. And considering the complexity of the subject, the futile efforts of the Investigation Com-

mittee two years ago, when a number of experienced business men deliberated upon it and failed to agree on a single point, it is not surprising that, in the midst of such conflicting opinions, the Government hesitates to do otherwise than wait. At the same time I think your Excellency would welcome the prospect of escape from the dilemma in which the Colony finds itself, and I therefore venture to put forward a proposal which I think will, without injury to any interests and without friction, end a situation which is intolerable to trade. First, however, let me repudiate the idea that this is a question affecting only a few public traffic companies. Probably it affects these companies less than anyone, because they have it within their power to make good their losses by raising fares, as indeed has in most instances already been done. It is not the company but the traveller who loses, except in so far as increased fares restrict traffic. This, sir, is not a question of individual interests; it is one that concerns, in a greater or less degree, the whole of our labouring classes—classes whose interests it is the duty of Government to protect, if for no higher reason than that the prosperity of Hongkong depends so largely upon their welfare. For the Colony needs a plentiful supply of labour, and whatever tends directly or indirectly to restrict the influx of labour tends proportionately to handicap us as against our rivals in trade at other ports. There are those who hold that this depreciated coinage does not affect the working classes, that even though the cost of food and shelter may have risen as a consequence, wages also have risen in sympathy. This I deny. I deny that the ricksha man, the chair-bearer, the coal and cargo coolie and the host of other daily paid workers are earning more to-day than they did before this evil arose. On the other hand, it is an undeniable fact that a 10 cent piece to-day has not the purchasing power it had then. I will not, however, enter upon controversial matters, but confine myself to one broad aspect regarding which I think we can all agree. No amount of theoretical argument can undermine the principle that a stable currency is essential to the prosperity of an industrial community; no amount of sophistry can upset the fact that a 10 cent piece, which at all times is worth the tenth of a dollar, is a better medium of exchange than one whose value fluctuates daily. Therefore, I take it that however much we may disagree on matters of detail or upon side issues, we are

unanimous in recognizing the value of a stable coin. And I assume that no one will claim that our present coins possess stability. As to a remedy, I suppose the one which every honourable man would like to see applied is redemption—redemption at par. But, however much we may yearn after virtue in the abstract, on this particular occasion it becomes impossible when the cost is taken into account. For there have been issued from time to time an aggregate of over 40 million dollars worth of small coins, silver and copper, though how much is now in existence as money it is impossible to say; and any scheme of redemption would therefore require to anticipate an enormous loss—indeed anything up to four million dollars—so that this solution passes beyond our reach. Two years ago I advocated prohibition, and rightly so, I think, because I believe it could have been accomplished then without friction with Canton. To-day I do not advocate prohibition, because I think it cannot be accomplished without such friction. And the interests of Hongkong being so interlaced with those of Canton any act likely to involve dissension between the two communities is to be deprecated. The remedy I advocate now is to have a new coinage redeemable at par. To effect this reform it would be necessary that new coins be struck which should be of exactly the same weight and fineness as the old, but with a different superscription. The old coins would then need to be demonetised, and it is perhaps upon this point alone that any disagreement with my proposal may arise. The profit on minting should be kept in reserve, not as in former years passed to revenue, but the interest on reserve might properly be appropriated as revenue. The demonetisation of the old coins need not, I think, trouble the conscience of Government, because the operation would cause the community no more loss than they have already suffered; and in any case the Government, if it felt morally bound to redeem, would only require to do so in regard to those actually in the Colony; for as regards the millions of them in China the Hongkong Government has no responsibility, moral or otherwise. They were sold as a commodity just as a merchant sells his wares, and the Government

never having by promise, implied or otherwise, undertaken to redeem them is no more under an obligation to do so than a merchant is under an obligation to receive back merchandise, which has fallen in value since he sold it. This, sir, is the proposal which I think will meet the difficulty, and if Government act upon the idea they will have done its duty by providing a healthy currency which it will be within every man's option to use; whilst those who elect to continue using the old coins will have no one but themselves to blame for any loss they may suffer.

HON. MR. GRESSON—Your Excellency, it appears to me on going through the figures shown on page 19, which show an estimate of expenditure over revenue of \$42,700 odd, that these are not actual. If you will refer to the item Miscellaneous Services you will see that the actual expenditure in 1908 was \$374,000, and the approved estimate for 1909 \$197,000, and the revised estimate for the same year \$307,000. The estimate for 1910 is \$144,000, so that the difference between the revised estimate of 1909 and 1910 is therefore \$163,000. I have already made some inquiries as to these figures. I do not know that they are entirely satisfactory, and in dealing with these two columns it seems to me that you run a very good risk of running out your not small debit balance of \$42,000, to a debit balance of \$200,000. I would also like to refer to the total increase of expenditure, which shows on these figures a difference of \$518,626, to which must be added items of interest on the railway, which, for the future, I understand go to the capital of the railway. A sum of \$276,000 odd was provided for that in 1909. In 1910 I understand it will be somewhat more. Taking the smallest, our expenditure has increased by \$795,116. It is very easy to find, by analysing these columns, how these various items have been arrived at. There are very few, I am sorry to say, which show a decrease. Police and Fire Brigade showed in 1909 a special expenditure of \$35,000, but for 1910 there is no special expenditure. Coming down to the Sanitary Department, we find that, after all the talk of saving, the total saving is only \$12,000. Now we come down to what I consider is the most important figures in this column— \$374,000 for special land resumption. I understand that this land is to be used entirely for railway purposes, and your Excellency has quite

rightly told us that it was proposed in future to debit the railway with that cost. But it seems to me that as this land is required for railway purposes the amount should rightly go to railway capital account. There seems no good reason to pay for this railway site out of the revenue.

HON. MR. STEWART—This is the great day for riding hobby horses. First, I propose to ride one which I regard with some justification as particularly my mount. It is not to be judged against the 16-hand war horses, Military Contribution and Sub. Coin, old stagers that have been trotted out here for decades by successive riders. Mine is only a five-year-old. Five years ago a controversy was started in this Council, in the debate on the Estimates, over the fate of the Clock Tower. One speaker was very anxious that it should be taken down and thrown into the sea. Another suggested that it should be removed from its present position and set up at Blake Pier. Whereupon a certain man wrote to the papers and urged that it was a great pity to remove the Clock Tower, as it served as an ancient landmark. A newspaper controversy then set up, and the Government were afforded an opportunity of having the question tested by public opinion as expressed in the local papers. The main contention of those who advocated its demolition was that it constituted an obstruction to traffic. Some said it was ugly and on that account ought to go. Your predecessor was not satisfied that the Clock Tower constituted an obstruction to traffic, and I have been told that he went down to an office near to the place and watched the traffic, so that he could form his own judgment as to whether the allegation was true or not. The result, I have always understood, was that he considered that no such serious obstruction was caused as to justify the demolition of the old Tower. At any rate, the Governor, then, was satisfied that the upholders of the old landmark had the best of the argument, and he said that as long as he remained here the Clock Tower would stand. Consequently I was much surprised to see early this year a letter in the newspapers written by the Colonial Secretary informing the editors of the local papers that the Government had decided to remove the Clock Tower, as soon as the new Post

