

22nd February, 1950.

---

**PRESENT: —**

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING IN CHIEF (LIEUTENANT-GENERAL SIR E. C. R. MANSERGH, K.B.E., C.B., M.C.).

THE COLONIAL SECRETARY (HON. R. R. TODD, *Acting*).

THE ATTORNEY GENERAL (HON. G. E. STRICKLAND, *Acting*).

THE SECRETARY FOR CHINESE AFFAIRS (HON. B. C. K. HAWKINS, O.B.E., *Acting*).

THE FINANCIAL SECRETARY (HON. C. G. S. FOLLOWS, C.M.G.).

DR. HON. I. NEWTON (Director of Medical Services).

DR. HON. J. P. FEHILY, O.B.E. (Chairman, Urban Council).

HON. E. A. BOYCE (Director of Public Works).

HON. CHAU TSUN NIN, C.B.E.

HON. SIR MAN KAM LO, KT., C.B.E.

DR. HON. CHAU SIK NIN.

HON. LEO D'ALMADA E CASTRO, K.C.

HON. M. M. WATSON.

HON. P. S. CASSIDY.

HON. C. E. M. TERRY.

MR. G. C. HAMILTON (Clerk of Councils).

---

**MINUTES.**

The Minutes of the meeting of the Council held on 8th February, 1950, were confirmed.

**OATHS.**

The Hon. G. E. Strickland took the Oath of Allegiance and assumed his seat as a Member of the Council.

**PAPERS.**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid upon the table the following papers: —

The Quarantine & Prevention of Disease Ord., 1936, —Order declaring Keelung (Taiwan) infected on account of smallpox. (G.N. No. A. 26 of 1950).

Removal of quarantine restrictions imposed against Calcutta on account of plague. (G.N. No. A. 27 of 1950).

The Air Armament Practice Ord., 1949, —Amendment to the First Schedule. (G.N. No. A. 28 of 1950).

The Reserved Commodities (Re-export) Order, 1950. (G.N. No. A. 29 of 1950).

The Price Control Order, 1946, —Amendments to the Schedule. (G.N. No. A. 30 of 1950).

The Price Control Order, 1946, —Amendments to the Schedule. (G.N. No. A. 31 of 1950).

The Dogs & Cats Ord., 1950, —Approved Observation Kennels. (G.N. No. A. 32 of 1950).

The Dogs & Cats Ord., 1950, —Persons authorized to inoculate in the N. T. (G.N. No. A. 33 of 1950).

Report of the Hong Kong British Industries Fair Committee 1949.

**MOTIONS.**

THE FINANCIAL SECRETARY moved the following Resolution: —

Resolved that the abandonment of claims and the write-off of losses and deficiencies as specified and explained in the accompanying Schedules Nos. 1 to 4, be approved.

He said: Sir, up to the end of the financial year 1947/48, it was necessary for write-offs and abandonments of claims over a certain figure to be submitted to the Secretary of State for approval. When the Colony was released from Treasury control, which had been imposed for two years after the re-occupation, authority for the approval of write-offs became vested in the Legislative Council. All cases of write-offs or abandonments of claims are submitted to Finance Committee for approval, but they authorized the Financial Secretary to deal with such cases where the amount involved does not exceed \$200, provided that no question of principle is involved.

Four schedules of write-offs and abandonments of claims are now submitted for your approval. Those contained in the first two schedules have all received the approval of Finance Committee and those contained in schedules Nos. 3 and 4 have been approved by the Financial Secretary under the authority delegated to him by Finance Committee. This is the first occasion on which such schedules have been presented to this Honourable Council under the new procedure, and it is now necessary formally to approve the action taken.

THE COLONIAL SECRETARY seconded, and the motion was carried.

THE FINANCIAL SECRETARY moved the following Resolution: —

Resolved, pursuant to section 4 of the Hong Kong (Rehabilitation) Loan Ordinance, 1947, as follows—

That this Council approves that a transfer of money between items of the Schedule to the aforesaid Ordinance be made in manner hereinafter specified—

\$3,615,000 from item 10 to item 3;

\$350,000 from item 10 to item 4;

\$1,035,000 from item 10 to item 11;

\$ 365,000 from item 9 to item 11.

He said: Sir, under section 4 of the Hong Kong (Rehabilitation) Loan Ordinance, 1947, it is necessary for a transfer from one item of the loan Schedule to another to be approved by Resolution of Legislative Council.

As Honourable Members are aware, a schedule setting out details of the proposed expenditure of Loan Funds is attached to the annual Estimates of the Colony, and any variation between items which have become necessary are reflected therein. In the course of the annual Budget debate, this Honourable Council, by resolution, adopts the estimates of Revenue and Expenditure, and it has been considered hitherto that this resolution also covers variations in the Loan Schedule which is attached to the annual Estimates.

It has been suggested, however, that as the resolution only refers specifically to the estimates of Revenue and Expenditure, it does not, strictly speaking, cover the Loan Schedule, so in order to remove any possible doubt that the variations between items contained in the Loan Schedule attached to the 1949/50 Estimates have received the sanction required by law, the specific resolution now before you has been introduced. It is proposed to place the matter beyond doubt in future by so wording the resolution approving the Estimates as to cover the Schedule of Loan Expenditure.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

### **LEGAL OFFICERS BILL, 1950.**

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to consolidate and amend the law relating to the right of officers of the legal departments of Government to practise as barristers and solicitors for certain purposes and to recover fees and costs in respect of work done and generally to regulate the status rights privileges and duties of such officers."

He said: Sir, I would like to say a few words in amplification of the Objects and Reasons. This Bill, Sir, is a logical corollary of the re-organization of the legal departments of Government which has been quietly proceeding in the last few years.

Prior to the Pacific War there was in addition to the Attorney General's Department a Crown Solicitor's Department and a Land Office. In addition there were a number of legal functions which were discharged either by the Registrar of the Supreme Court or by a Crown Counsel or Assistant Crown Solicitor appointed specially for the purpose. In April of last year the Legislature enacted the Registrar General's Establishment Ordinance by virtue of which the Registrar General and his Deputies were authorized to exercise most of these functions. To be more precise the Registrar General was authorized to exercise the powers and duties of the Land Officer, The Registrar of Companies, The Registrar of Trade Marks and Designs, The Registrar of Patents, The Registrar of Marriages, Official Receiver in Bankruptcy and Official Trustee.

These officers, the Registrar General and his Deputies, are brought within the scope of this Bill by being included in the definition of "Legal Officer", a definition which includes also the Attorney General, the Solicitor General, the Crown Solicitor, Crown Counsel and the Legal Draftsman, all of whom now comprise the Legal Department. The Registrar General's Department, apart from the Registrar General himself, is in fact staffed by Assistant Crown Solicitors seconded from the Legal Department.

The point I wish to emphasize, Sir, is that although in practice the substantive appointments of Attorney General and Solicitor General are confined to barristers, any of the officers comprised in the definition of "Legal Officer" might be either a barrister or a solicitor and I wish to emphasize also that in practice it would not be practicable or economic to have in Government that sharp division between the functions of a solicitor and a barrister which you have in private practice. If a matter is being handled by a Legal Officer who happens to be a solicitor it is sensible, if he is also a competent advocate, to permit him to handle that matter in Court. Similarly, Crown Counsel and the Attorney General and Solicitor General may have to do a number of things, such as writing letters and meeting and discussing matters with solicitors who are in private practice which are normally done by solicitors and not by barristers. It is also reasonable that if work of this nature is done fees should be paid in those cases in which the Crown would ask for costs. But the question would at once arise what fees, those of a barrister or those of a solicitor?

Now, Sir, the main object of this Bill is to enable legal officers while in Government service to function both as barristers and solicitors (See clause 3), and to authorize the Chief Justice to prescribe appropriate fees for work done (see clause 11). Clause 4 of the Bill defines the matters in which legal officers may properly act and clause 13 clarifies that, after leaving Government service, a legal officer will revert to his ordinary status of barrister or solicitor as the case may be.