Office was ready to receive the clock. That did not seem to me at all a proper thing to do. There had been no new public discussion. The matter had been previously decided by public discussion, and there was no ostensible reason for re-opening the question at all. Since then I have been told that the reason which chiefly guided the Government in this case was economy — that the Colony having spent nearly seven lakhs on the Post Office could not possibly find the money to put a new clock there. The reason why those who helped to save the Clock Tower five years ago did not come forward and object probably was that, at present, while the hotel is being rebuilt and the hoarding round it crosses the road halfway, the Clock Tower does constitute an obstruction to traffic. I now ask that the question be allowed to stand in abeyance until the hotel is finished and until the Post Office is removed to its new dwelling. It will then be possible to see whether there really is any obstruction to traffic or not. I deny for my own part that the old tower is ugly. That of course is only my opinion, and possibly it does not impress you very much, but I derive support from the fact that in the opinion of the architect who designed the building referred to this afternoon, that of Messrs. Jardine, Matheson & Co., admittedly a beautiful building, a credit to him and to the Colony, the Clock Tower is not ugly and does not deserve on that account to be destroyed. As regards the remarks made by the hon. member who represents the Chamber of Commerce on the subject of the military contribution, the unofficial members do not see eye to eye in this matter. The hon. member has renewed his protest against the idea of this Colony being called upon to pay too much. I don't agree with him. I will not say that we might not pay too much some day if our revenue were to increase fourfold. I understand that at present we only pay about one-fourth of the garrison—

HIS EXCELLENCY—Slightly more than that last year.

HON. MR. STEWART—If our revenue were to increase fourfold, we would pay the whole of the cost of the garrison, and that manifestly is unjust. Therefore, I renew the suggestion which was put forward last year that some new method of reckoning is called for. Last year

your Excellency told us that you had in contemplation some such scheme and that you were about to refer it to the Secretary of State for his approval. I presume, as we have heard nothing more about it, that his approval was not forth-coming. The point I want to make is that I don't consider the taxpayers of this Colony pay too much at the moment for the security they enjoy. I have listened with much interest to the speech of the hon. member on my left (Hon. Mr. Osborne) on that most difficult subject, subsidiary coinage. I hesitate at any time to speak on any subject without most careful preparation. I hesitate in particular to speak off-hand on a subject of such extreme difficulty and delicacy, and I do not propose to say more than this— Without committing myself to the hon. Mr. Osborne's scheme? I may say he has put the argument for the necessity of redemption in a new light. The view that if we issued new coin we should be called upon by a strong moral claim to redeem the old has always checked my ardour in the direction of advocating any such step, but after having heard what the hon. member has said I am not prepared to say that we are morally compelled to redeem. I would prefer to reconsider the matter. As one of those who have consistently advocated inaction, I am opposed to the critics who freely blame the Government for their Fabian policy. I consider it particularly unfair that the Government should be thus blamed. I cannot conceive how they could have done anything. The Government cannot conceivably regard the information received from the British Minister at Peking except as authoritative. If the British Minister at Peking encourages your Excellency in the hope that China is really about to reform, is really sincere in her desire to fall into line with modern methods, and in those promises of reform of which we hear so much, then I don't see how you can take a line of your own. It is only on the assumption that the Chinese Government will really do nothing that this Colony would be justified in taking a line of its own. I am one of those who consider that we should be extremely careful not to erect any barriers between this and Canton. Commercially speaking Hongkong is part of China, and to cut ourselves off by ever so little from the freest possible intercourse with Canton would be, in my view of our special circumstances, extremely risky,

and it can only be justified by the very strongest need, so that as long as there was any hope that China was going to reform her currency our Government were wise to do nothing. Apparently that hope is still held out. Your Excellency said, only a fortnight ago, that His Britannic Majesty's Minister had suggested to you that the financial embarrassments of the Chinese Empire were such that she was most anxious to induce Treaty Powers to allow her to raise her import duties. I understand that he told you that they would require her to reform her currency, and to abolish *likin* as a *sine quo non* before granting her request. I turn from that very important and most interesting subject to a small matter which invites comment. Your Excellency referred to the fact that the wide field opened up by the discussion on the Estimates provides opportunity to explain and defend general lines of policy, and you took occasion to defend the Government's policy with regard to the subsidiary coinage question. I wondered that Your Excellency did not also take occasion to reprobate the unlicensed character of much of the anonymous criticism which appears in the local Press. Possibly you thought it beneath the dignity of your position. I am not restrained by any such consideration, and I am not afraid to speak out. To reply in detail to the mass of criticism which arose over the proposed new liquor taxes is manifestly impossible, but I take this opportunity of protesting against the columns of any of our newspapers being thrown open to attacks upon the probity of those who are striving in any capacity to serve the public. As an instance, I may refer to a letter which appeared in the *South China Morning Post* of August 19th, mendaciously signed "Fairplay," suggesting that it was doubtful if any member of this or the Executive Council could be found willing to decide a certain public question without considering his own pocket when giving his vote. The insinuation clearly was that the members of this Council and of the Executive Council could not be trusted to put the public interest before their private pecuniary interest. I resent such imputations being put upon the members of this Council, and as long as I sit on it I shall not sit silent and allow any local editor, unrebuked, to give prominence to such a suggestion. Such a suggestion is no doubt estimated locally at its proper value as a mere reckless libel. But for the credit of the Colony outside of the Colony, the publication of such unfounded insinuations is much to be regretted.

It is at least conceivable that by the unchecked multiplication of them our interests might adversely be affected. I take it that the prestige of the Colony is one of the interests of the Colony. I take it that the prestige of the Colony suffers if this Council is brought into contempt. It is particularly unfortunate at the present time when opinion in England is apt to misjudge Hongkong's attitude towards the opium policy of His Majesty's Government, in its application to our finances. I have read a good deal, one way and another, which indicates how ready is "the man in the street" at Home to assume that we have been guided in our attitude solely by selfish and interested motives. An illuminating, though unimportant, instance of this tendency forced itself unpleasantly upon my notice not long ago, when I received a letter, from Manchester, addressed to me as unofficial spokesman in a recent debate. The writer accused me of being suborned to defend the opium vice. He did not sign his name; he did not give his address. I could not therefore reply. I take this opportunity of doing so. I take this opportunity of telling him that the unofficial members of this Council are not the kind of men he takes them for; and of assuring him that I myself have no personal interest in, or connection with, opium. It so happens that I neither smoke it nor eat it. I neither buy it nor sell it. Neither has my voice and vote in this Council been inspired by those who do. I take the trouble to deal with this remote critic, not because I consider him, or any anonymous letter writer, worthy of direct notice, but because I take his malignant accusation to be significant of the uncharitable state of mind into which ignorant people are liable to be brought by the exaggerations and mis-representations of the leaders of the extreme section of the anti-opium agitators. They are to blame for Home-grown misapprehensions such as that Hongkong is "a Hades for immorality," one of the assertions made by my Manchester correspondent. But how much more difficult must it become to remove such misapprehensions if insinuations originating in our midst, such as those made by "Fairplay," are allowed to pass without contradiction or comment? I