The merger which has been effected between the Attorney General's Department and the Crown Solicitor's Department leads logically to clause 10 which substitutes in legislation a reference to the Attorney General where there is now a reference to the Crown Solicitor and clauses 7 and 8 provide machinery for the manifold functions of the Attorney General being delegated, subject to any contrary instructions of the Governor. I need hardly say that in the event of any such delegation such officers would still be under the general supervision of the Attorney General. I do not, Sir, propose to deal with other clauses of the Bill. They are, in my view, amply explained in the Objects and Reasons.

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

### **OBJECTS AND REASONS.**

The "Objects and Reasons" for the Bill were stated as follows: —

1. It has been found expedient in the interests of recruitment and to make the best and most economical use of personnel to establish a Registrar General's Department, to unite as the

Legal Department the Attorney General's and Crown Solicitor's departments and to abandon within such departments for many purposes the distinction between barristers and solicitors.

2. In practice the substantive appointments of Attorney General and Solicitor General will only be filled by barristers. It is necessary, however, to permit of any appointment as a legal officer (as defined) being filled by a barrister or solicitor according to the suitability of the particular officer for the duties assigned to him and the availability of personnel. In the event of enactment in the Colony of legislation similar to the Crown Proceedings Act in England it will become all the more necessary that legal officers should be authorized to act both as barristers and solicitors in respect of any matter which consistently with their position as Government servants they may be called upon to undertake so as to avoid duplication and facilitate the recovery of costs and fees. Clauses 3, 4 and 11 of the Bill so provide.

3. It is, however, necessary to ensure that so long as there is no fusion of the two branches of the legal profession within the Colony the position of a barrister or solicitor respectively should not be affected in relation to the Legal Practitioners Ordinance, 1948, by his entering Government service as a legal officer. It is also necessary that the rights given to legal officers by the legislation proposed should be limited to the duration of their employment as legal officers and that thereafter they should be subject to that Ordinance. Appropriate provision is made by clause 13 of the Bill.

4. Definition of the rights and privileges of legal officers and of the work which legal officers shall discharge is made by clauses 3 and 4, clause 4 being largely based on section 3 of the Crown Solicitors Ordinance, 1912.

5. As a corollary to the amalgamation of the Attorney General's and Crown Solicitor's departments it is convenient that the functions now by law vested in the Crown Solicitor should be formally vested in the Attorney General leaving it to the latter to delegate either to the Crown Solicitor or to some other legal officer. Clauses 7 and 10 of the Bill so provide.

6. It is usual in other Colonies by law to accord to the Attorney General and his deputy, the Solicitor General, the same rights as are accorded to the Attorney General and Solicitor General in England. This practice has been observed in Hong Kong in the case of the Attorney General without express provision but the appointment of Solicitor General has recently been established in Hong Kong. Express provision (clause 5) has accordingly been made. As the Attorney General's deputy the Solicitor General is authorized by clause 8 to act for the Attorney General subject to the limitations specified in such clause.

7. Under various Ordinances the flat or consent of the Attorney General is necessary for the initiation of a prosecution. Clause 9 is designed to facilitate proof of such flat or consent.

HON. SIR MAN-KAM LO moved—

That this Council deprecates the action taken by Government in seeking repayment of the loans made to Hong Kong residents whilst taking refuge in Macao during the Japanese Occupation of the Colony, and is of the opinion that such loans should be written off.

He said: Your Excellency, in support of the resolution standing in my name, arguments can be advanced along two distinct viewpoints, namely, that of the personal position of the borrowers and that of general policy. I understand my Honourable Friend, Mr. Terry, will address this Council on the former and I propose—as indeed I prefer—to approach this question from the latter.

Sir, I suggest that it is a sound policy for Government to try to finalise and settle all financial questions arising from the enemy occupation of the Colony as soon as possible, so that the residents of Hong Kong can concentrate their attention, their energy, on the present and future without being burdened with any financial problems of the past. In illustrating this policy, Sir, may I remind this Council of its acceptance of the financial settlement as between His Majesty's Government and this Colony in June, 1948 based on certain proposals announced by His Majesty's Government two months earlier.

Now, Sir, this Council did not accept that financial settlement on the merits of the offer of His Majesty's Government but merely as a gesture of the Colony's goodwill towards Great Britain in her then hour of financial stress, and, above all, in order that, as the Unofficial Members of this Council thought, the slate could be wiped clean from the war years and so that at long last we would know, the Colony would know, exactly where it stood.

Sir, I suggest that Government's action in this matter in delaying this question until 1950 conflicts with this policy.

Sir, another policy which I suggest is sound is that Government should do its utmost to promote the unity and common effort of all residents of the Colony and, negatively, should do nothing which might arouse the legitimate grievance, or resentment, or bitterness on the part of any section of the Colony. Now, Sir, I suggest that Government's action in writing the letters of demand, couched in the unfortunate terms in which they were couched and in seeking repayments of these loans after all these years, also conflicts with this policy.

Now, Sir, there is a third policy which I suggest is also a sound policy and is germane to my theme, and that is this: that in relation to debts due to Government, Government should treat all debtors alike without favour and without distinction. I suggest that this is a sound policy because the position of Government as creditor differs entirely from the position of a private person as creditor. In the latter case it is his own money and he can do what he likes with the money. If he likes he can enforce one debt due by one debtor with all the rigour of the law, and with another debt due by another debtor he can forego, waive it, or do anything he likes with it at his mere whim or fancy. Government cannot do that, because Government is a trustee of any money collected for the Colony. I suggest, Sir, that Government's action in this matter also conflicts with this policy.

Indeed, as I understand Government's position, it is that this very differential treatment of debtors is in itself a justification of Government's action. I gather that this is Government's position from the public announcement by Government that it is not intended to force payment from the community, and that every consideration and accommodation will be afforded to those who cannot pay except by instalments. I, Sir, submit that this is entirely unsatisfactory. How on earth is Government going to decide whether a man can or cannot pay, whether he is needy or is not needy, or whether he can pay or cannot pay by instalments? For that matter, Sir, what do you mean by "Government"? Who is "Government" in that case? I cannot possibly conceive that my Honourable Friend, the Financial Secretary, already so very over-burdened with the many financial affairs of the Colony, can possibly find time to go into the individual merits of individual cases, and I should imagine that the number of those cases must be very considerable. I feel that the same remark applies to other high Government Officers, with the result that in such a case "Government" may be nothing more or less than a very junior administrative officer. In any case, Sir, it seems to me that unless some independent body which commands the confidence of the public were set up, charged with the duty of assessing individual capacity to pay, I do not quite see how you can ever satisfy the public that in any settlement arrived at that settlement is based on the merits and the integrity of the case, and not on favouritism, if nothing worse. Apart from that, it seems to me that without some such machinery, I can foresee that in addition to the feelings of bitterness and resentment which are already caused by the fact that you are trying to recover these loans in 1950, in all the circumstances of the case, there will be added that additional further sense of feeling of bitterness and resentment on the part of those who succeeded in paying up when they learn, whether rightly or wrongly, that others in equally fortunate or unfortunate circumstances have not paid up and have not the faintest intention of doing so.

I think, Sir, the truth of the matter is that, judged by the totality of the Colony's expenditure in respect of the war period, the total amount of the loans made to residents of the Colony whilst they were refugees in Macao is relatively a very small amount, a very trivial amount, and I feel that we could very properly regard that money as money well spent and that all these loans might well be written off.

With these remarks, I beg to propose the resolution standing in my name.

HON. C. E. M. TERRY: —Your Excellency, in seconding the resolution now before this Council I first of all wish to express my entire agreement with the remarks made by my Honourable Friend Sir Man-kam Lo in regard to the necessity of encouraging the unity and common effort amongst all members of the community.