protest against any newspaper supported by the Colony being used to supply fabricated material for the manufacture of false impressions calculated to damage the Colony's good name. Solicitude for the Colony's good name is not altogether unconnected with the solitary comment which I have to make on the Estimates. Before resuming my seat I desire to make at least a passing reference to the subject properly under discussion. This time last year I described the Budget for 1909 as "a makeshift Budget," in allusion to the fact that it was balanced by a windfall. That was its outstanding feature. The outstanding feature of the present Budget is that it is balanced by a guess. All estimating is guesswork, but usually there is past experience to go by. There was nothing to go by in estimating the yield of the new import duty, and so, apparently, the extent of our needs decided the matter. Broadly speaking, our need was for six lakhs, not counting the shortage in the opium revenue. In passing, I would just touch gently on the fact already referred to by the hon. member for the Chamber of Commerce, that we are still without any information as to the precise meaning of the word "substantial," as used by the Secretary of State. When the Bill closing the divans was brought in we were urged not to delay its passage because, until the law on that subject had been made known, you couldn't advertise for tenders and so couldn't find out your loss. That was why you couldn't ask the Secretary of State what his promise meant, and until you found that out from him, you could not get on with the Estimates. These I understood were your Excellency's reasons for urgency. What has become of them now? The farm has been tendered for; the loss due to closing the divans ascertained; you have no doubt communicated it to the Secretary of State. Does he make no reply? Or have you sought the required information by letter? If so, it would seem then that there was really no urgency at all. But I really think our justifiable curiosity as to the meaning of the word "substantial" warrants the despatch of a wire. To return to the subject of our needs, not counting the loss on opium. Opinions were divided as to the probable yield of the new revenue from alcohol. Some said it would yield a million; others less than half that. Compared with the higher guess, that of the Government seems moderate enough, and then—it exactly makes ends meet. Later, in the

course of your Excellency's introductory remarks, it seemed to me that I caught the suggestion of a hope that the yield would exceed the estimate, and that this source of revenue might in any case ultimately be relied upon to increase. I confess I did not like the sound of that. I view with concern the possibility. If this Colony pays more than six lakhs of duty on intoxicating liquors consumed in it, the inference will be irresistible that the Chinese are taking to drink. The number of European residents in the Colony shows no signs of rapid increase, and it is a matter of everyday comment and congratulation that the consumption of alcohol by individual members of the rising generation markedly decreases. If, therefore, with the sources of information at your command, Your Excellency considers it probable that there will be an increased yield from this new source of revenue, it means that a progressive increase in the amount of alcohol consumed by the Chinese section of the population is anticipated. I wish to direct attention particularly to the fact. I trust it may obtrude itself upon the notice of the Secretary of State. I wish there was the smallest chance of its being taken to heart by those who seem to think that the prevention of opium smoking will prove an unmixed blessing to the native population. A leading medical practitioner tells me that whereas formerly he never had to treat cases of alcoholism among them, now he frequently has to. The other day at your Excellency's table a Chinese gentleman of position assured me that in Canton, among the well-to-do, the opium habit was fast dying out and that a new fashion for drinking beer and brandy was as rapidly coming in. That a similar change is taking place among the Chinese in Hongkong is said to be the case. The fear that an increase in the evils of alcoholism in this Colony would be the immediate result of the abandonment of the opium habit has frequently been expressed by many among those who bring to a study of the question neither the wilful blindness of the political partisan nor the inevitable shortsightedness of the bigot. Nearly all the anti-opium writers appear to assume that the evil of over-indulgence in it is derived from the opium itself, in some way special to this particular stimulant, instead of from the

defective will power of the victim. That is where opinion divides on this question. If you attribute vice to weakness of character you will think that the removal of one form of temptation will inevitably lead to the substitution of another. An apt instance of this occurred in England not a hundred years ago. There was a so-called wave of temperance. People took the pledge in great numbers. They gave up alcohol suddenly, without any previous training and discipline of the will. What was the result? They took to opium. Immediately there was a new scare and alcohol returned triumphant. The reverse of this threatens to happen here, and in Canton. This was and is our main fear. Some of us incline to the perhaps old-fashioned belief that you can only cure the weakmindedness of which the opium habit is merely an indication by means calculated also to provide against opium being replaced by other forms of intoxication — by supplying religious or patriotic motives sufficiently powerful to strengthen the will power of the individual against excessive indulgence of every kind; by popularising, among the rising generation, those primary manly virtues which war with all sottish habits. Pending the growth of a sentiment sufficiently powerful to thus uplift the Chinese people, we in this Colony have had to consider what the effect would be if the place of opium were to be taken by some other even more pernicious stimulants, say, for instance, by that dangerous hemp product which is capable of animating with a murderous courage even the cowardly political assassins of India. Almost as bad would it be for the preservation of the King's peace if new whisky were to become the favourite stimulant of the main body of the population. In that case the Captain Superintendent of Police would have a busy time. New whisky is, we know, a maddening poison. Crimes of violence would increase and our quiet midnight streets might come to rival in disgrace the slums of Liverpool or Glasgow. Luckily the Chinese have so far not developed a liking for whisky. On all hands I find confirmation of the statement that they prefer brandy and beer. I understand also that they are taking to stout and port wine. But, even so, I regard the prospect with concern. It is consoling to believe that they will prove less obstreperous in conflicts with the police. But it is grievous to be compelled to consider such a prospect at

all. Indeed, when one reflects upon the colossal nightmare of alcoholism which darkens all our dreams of Western civilization, the fear that the evil may spread Eastward with the growth of commerce and industrialism must give every man pause. Every man who recognises alcoholism as a great evil must pray that it will not increase among the Chinese and will side with me in hoping that you will not get the anticipated six lakhs necessary to balance this Budget, and further that you will be forced to rely less and less upon this source of revenue as time goes on. My objection to your leaning heavily upon it is not based solely on sentiment, though my objection might be none the worse for that. It appears to me to be advisable that the Government should lean for financial support as lightly as possible upon revenue derived from alcohol, for a prudential if remote reason suggested by the interesting fact that when the Opium Farm was first started in this Colony, the Colonial Treasurer, after objecting in vain against it, on the ground that it was improper to get revenue from vice, resigned. The whirligig of Time has revenged him, and inasmuch as it is the avowed object of the best and most consistent writers on the opium question to attack alcoholism when once opium is out of the way, perhaps we should not altogether disregard the warning. It is at least conceivable that a strong sentiment against the use of alcohol may some day sweep England—possibly, at some time of national humiliation, occasioned, perhaps, by a narrow shave from destruction in some great war—when the voice of the doctors and the preacher will be listened to. In such a case, we might receive, some fine day, telegraphic instructions to close all public-houses forthwith, and our present approaching troubles over the readjustment of the burden of taxation would, if by that time we were dependent largely upon the revenue from alcohol, recur. (Applause.)

HON. MR. WEI YUK—Sir, I support the remarks of the hon. Mr. Stewart with regard to the Clock Tower. I think it is a pity to have it removed. It is an old landmark and it ought to be allowed to remain where it is.

HON. DR. HO KAI—Sir, I rise to generally endorse the remarks and views

expressed by my unofficial colleagues. I say generally endorse, because I have no hobbies, and I do not endorse all the remarks of my hon. friend Mr. Murray Stewart, especially his remarks about the closing of the opium divans, and his fears regarding the Chinese in this Colony taking to drink in case of opium being prohibited. Sir, I may remind that hon. gentleman that the opium trade is doomed, and no more argument, however eloquent—(hear, hear)—will make a jot of difference. The mighty nation England has issued the mandate that since China has desired, on account of the many of her people who suffer from opium, that the import of the drug and its growing shall be stopped, it shall be stopped, and now no power in the world will prevent it. (Hear, hear.) Sir, is it logical to suppose that if you wish to wean someone of a particular vice the fear of his falling into another would prevent you from putting forth restraint?