I would point out, Sir, that these debts were incurred as a direct result of the Japanese occupation of this Colony. As a result of that occupation, the borrowers lost their homes and, in many cases, all that they possessed, in common, of course, with other citizens of the Colony. It is accepted that these monies were advanced against promises to repay, but I speak, Sir, from personal experience when I say that a hungry man, particularly if he has dependent mouths to feed, will sign anything. I suggest, Sir, that these promises to pay were signed just as much under duress as any other transaction during the occupation period. Many of the borrowers rendered splendid service to this Colony both before the outbreak of hostilities and during their continuance and, I believe, even during their residence in Macao. While I accept the fact that in war time and where necessary under postwar conditions sacrifices can rightly be demanded of the individual, I feel, Sir, that there must be equality of sacrifice and I suggest that it is the duty of Government to ensure that that equality is ensured as far as possible.

During the past few years there has been a great deal of criticism of inequity of treatment as between those members of the Essential Services who were interned during the occupation and those who were theoretically free. In my opinion, that criticism is justified, but I do not wish at this late stage to see anything done which would revive this controversial question. Much has also been made during these past few years of the postwar prosperity of the Colony. It is difficult to avoid the conclusion, Sir, that these belated demands for repayment of moneys advanced during the occupation period is motivated in at least some degree by the accepted fact that the Colony has obviously prospered, but I would remind Honourable Members that that prosperity does not extend to all members of our community. In particular, it does not extend to those of our fellow citizens who have had to re-establish themselves and their livelihood under most adverse circumstances.

It is a fact, Sir, that those who had taken refuge in Macao were expressly forbidden to return to Hong Kong immediately after the Japanese surrender, and by that very fact were debarred from re-establishing themselves in their homes at the time of, or immediately subsequent to, the surrender. Further, Sir, I believe it is expected that approximately some 10% of the total amounts advanced will be recovered and I suggest that to demand repayment from these comparatively few is merely further to perpetuate inequity. The manner in which the first demand was made on the debtors has been the subject of an official explanation in the Press and has already been referred to by my Honourable Friend, so I will refrain from further comment other than to say that in itself it is aggravating an already deplorable situation.

I commend to Honourable Members the viewpoint that this expenditure is rightly chargeable as war expenditure. As such, it should be classed with other expenditure of the war effort and should be written off, and not charged to a comparatively few individuals who have already been inadequately recompensed for their services to the Colony and who have received no compensation for their war losses.

Let the dead past bury its dead and, as my Honourable Friend has said, let the slate be wiped clean in respect of those four disastrous years.

I now, Sir, formally second the resolution.

HON. CHAU TSUN-NIN: —As Your Excellency is probably aware I am one of those concerned, but as I have already settled my debt, I now become a disinterested party and I would like to say a few words in support of this motion.

To my personal knowledge many Hong Kong residents who have received money from the British Consulate in Macao were under the erroneous impression that they were *ex gratia* payments and not recoverable. Whether it is a fact or not that they were actually required to sign some sort of undertaking to repay, that Sir, I cannot say. I imagine that a great majority of these people are not in a position to repay in full and that the amount collectable is likely to be very small.

I therefore strongly support the Hon. Sir Man-Kam Lo's suggestion that these loans be written off. Should this Motion fail to go through Council then Government will be acting as a debt-collecting agent for His Majesty's Government. That being so, Sir, I would ask Government at the same time to act as a debt-paying agent for whatever His Majesty's Government owes this Colony, particularly the denial claims which are very much overdue.

HON. LEO D'ALMADA E CASTRO: —Sir, I preface my remarks with a declaration of interest, because, like my Honourable Friend the speaker before me, I too am a Macao debtor.

Unlike my friend, I am not the shroff's ideal that he is, for that I have not yet paid up. But it is my intention, Sir, to do so, and I state that for two reasons; the first, to dispel any suggestion that what I have to say upon this subject is actuated by personal motives, and secondly, with a view to attempting to remove the gloom which I see enveloping the Honourable Member on my right (The Financial Secretary).

Sir, upon this subject, I addressed this Council in September, 1946; upon this subject this Council has heard the proposer and seconder of this Motion and a third speaker, so that I have very little to add indeed to what has already been said on the matter. But I would make two points; they both concern in particular the Portuguese community. The first point is this, that right from the very surrender of this Colony to the Japanese the Macao Government, adopting a very realistic and a very generous attitude, decided that all the help it was going to furnish to the Portuguese in Hong Kong would be by way of relief, that is to say, entirely gratuitous and without any expectation of recompense. That relief they furnished both in the form of remittances to Hong Kong for the first year or two of the occupation and by way of shelter and food in Macao to those of the community who went there. I contrast that attitude with ours. We have in Hong Kong an entirely different situation. We have persons who went to Stanley for the period of the occupation liberally rewarded on the liberation of this Colony by being paid substantial sums as salary for what they did as members of the Essential Services during hostilities, whereas, to those who were not interned, the amount paid for similar posts occupied was very considerably less.

Now, Sir, the next matter upon which I wish to say a few words is this, an instance of Japanese discrimination. About that discrimination I have no complaint because, although they professed to intern in Stanley all who were British, they drew a distinction between Portuguese British subjects and other British subjects, and we, the Portuguese, were not wanted in Stanley. The result was this. The very great majority of us were not able to remain in Hong Kong, because to do so would have meant starvation. Relief in the form of remittances from Macao became more and more difficult as the occupation went on. Obstacles were placed in the way of money being sent from Macao to Hong Kong with the consequence that within a year or two of the surrender of this Colony the very great majority of my community were forced to go to Macao, and it was in those circumstances that they received assistance from the British Consulate there and it was in connection with that assistance that they are now being asked to refund to Government.

Sir, I cannot help thinking that in this matter Government's policy was from the start misconceived and wrong. That policy has already resulted in grumbles from persons such as members of the Volunteer Defence Corps who were prisoners of war and who have as a result of this policy had sums of money

held back from the total amount of pay due to them as such prisoners of war. That policy has resulted in complaint from persons other than volunteers, but not dissimilarly placed. The fact that those complaints, those grumbles, have been engendered by the implementation of this policy is no reason, in my submission, for persisting in that same policy now and thereby reviving the bitterness which has been evident for several days in the press in the form of letters written by persons who have received these debit notes from Government.

Sir, I support this Motion.

HON. P. S. CASSIDY: —Your Excellency, I should just like to make a few brief remarks although I am afraid I cannot follow entirely the proposer and the seconder of the Motion. I have listened with very much sympathy to the words of the speaker who has just sat down. On the other hand, I was brought up in the atmosphere of a Victorian family to realize that a debt was a debt, even though it might be a penny from one's sister, and if one got into debt, one had to pay up. Of course, that was 50 years ago and since then debts between nations have been repudiated, treaties of friendship broken, and even high principled Christian gentlemen have been known to declare certain facts in July and only to go in the opposite direction the following September.

So perhaps it is not altogether surprising that there is no little resentment on the part of those who incurred liabilities under the extraordinary conditions which prevailed in Macao during the war, as my Honourable Friend has just described to us. But during my internment in Stanley I found a good many fellow internees were incurring liabilities without very much regard for the fact that they would be called upon to meet these, whereas there were those of us who took very great care that we did not draw more than we could be expected to pay, after the victory which we all prayed and hoped for. Therefore I am just a little inclined to feel that it is not a matter of seeking to write off the debts and say nothing more about it.

I realize, Sir, as the Honourable Member has pointed out, that there has been wide disparity in the treatment of those who were here in December, 1941. Some people got 3½ years full pay, and as their standard of living, through no fault of theirs, was considerably lower than it was when their salary was fixed, I always feel that they did very well for themselves on those pay rates.

I myself received a handsome reward for my services in the A.R.P., but others in the Corps got no more than three months' gratuity and as the Honourable Member has pointed out of course—and also the seconder—the undertaking to repay was more or less signed under duress. It was regarded in the same light as a Red Cross Relief. I myself, like so many of

my fellow internees, benefited during the war from what the Red Cross offered us in the way of supplying us with clothes and so on. I personally have tried to make up for this by subscriptions to charitable funds. Of course, other people can take a poor view of Government as a debtor. As the proposer pointed out it may be an indication that one should consider the cleaning of the slate. At any rate, as far as I am concerned, I am still expecting to be paid for a motorcar, but I doubt very much whether I shall be.