MR. STEWART—No.

HON. DR. HO KAI—Certainly not, and I am very glad my hon. friend says so. Now, so far as the opium trade is concerned it will die out if China will carry out her policy of suppressing its production in her territories and the foreign Powers will assist her in putting a total stop to its importation, and the time will arrive when the country will have got rid of the vice, the people will prosper and progress, and the reformation which at the present time is only being attempted by a few of the leading men of China will become a reality. But if the opium vice is not stopped we may wait for the Greek Kalends before any reformation can be introduced. Sir, as regards the military contribution, I do not wish to discuss the fairness of the Colony contributing a certain amount towards its own defence, but would ask your Excellency whether you will not make known your plan by which incidence of this contribution can better be adjusted. Your Excellency, when speaking in September last year, said "the incidence of this contribution does not, however, fall, as Mr. Chamberlain desired it should, so that in times of increased prosperity the Colony should be able to devote a larger sum to its defence and in times less prosperous it should contribute less." Now, sir, you told us the other day that the Secretary of State had already decided to

appoint a committee to inquire into the incidence of this contribution, and I would suggest that your Excellency should consider whether it would not be wise at the present moment to appoint a few members of Council, official and unofficial, to elaborate the scheme your Excellency had in mind, and to send such information to the Secretary of State so as to assist the committee appointed by him in coming to a fair conclusion on the matter. If we do not do so, the Secretary of State and his committee may arrive at wrong conclusions, and we will be blamed for any mistake or misconception made. As regards subsidiary coinage, I must say that I was much struck by the views expressed by my hon. friend Mr. Osborne. I think the subject well worth the consideration of the Government, and his scheme seems to me, at first sight, at all events, to be quite practical. I would recommend the Government not to wait for any length of time for the reformation of the currency in China, because, from the signs of the times, and notwithstanding what people have said in support of currency reform, I am quite sure that the Chinese Government could not introduce such a reform within a reasonable time. Those who are acquainted with the system of administration of the different provinces in China, and also of the means used for raising local revenue for contribution to the Central Government, and also for local needs, know that coinage affords a large source of revenue to particular provinces, and were it not for this the provincial governments would find great difficulties in making up their contributions to the Peking Authorities. Therefore, it is almost impossible for them in the near future to cast out this source of revenue and adopt a uniform standard throughout China. With regard to the dumping of dead bodies and the carrying out of sanitary measures among the Chinese, I think your Excellency will expect me to say a few words. I thank your Excellency, on behalf of the Chinese community, for your handsome appreciation of the efforts of the leading Chinese in assisting the government in putting down body dumping, and also of the diffusion of knowledge of sanitary matters among the Chinese in general. The success which attended their efforts is largely due to the relaxation of the stringency of sanitary meas-

ures, and I hope that the Government in future will be able to secure the co-operation of the Chinese by timely concessions which are consistent with the carrying out of the sanitary regulations of this Colony. I can assure your Excellency of the co-operation of the leading Chinese, and so long as their advice is listened to, they are not afraid to take up the responsibility of spreading sanitary knowledge in the Colony among their own countrymen. In connection with this I wish to refer also to the district dispensaries. Your Excellency knows that these dispensaries were started voluntarily by leading Chinese, and their existence is justified by the work that they have done, and that they are going to do. I hope the Government will assist them but not control them. The dispensaries are supported entirely by voluntary contributions and should not be subjected to Government control. With regard to land sales, I disagree to some extent with the hon. member immediately on my right. He seemed to think that land sales for a few years would not increase, but I think that, with the return of prosperity in the Hongkong trade and that of China, and with the irksome sanitary regulations removed, resulting in a restoration of confidence among the Chinese people, we shall find the demand for residential areas very great, and in the near future I anticipate they will be disposed of by the Government in increasing number and that Chinese will invest more money in landed property in the Colony. In connection with the Sanitary Department I must express regret that in the retrenchment proposals a capable officer has been pensioned off, but I refrain from saying anything about it, as one of my hon. colleagues is going to ask a question later on. It seems to me a pity that a man of such great experience and one so much respected and trusted by Chinese should be pensioned off the service list of the Colony. (Applause.)

THE COLONIAL TREASURER — Your Excellency, the hon. member opposite in making observations on the abstract of expenditure and in referring to the miscellaneous services argued that in 1908 the actual expenditure was so much in excess of the estimate, and that as the estimate was exceeded again this year there was an actual increase of something like three lakhs. I would refer the hon. member to page 36. Amongst those items is an item for loss on subsidiary

coin, and I may inform him that in 1908 the loss on this was \$164,674 and last year the loss was \$134,000, while the estimated loss was only \$36,000. The loss next year on subsidiary coinage will not be anything like the loss this year, as in your speech when this Bill was brought before the Council, sir, you mentioned that the principle of demonetisation would be no longer carried out, but the principle of selling coin at the market rate, which meant, of course, only a five per cent. loss, whereas if we demonetise the amount varies from 14 to 17 per cent. on its face value.

THE DIRECTOR OF PUBLIC WORKS—I would like to make a few remarks, sir, in reply to the speech of the hon. member opposite who criticised public works. He referred specially to the increase in the estimates for the Law Courts and the Post Office and the increased expenditure on the original estimates of \$400,000 and \$500,000. This ground has been gone over time after time by the Director of Public Works in this Council, and he has shown how the original figures with no plans of these buildings prepared could only be looked upon as approximate. In 1907 the figures that were there are practically those in the Estimates of this year and 1910, so I must conclude that the hon. member thinks he is paying too much for his whistle. I can only say that those buildings work out at about 10d per cubic foot, which is quite cheap, for that class of building at Home would work out at $\frac{1}{2}$ d. or more. In his comparison of these buildings with the one he referred to, and which I was going to say was not in the same street, I might mention that that building is only a brick structure, with granite on the ground floor only, although I admit that it is of good design and a credit to the Colony. The question of delay was also dealt with three years ago. It was pointed out that buildings of this size have taken from seven to nine years to build in this Colony, such as St. George's Building and the Hotel Mansions. It was stated that the Law Court and Post Office would be completed at the end of three years, and I have no reason to doubt that they will be ready for occupation by the end of 1910.

THE COLONIAL SECRETARY — The question of the removal of the Clock has been under discussion, and perhaps it will be useful if I very briefly review the history of the question. Of course, it is obvious that the Tower originally stood on the water front. In 1901 the Praya reclamation being completed and a large pier projected from it, Sir Henry Blake recommended that the new tower should be erected at the base of Blake Pier. That was approved, but the project was abandoned owing to financial reasons. In 1904 a then unofficial member of this Council, Mr. R. Shewan, in criticising the Estimates, asked the Director of Public Works when he was going to remove the Clock Tower. In the following year another unofficial member, Mr. Gershom Stewart, spoke as follows: "If your Excellency would further take the Clock Tower by the hand and lead it down towards the water front and endow it with a large clean new face so that it could pass the time of day to every ship in the harbour, a busy street would be relieved of a long-standing congestion and a considerable improvement would be effected." Your predecessor, sir, recommended to the Secretary of State that a tower should be added to the Post Office, and a clock erected in that tower in order, of course, that the clock might serve a really useful purpose and be seen from the harbour, but stated at the same time that opinion on the subject of the removal of the old tower was divided, and that he proposed to leave it where it stood for the present. He added that if in a few years there was further objection on the score of obstruction due to increased traffic in Queen's Road, its removal would again be considered. He expressed the personal opinion that with the transfer of the Post Office and Supreme Court to this new location, the traffic of Queen's Road would rather diminish than increase. At the beginning of this year when arrangements had to be made for adding a clock tower to the Post Office the question of the removal of the old tower again came up. By your Excellency's direction I put in the newspapers, after, I may mention, the removal had been approved by the Executive Council, a short paragraph to the effect that it was intended to demolish the old Clock Tower. The object was to give the public notice of what was going to happen, as the question had been in abeyance for some time, and to give those who favoured the retention of the Clock Tower an opportunity of expressing their

views again on the subject. You have at present, sir, under consideration whether in the present state of the finances it would be worth while erecting a costly tower at the Post Office. Till that question is decided, the question of the removal of the existing tower does not press. At the same time, as the Government is at present advised, it considers that the Clock Tower is an obstruction, and cannot bind itself to make any promise as to the indefinite retention of the old tower on its present site.

HIS EXCELLENCY—Gentlemen,—I will endeavour as briefly as I can to answer the various points made in the speeches of the unofficial members. The hon. member who spoke first opened with several questions regarding the revenue derived from opium, and the hon. member at the end of the table (Hon. Mr. M. Stewart) enquired whether I had communicated with the Secretary of State, if so whether I had received a reply as to the actual amount of the substantial part of the direct loss on opium which the Home Government had promised to bear. He also referred to the Government statement that there was difficulty in proceeding with the Estimates until such time as we should know what that sum would be, and he commented on the fact that the Estimates had nevertheless been produced, though we had not received the information.

The facts are briefly as follows: As soon as I knew the amount of the opium tender I telegraphed to the Secretary of State, and have not yet had a reply from him. The Estimates in the meantime had to be proceeded with, and you will recollect that in speaking on the subject of the new Liquor duties I told the Council that the original resolution to increase licence fees would not have produced sufficient revenue to meet our deficit. The Government withdrew that resolution and at the instance of unofficial members duties on liquor were substituted, with the result that we now expect to have sufficient revenue to make good the deficit of last year and also the loss on opium.

The hon. member said that the out-standing and salient feature of the Bud-

get this year was that it is founded on a guess. That is so, for we had no previous experience to go upon to enable us to forecast with any precision the amount likely to be derived from the liquor duty. We can, however, form some rough estimate, from the amount realised by the more or less parallel liquor duties in Singapore, and we have been guided to some extent by the Singapore revenue in the amount we have put down in our Estimates for next year. The hon. member also reminded me that I had said that I hoped in 1911 we should be able to meet our increased liabilities on account of the railway by a larger return from, *inter alia*, the liquor duties. That increase will, I anticipate, accrue largely from better collection, since during the coming year we shall have organised a system which is at present new to this Colony. I hope, therefore, that our returns will continue to improve and our expenses to decrease as we gradually learn the system best fitted to the circumstances.

I will not deny that I do anticipate—as I said in the memorandum on the subject of opium, which was laid before the Council—that it is not improbable that forcible restriction of opium may tend to encourage the use of alcoholic drinks among the Chinese here. I heard with great pleasure what was said by the senior unofficial member (Hon. Dr. Ho Kai), who hopefully believes and trusts that his countrymen will not yield to this temptation. I speak, however, as one who is guided by a study — however incomplete — of the teachings of history. We know that in all nations and in all epochs the use of some stimulant is and has been universal. We know that when that stimulant has been withdrawn some substitute is inevitable.

The hon. member at the end of the table (Hon. Mr. Stewart) said that he hoped (and I echo his hope) that the Chinese would not seek a new stimulant to replace opium. He is a student of history, and I would remind him of the description given by Smollett of the state of the English in the early part of the 17th century, if I remember aright. He presents a picture of the extreme degradation which the lower classes in England had fallen into at that time by the use of what was called "Geneva," a kind of gin imported in vast quantities into West Africa. It was consumed in very low-class houses such as "opium dens" are supposed to be in England. No substantial

decrease of this vice was effected by any of the methods instituted to control it until a wholesome class of beer replaced this deleterious gin. Thus the evil was got under control by the substitution of one form of stimulant for another. I may say, therefore, that I personally welcomed the introduction of these liquor duties, not only as a legitimate form of revenue, but as possibly providing a means of checking an evil which I feared might otherwise arise in this Colony. (Applause.)

In this connection it may be interesting to the Council if I quote figures which I looked up this morning as to the comparative incidence of liquor duties in Hongkong and the United Kingdom. I find that the duties which we propose to collect stand at nine per cent. of the ordinary revenue and 8.7 per cent. of the total revenue of the Colony, whereas in the United Kingdom the revenue derived from liquor duties is 28 per cent. of the whole revenue derived from taxes and 23 per cent. of the total revenue. The figures are: Revenue derived from taxes, £125½ million; total Revenue, 151½ million; Revenue derived from liquor, 35 million.

I am at a loss to understand to what the hon. member who represents the Chamber of Commerce (Hon. Mr. Hewett) was alluding when he said that I had inferred that the imposition of liquor duties would decrease the Imperial grant in respect of the loss on opium. I am not aware of having made any such suggestion in my speech when I introduced the Budget.

The next point raised by the hon. member was the allusion I made to a possible increase of fines and forfeitures. The anticipated increase is based on the actual receipts for last year and not on any possible further increase due to liquor duties. I need not deal with the complaints that the estimates framed by the Public Works Department are sometimes insufficient to meet actual expenditure, since the Hon. Director of Public Works has already replied to this criticism. I think that that is a condition of things with which the government of every Colony is more or less familiar. Certainly it has been my own experience. You must remember that after the original Estimates are presented to and receive the

sanction of this Council there is still a further process to be undergone. If a work is of considerable magnitude the estimate is submitted to consulting engineers, and it not infrequently happens that they suggest alterations of importance to the stability and success of the work. Such alterations are generally responsible for the greater part of the increase. This was the case with the Law Courts. I am unable to give the positive assurance asked for that the Law Courts and Post Office will be completed early in 1911. I can only hope that the Director of Public Works' forecast will be fulfilled.

In regard to the increase alluded to in the railway, I have already explained that the original estimate of \$8,000,000 by the Chief Engineer did not include several considerable items (as was shown on the face of the estimate), and these have since been added, and have increased the total. I am unable as yet to give you definite information regarding the Postal Agencies. I have received a number of replies from the various Treaty ports, and some agree to pay the amount for which they have been asked, while others do not. In reply to the questions concerning the Observatory: I have been in communication with His Majesty's Minister in Peking on the subject of the installation of a wireless telegraphy station on the Pratas Island, and I may say I have considerable hope that the representations I have made will produce the result we desire. The institution of a wireless station on this Island also is now under consideration.

Referring to the military contribution, I was very glad to hear what has been said by the various unofficial members, for I gather that there is a unanimous feeling that the contribution is not excessive, though they consider, as I do, that the method by which it is levied is unsatisfactory. I said, when speaking last year, that I had given considerable study to this subject, and that it occurred to me that the incidence would better achieve the object in view when it was instituted if it formed a portion of the margin or difference between ordinary expenditure and ordinary revenue. I said (as the senior unofficial member has reminded us) that I had not at that date quite decided whether or not to submit my views to the Secretary of State. I desired information, in order, as I considered

to make my argument complete, as to the amount paid for military defence in various other Crown Colonies of the Empire. I addressed a number of letters to those Colonies, which have been, for the most part, very long in replying. When, however, I received news that the Secretary of State was about to take up the question and appoint a commission, I again went into the subject, and I have been occupied with it for the last few days. I intend, probably by next mail, to submit my suggestions for consideration by the commission which the Secretary of State is appointing should he see fit to do so. I do not, however, think it would be any practical use to appoint a local committee to report on the question, because the report would in all probability arrive too late.