I think the test of the Macao debts should be: was the borrower a member of the Volunteer Force or one of the Essential Services? If so, he should be treated in the same way as a P.O.W. whose monthly grants in camp were subsequently written off. Of course, naturally, those Volunteers or Essential Services' Members, who had deductions made in respect of Macao advances when their services were paid for at the end of the war, quite naturally should have them restored. I have every sympathy for those who are not in a position to pay forthwith, but I feel that there must be quite a number on the list who have prospered since the liberation and might very well be called upon to pay. I hope the Financial Secretary will give some idea of the amount outstanding and the number of debtors, (I am very hazy about that) and the number of those who have so far been traced. With that information, I should be in a better position to decide whether to vote for the resolution or to abstain. I do not feel inclined to vote for it, because I think Finance Committee should have been consulted in the first instance. I think the issue of debit notes without any preliminary notice to the borrowers shows a serious want of consideration. In these days, when psychology looms so large in the training of an administrator, I think lack of consideration is an unforgivable sin.

HON. M. M. WATSON: —Sir, I came to this meeting without knowing very much, if anything, about the facts of the case and therefore with a very open mind. But I feel I ought to say, having heard the Hon. Sir Man-Kam Lo, that unless the Honourable Financial Secretary has a very good answer the Motion should be accepted.

THE FINANCIAL SECRETARY: —Your Excellency, I should like at the outset to assure the Honourable the Mover that we on the Government side are at one with him in realizing the importance of fostering feelings of unity in the community and in desiring to finalize all questions arising from the occupation of the Colony and to wipe the slate clean as soon as possible. But there are a number of circumstances that render delaying the settlement of these, or some of these, outstanding matters inevitable, and such circumstances I am afraid led to the delay in sending out notices regarding the repayment of these Macao Advances.

One speaker suggested that Finance Committee should have been consulted. I may say that Finance Committee was consulted on the general policy in regard to these Macao Advances some time ago, but owing to the lapse of time members may have forgotten. It was agreed that in those cases that were still outstanding notices claiming refunds should be sent out. At the same time, Government had always realized that a considerable proportion of those who secured advances in Macao are not in a position to repay such loans, and it was never the intention to press for full refunds where such action on their part would obviously inflict hardship.

The Honourable the Seconder referred to the manner in which the notices were sent out. That I agree was unfortunate. We have already issued an official statement in regard to that in which it was explained that a machine was used for sending out these notices and that it was unfortunately overlooked that the form in common use with this machine contained this requirement that all such debts should be repaid within fourteen days. It was, of course, never the intention to press for repayment in such a short period. But there are a number of objections to the proposal that these loans should be completely written off. In many cases, the recipients are earning quite good salaries and are in a position to repay at least a portion of the loan, whilst in the minority of cases the recipients are quite wealthy and could repay without difficulty.

More important than these considerations, however, are the possible repercussions in other directions. It will be recollected that when those in the Government Service and Volunteers received their Occupation Period Pay, or such pay as Volunteers or Essential Services received, such payments were set-off against the Macao Advances in cases where such relief had been drawn. Moreover, some other Government officials who escaped to Macao and received advances there have repaid them in full. They would not think it fair if we subsequently decided to waive the refund in all other cases. I may say that the amount offset against payments of Occupation Pay is quite considerable in proportion to this amount of about three million dollars which is now outstanding and which is owed entirely by non-officials—though possibly there may be one or two Volunteers or members of Essential Services included who may not wish to claim the money that was due to them because they realize, anyway, it would be offset against these advances.

The Hon. P. S. Cassidy also enquired how many people were concerned in these claims that are still outstanding. As I have remarked, the total amount outstanding is approximately three million dollars and the number of people involved is possibly somewhere in the region of 700. A certain number of

these have, of course, died or left the Colony, or we have lost complete touch with them during the interim, but probably some 450 could still be traced rather easily.