I hardly needed the assurance, which the hon. member for the Chamber of Commerce (Hon. Mr. Hewett), gave me, that the subsidiary coinage question is a difficult one. On that point at least we are all agreed, and although we differ as to the methods by which a solution may be found, we are equally, I think, agreed on the radical principles laid down by my hon. friend Mr. Osborne, such as the absolute necessity of having a coinage which circulates at par, and so on. Whether the fact that the ten-cent piece has not the same purchasing power that it had some time ago is due to what we call "the coinage question," or whether it does not to a large extent depend on many economic causes as well is a matter of opinion. Whether redemption at par, if possible, would be a complete solution, and would drive out Chinese coinage from this Colony, is also a matter on which probably all are not agreed.

But the most important part of the hon. member's speech referred to what he called a new scheme, viz., the creation of a new subsidiary coinage. That suggestion I made myself and discussed three years ago in England before I came to this Colony, and two or three days ago I had an extremely interesting conversation on this very suggestion with the hon. member at the end of the table (Hon. Mr. Stewart). I am in the same position as my hon. friend; for I, too, would prefer to withhold a final judgment until we have given this matter further

consideration. The objection which has been raised to the proposal is that it is an immoral one; that it is tantamount to repudiation. The argument on the other hand is that the coins were taken from this Colony by China, for her own purposes, and without our initiation, and that they have been used by her for her own purposes and depreciated by use, and that we are not therefore responsible for redemption. It is a very debateable point. Even if a new coinage were introduced, which circulated at par, there is still the doubt as to whether it would wholly drive out subsidiary Chinese coinage, for depreciated currency is apt to compete successfully with a better. However, this is not an occasion on which to go into this subject in elaborate detail. The proposals which have been made by the hon. member shall have the most careful consideration of the Government, and I have no doubt that we shall receive information from outside as to how they are regarded by the community.

The hon. member on my left (Hon. Mr. Gresson) raised a point regarding the amount of the vote under the head Miscellaneous Services. Hon. members are aware that the sums provided in the Estimates — more especially the "Personal Emoluments" — are never fully spent, for vacancies in appointments, absences of officials on leave on half-pay, and similar causes give rise to a credit balance. This credit balance is available to meet unforeseen expenditure sanctioned under "Financial Minutes" presented to Council at almost every meeting. The expenditure so provided for, if it does not belong to any special vote on the Estimates, is usually included under the Miscellaneous vote. In my opinion that is an improper procedure unless the amounts are small. Items of importance should be entered as new heads in the statement of accounts at the end of the financial year. It is in order to carry out this principle that the vote next year is reduced from \$20,000 to \$5,000, and, as I explained in my speech, it is not a question of retrenchment. It is simply a question as to how items of unforeseen expenditure shall be shown at the end of the year. I hope I have made myself clear. The fact of an excess shown under this vote in past years did not mean that the total Budget for those years was exceeded. We have always a large margin accruing chiefly from the personal emolument excess.

The question of beacons at the Douglas and Bunansiah rocks and the alternative suggestion of a beacon at Maiwan in the Capsuimun Pass will receive fullest consideration before any decision is taken on the subject. I did not mean to infer when I referred to the probable expenditure on beacons that any definite decision on this point had been taken.

I heard with very great interest the remarks of the hon. member on the right at the end of the table (Hon. Mr. Stewart) with reference to the local newspapers, and to what he said there is nothing for me to add. The Government welcomes intelligent and well-meant criticism. (Applause.) We do not desire that it should be absent, but we do desire that the criticism should as far as possible be based on accurate information, and since I have been in this Colony I have extended to all members of the Press an invitation to ascertain the facts of a case before they dealt with it when they desired to do so. If they have not availed themselves of that opportunity and have in consequence published statements which were inaccurate, the fault does not lie with the Government. I entirely concur with what was said by the hon. member that the constant villification or, at any rate, depreciation of the Government of the Colony, is not conducive to the dignity of the Colony in the eyes of those who read our papers which circulate through China and the neighbouring Colonies. (Applause.) I regretted very much in this connection to see a day or two ago that the judge of His Majesty's High Court at Shanghai had to give it as his opinion that if some remarks made by Hongkong papers concerning a recent trial had been made within the jurisdiction of his Court, they would have called for his serious notice.

The hon. member on my left (Hon. Mr. Gresson) raised a point with regard to the expenditure on the railway, of which I regret to say I was unable to distinctly catch the drift, and my hon. friend on my left was unable to inform me. If it is a matter, sir, on which you desire me to afford you any information, I shall be glad to do so if you will be so good as to repeat what you said.

HON. MR. GRESSON—What I wanted to state was that it appeared to me that if the interest on the money borrowed to build the railway went to the capital account of the railway it was quite correct. Similarly this land resumption which is to be used for railway purposes should be so treated.

HIS EXCELLENCY — It was not the question of the land resumption which I heard and am about to reply to, but a prior question having regard to seven lakhs of dollars.

HON. MR. GRESSON—No, sir, I referred to \$374,000. In a nutshell my contention is that the railway station site should go to the capital account of the railway—(hear, hear)—and not be paid for, as is apparently intended, out of revenue. If you do not debit the cost of your railway station to the total cost of the railway, you will arrive in time at an inaccurate cost of the railway.

HIS EXCELLENCY — I had already apprehended the point regarding the land resumption, but I thought there was something the hon. member said just preceding these remarks. However, as regards the land resumption the facts are these. Land was resumed for the terminal station of the railway at Kowloon and the entire cost is debited to the railway. The Government, however, has considered it advisable to buy a neighbouring piece of land which in a few years may be necessary for extension. The land which the Government has acquired, and for which this sum of \$374,000 is shown in the Estimates, is not at present required for the railway and it becomes Crown land like any other adjoining piece of Crown land near the railway. If the railway had been constructed by a private company, they would have had to pay for all the Crown land which has been transferred without charge to this railway. Moreover, as the railway will become a Government department it would be improper for it to hold lands (and receive rents for them) which are not in actual occupation by the railway. If and when the railway requires this land it will be transferred to the railway accounts and shown as part of the construction account. This procedure is, I think, common on all railways. I think hon. members will agree with me that to debit the railway with a piece of land which it is not

about to use and may not use for a considerable number of years would be incorrect. The matter was referred to the Secretary of State, and he entirely agreed with the view I took. (Applause.)

The Bill was then read a second time, and referred to the Finance Committee.

Liquors Ordinance Amendment.

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled An Ordinance to amend the Liquors Ordinance, 1909. In doing so he said—In this Bill, sir, I propose to effect two urgent amendments in the Ordinance recently passed. Cases have been brought to the notice of the Government where contracts for the sale of intoxicating liquor were entered into before the 17th September, 1909, the date of the passing of the Ordinance. Necessarily these contracts contained no reference to payments of customs duties. Clause 3a of the amending Bill requires that a purchaser shall pay duty for the liquor and any additional charges for landing, storage, etc., and if any of such additional charges are paid by the seller in the first instance that amount so paid may be added to the contract price and be recovered by the seller from the purchaser as if it formed part of the contract price. As a matter of fact the Council has before it a new clause which has been substituted for 3a in the Bill as originally drafted. The amended clause, I think, is a more practical way of effecting the object in view. The other clause 3b makes provision in case of contracts for sale of liquors duty paid. The substituted section has been adapted from the Imperial Acts of 1901 and 1902, which are later than the Customs Consolidation Act of 1876. It is proposed by clause 3 of the Bill to repeal section 9 of the principal Ordinance. I understand it was never contemplated to interfere with the private importer of liquor, and from section 9 it seems it will be necessary for him to hold a licence before obtaining a removal permit. The section was, I understand, intended to impose an additional check on the unlawful sale of liquor by unlicensed persons. But the section has been found to be an undue interference with the through trade of the port and the Government proposes to repeal it and to introduce legislation to prevent breaches of

the licensing Ordinance by unlicensed importers, *e.g.*, importers on commission. A further clause will be submitted to the Council to allow rebates or import allowances in respect of duty paid by the Navy and Army. When Council goes into Committee and comes to that clause I shall be prepared to explain.

THE COLONIAL SECRETARY seconded.

HON. MR. HEWETT—I am very glad of the explanation given by the hon. Attorney-General with regard to clause 3 of the Bill now before the Council, in which it is proposed to repeal section 9 of the original Ordinance. No explanation was given in the objects and reasons of the Bill, but it has now been put before Council and has removed a certain amount of misunderstanding. I may say that I have been approached by some people engaged in the trade of the Colony, and what they feared was that the total abolition of the import duty would prove ruinous to their trade. It would enable importers, say, one man acting for three or four, or for messes, to import liquor cheaper than the merchant. This question has received the consideration of those likely to be effected, and it seems to me that some such a scheme as this might be adopted: That a man who imports a limited amount of liquor, say, up to half a dozen cases, should be allowed to import free. Over that amount five or ten per cent. could be added to the amount of import duty paid by him until the sum of \$100 was reached. For \$100 a fee is provided in the original Ordinance. There is only one other point to which I would like to refer; that is, there is a typed addition to the Bill which I have only seen for the first time since I came into this room. It provides for a refund being made to the military and naval authorities in respect of liquors imported and consumed in naval and military messes and canteens. I would suggest that it would be more equitable and would save an enormous amount of trouble to the Government and those concerned if all military and naval canteens were allowed to import their liquor duty free out of bond. I am right in saying that no liquor in such circumstances could be imported into the Colony and used except under the supervision of some responsible commissioned officer. It appears to me both in the interests of the Colony and the canteens themselves that that would be the simplest and

most equitable method of working.

HIS EXCELLENCY—The hon. member will have a full opportunity of discussing the repeal of section 9 of the principal Ordinance in Committee. So far as I am aware, it is an unprecedented thing, that when a duty is put upon liquor of any sort, and a private person wishes to import that liquor, he should be told that he is first compelled to take out a licence. I cannot perceive the equity of such a law, which is not necessary for the collection of duties. We have imposed a duty on liquor; is it equitable in addition to impose a licence fee on liquor which is not for sale? In my own opinion it is not, but we shall have an opportunity of discussing the point in Committee.

As regards the new clause which it is suggested to bring forward in Committee on the subject of import allowance, I may say that the main object of adopting this method [which was suggested by the Acting Officer Commanding the Troops and which we were told by him was done in several other Colonies] was in order to check drinking by persons other than soldiers and sailors in canteens and messes. (Hear, hear.) We were told by Colonel Darling that spirits were not sold in canteens, and if my recollection serves me aright he told us it was not a common custom to take friends into a canteen, but although this may have been the case when liquor was exactly the same price as in the public-house it does not follow that it would be so if liquor were cheaper in the canteens. The friends of soldiers under that system would be able to get their drink much cheaper in the canteen than in the public-house, and similarly wines and spirits could be obtained cheaper from the officers' messes. It seems to me that the simplest way of avoiding any difficulties of that sort is to make an import allowance and to fix it year by year by resolution of this Council. The matter is one of great importance, and as it effects so large a sum of money this clause should be included in the Ordinance and the amount of the exemption should not be decided by the Governor-in-Council, but by the Legislative Council. That is why

this amendment has been brought forward instead of leaving the matter to be decided by regulations made by the Governor-in-Council.

With regard to the general question of exemption of troops: I stated myself when the question was raised in this Council that I was in favour of some considerable concession. Colonel Darling told us that a concession was universally made throughout all the Colonies. But the sum total of the troops employed throughout the Colonies of the Empire is a mere fraction of the number employed in India. I have served many years in India myself and, though I am open to correction, I am unaware of any rebate given to troops there. Therefore, I think the concession which is being made in this Colony is a generous though a proper one. I maintain, however, that it should lie at the discretion of this Council from year to year to decide to what extent the rebate should be allowed, and personally I am strongly of opinion that a system of an import allowance is preferable to the duty free system. (Applause.) Another point is that small publicans very greatly resent the freedom from duty of canteens, and under sub-section 4 you will see that a stipulation is put in that the allowance should not be given to a canteen itself in order to reduce the cost of liquor, but should be made a personal allowance to the individual. The object is that the canteen may continue to sell at the same rate as the publican, and therefore it would not be an attraction to civilians to go to a canteen in preference to a public-house.

HON. MR. STEWART—I would like to say that it was only on the distinct understanding that that particular rebate propounded by Colonel Darling was to be the method employed that I for one voted for a remission of duty.

HON. MR. GRESSON—I think it possible that the Government is under some misapprehension as to what Colonel Darling said as to this rebate. I have been told that he referred to South Africa, and that the method adopted in South Africa did not only apply to liquor but to everything consumed by army people. Here, where there is only a duty on liquor to contend with, I see no reason for entering into such a cumbersome way of giving a rebate to the Garrison. Let us give it and be done with it. If the information passed

on the me is correct, it would be ridiculous to institute this cumbrous system.

H. E. THE OFFICER COMMANDING—I quite agree with what the last speaker said. Colonel Darling was under some misapprehension about the duties. In South Africa a duty was paid on all articles consumed, as was the case in the West Indies. In these two places a lump sum was given as rebate. The only Colony on exactly the same footing as this is Singapore, where there is duty on liquor only, and there a rebate is given in the form of allowing the troops to import their liquor free.

HON. MR. HEWETT—Do they get full rebate?

HIS EXCELLENCY THE OFFICER COMMANDING—Yes.

HON. MR. STEWART—May I remark that a very good reason—

HIS EXCELLENCY—The hon. member is not in order in speaking. We had better continue the debate on this clause in Committee.

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

On clause 2,

HON. MR. HEWETT said a man might possibly import liquor for himself and his friends or for two or three big messes and might save his \$100. Consequently he (the speaker) had been asked to put forward this view by some of the people engaged in the trade.

HIS EXCELLENCY—The question as to whether liquor is for sale is a question of fact which would in case of necessity be decided by a court of law.

HON. MR. HEWETT—Supposing for the sake of argument I like to import for my own use or for the use of two or three of my friends, would I come under the penalty clause?

HIS EXCELLENCY—Not if you and your friends shared at cost price, but if you sold to them at any profit you would be selling liquor without a licence.

HON. MR. OSBORNE—The law is not for driving business into the hands of the wine merchant. If half a dozen people like to combine and import it is not different to a man importing himself. I think the law does not want to operate to the detriment of traders.

HIS EXCELLENCY—The law does not interfere in either direction. It imposes certain duties on liquor and certain licence fees on those who sell liquor.

HON. MR. HEWETT—I do not press the point. I merely thought it desirable in view of the representations made to me to place the matter before the Council. As the consensus of opinion is against it let it go.

THE COLONIAL SECRETARY—People in England can import their own wine from France direct.

HIS EXCELLENCY — This clause was originally inserted to meet the case of commission agents, but as he has explained the learned Attorney-General proposes to meet that by an amendment of the Liquor Licencing Ordinance.

HON. MR. HEWETT — That covers the objection

HIS EXCELLENCY—The Government has already had a number of letters from people in the trade to which they have given careful consideration.

On clause 3,

HON. MR. GRESSON appealed to the common-sense of the Council not to pass this clause, as it was unnecessary and cumbersome machinery.

HON. MR. STEWART — I was about to suggest a reason which occurred to me. I think an import allowance is a desirable thing for the reason that it is a great encouragement to saving. If a man gets a lump sum at the end of six months for difference in price of liquor for which he would have paid if he had had to pay duty he would think twice of spending that. That is an encouragement to thrift, I think, and one of the reasons which weighed with me in deciding me to throw in my vote to make this allowance.

HON. MR. HEWETT—I take it that whatever the import allowance is it ought to be made according to the allowance of individuals. But it does not seem to me if you give a cash rebate that it should encourage outsiders to go and get cheap drinks in canteens. I think as far as this is concerned that we can certainly trust the naval and military officers to keep a close supervision over canteens to see that this privilege is not being abused. What the hon. member said is perfectly correct. Colonel Darling told me, but not in Council, that this import allowance was made use of to cover very excessive duties not only on liquor, but everything else imported into the country. I think it would be better to allow the naval and military people to get liquor out of bond less the remission you propose to allow them. As far as I can make out the only objection for not giving a cash rebate is the fear of a certain number of civilians getting cheap drinks at the canteens.

HIS EXCELLENCY THE OFFICER COMMANDING — Outsiders cannot buy drink in canteens.

HON. MR. GRESSON.—I understand that in canteens practically nothing but beer is drunk. Even supposing a dozen casks or so are sold what will be the duty? Nothing. If people would only exercise common-sense they would see the Government is proposing to bring in a thing which would be run at a loss.

HON. MR. HEWETT—It must add to the cost of the service.

HIS EXCELLENCY—Not in the least. The apportionment of the allowance entirely devolves upon the military authorities. Once a year the General Officer Commanding and myself will make a calculation and I shall propose a certain rebate for the coming year, and that will be put before the Council in the way of a resolution. The object, as I have already explained, that I had in view is to prevent what I thought would be a constant source of friction, because those who pay licence fees would complain that the canteens would undersell them. The calculation need not necessarily be based on the amount actually consumed in the preceding year, it might perhaps be made

on the amount which ought not to have been exceeded, looking to the average strength of the Garrison.

A division was then taken on the general principle as to whether the rebate should be in the form of an import allowance or a reduction of duty. Nine members supported the principle of import allowance, four voted for reduction in whole or part of duty.

An amendment, on the motion of the General Officer Commanding, was then put to delete the following words from sub-section 4: "but no part of such allowance shall be used or applied for the purpose of reducing profits on expenses in canteens."

The amendment was lost by seven votes to six.

On clause 5,

HON. DR. HO KAI — We have just considered the question of an import allowance to the naval and military authorities, and I think we should also allow the liquors imported for Government House to be free, especially as a great quantity is used for entertainment purposes and to keep up the hospitality of Government House. The wording is from the Singapore Ordinance, and I move that this clause be amended so as to include Government House.

HIS EXCELLENCY asked official members not to vote on this proposal.

HON. DR. HO KAI said the amendment was unanimously agreed to by his unofficial colleagues.

THE HON. ATTORNEY-GENERAL said the object could be better given effect to by the addition of a new clause to add the words "or for use at Government House" to sec. 56 of the principal Ordinance.

This was agreed to without a division.

Council then resumed.

THE ATTORNEY-GENERAL moved the suspension of the Standing Orders and the third reading of the Bill, remarking that the matter was one of urgency.

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

Harbour Refuge Bill.

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled An Ordinance to authorize the Construction and Maintenance of a Harbour of Refuge upon and over certain portions of the Sea Bed and Foreshore situated upon the Harbour frontage at Taikoktsui, Mongkoktsui, and Yaumati, Kowloon, in this Colony. In doing so he said— It is unnecessary to detain the Council by making any observations in introducing the second reading of this Bill because the title explains itself. I understand the Bill meets with the general approval of the community and it is decided to give the Government power to carry out the necessary works and to perform the necessary acts of reclamations.

THE COLONIAL SECRETARY seconded, and the Bill was read a second time. Council then went into Committee to consider the Bill clause by clause. The Bill was left in Committee.

HIS EXCELLENCY — Council will now adjourn until next Thursday.

FINANCE COMMITTEE.

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

The Governor recommended the Council to vote a sum of one hundred and sixty-five dollars (\$165) in aid of the vote, Botanical and Forestry Department, other charges, typewriter.

Audit Vote.

The Governor recommended the Council to vote a sum of two hundred and fifty dollars (\$250) in aid of the vote, Audit Department, Personal Emoluments, Temporary European Clerk.

The Treasury.

The Governor recommended the Council to vote a sum of one hundred dollars (100) in aid of the vote. Treasury, Treasurer's Office, Personal Emoluments, Northern District, New Territories, Allowance to one additional Police Sergeant as Supervisor of Revenue Collection.

Police and Prison Department.

The Governor recommended the Council to vote a sum of five thousand seven hundred dollars (5,700) in aid of the vote, Police and Prison Departments, A. — Police, Other Charges, for the following items:—

Burial of Destitute Dead	\$ 200
Light	1,500
Passages and Bonuses in lieu of Passages	4,000
Total	\$5,700

The Governor recommended the Council to vote a sum of One thousand one hundred dollars (\$1,100) in aid of the vote, Police and Prison Departments, C. — Prison, Other Charges, Subsistence of Prisoners.

The Estimates.

The Appropriation Bill came up for consideration in Committee.

HON. MR. HEWETT—On the Hongkong Estimates, sir, at page 92, pensions, there is an estimated amount of \$8,184.76 to cover pensions to be granted. Have you any objection to my asking to whom these pensions are to be granted? Presumably it is a very careful estimate, for they are given down to odd cents.

THE CHAIRMAN—I don't know the actual officers. Of course the calculations are made when a man is reaching a pension-able age and is likely to go on pension.

HON. MR. HEWETT—I don't press the question.

HON. MR. GRESSON—Under the head of Police you will notice that in nearly every paragraph there is a temporary ration allowance which appears through 1909 and again in 1910. How does that come in under temporary?

THE CHAIRMAN — It was originally granted while the price of food was at a certain price. I am sorry to say the price of food has not gone down and the allowance is still temporary.

HON. MR. STEWART—Do you anticipate that it will?

THE CHAIRMAN—It might. The millenium might occur.

HON. MR. STEWART—The only thing is that the word temporary is inapplicable. You should make it "extra allowance."

THE CHAIRMAN—We will make a note of what you say and consider it next time.