Then there is also the question of repatriation passages. It will be recollected that, although at the time persons released from internment were led to believe that they would receive free return passages, it was subsequently decided that return passages would be charged for where the persons' employers normally provided such passages, or where the individual himself was otherwise in a position to pay. It may be argued that such persons were lucky to have been given free passages at all, even if they were one way, but I cannot help feeling that rightly or wrongly they would consider that they had a grievance if one section of those who have received advances in Macao were allowed to get off scot-free without even a partial refund.

The Hon. Leo d'Almada pointed out, and this is fully appreciated, that the Japanese would have declined to intern many of those who went over to Macao even if they had so desired, and that if they had remained in Hong Kong it would have been extremely difficult to support themselves even on the most meagre scale.

It is also true that there have been a number of letters in the Press protesting against allegedly harsh treatment of the Government in claiming these refunds, but the letters have not all been in that strain. There has been a proportion in which the different angle was taken, and one speaker on the Unofficial side has also supported the old fashioned idea that a debt is a debt. So in reaching a decision on this matter it is necessary to weigh up all the factors both for and against, and on balance Government feels that they cannot agree to an unconditional write-off of all this section of Macao advances. As I explained, however, Government has no wish to press recipients of advances beyond their capacity to pay and it might perhaps meet the views of the Hon. Mover and other speakers on the Unofficial side if Government set up a small committee on which there will be Unofficial representation to consider applications for the waiving of the refund, either in whole or in part. Such a committee could only deal with cases still outstanding. There will be no question of reopening the past. But it should meet the point by both mover and seconder of the motion that all debtors should be treated alike. Any one wishing to have his case considered by the committee would have an equal chance to do so, but they would have to be prepared to give the committee full details of their income, supported by satisfactory evidence, such as a certificate from their employers. The committee would decide on the amount which an applicant could reasonably be expected to pay either in a lump sum or in

monthly instalments, and in reaching their decision they would take into account any special circumstances that might justify the scaling down of the claim even though the applicant might superficially be in a position to repay the full amount. They would take a realistic view as these legacies from the war years have been with us long enough and we don't want any settlement to drag on for further long periods of years. The committee would, therefore, decide what payment should be made within a comparatively short period. Once that has been decided every effort will be made to collect the sum due, any balance being written off. Some machinery of this kind should enable the debts to be scaled down to reasonable proportions; it should prevent infliction of hardship on individuals and should provide a quick settlement which we all desire.

HON. SIR MAN-KAM LO: —Your Excellency, I propose to say very few words by way of reply, but before I say what I want to say may I refer, make a brief reference, Sir, to the opening remarks of my Honourable Friend, Mr. Cassidy. If they are by way of philosophic soliloquy or philosophic lament on the good old days that are past, I am all for it, Sir, I have nothing to complain. But if they are meant to be applicable to the people concerned in this case, if the moral censure implied by those remarks as being breakers of treaties is seriously meant to apply to the participants of this discussion, or to the debtors, I, Sir, would like to express my regret at those remarks, and I sincerely hope that they will not be read in that way by the people concerned, because above all I have been preaching and preaching that what we do not want is to prolong or to produce any bitterness amongst any sections of the community. I trust, Sir, that my friend did not mean that, because the rest of his speech shows that in his opinion there was reason for a certain amount of bitterness on the part of those who were called upon to pay. I feel rather bewildered by his opening remarks and I feel it is my duty to mention it.

H.E. THE GOVERNOR: —Perhaps Mr. Cassidy would like to say something on this?

The Hon. P. S. Cassidy indicated that he did not wish to do so.

HON. SIR MAN-KAM LO: —Having said that, Sir, I feel that as certain members amongst the Unofficials have an interest in this matter (although I note my Honourable Friend Mr. T. N. Chau has already paid up, and Mr. d'Almada has said he will pay, technically speaking they have an interest) I think that by strict procedure they must refrain from voting and therefore, Sir, I cannot see any useful purpose being served in pressing for this resolution be put to the vote as seeking an expression of the views of the Unofficial Members.

Having heard a very full explanation of this case and of all the different factors governing this case, from my Honourable Friend, the Financial Secretary, I would like, Sir, to ask your leave to be allowed to withdraw this resolution. I feel, Sir, I can do this with all the more readiness, because, if I may say so, this discussion has, at all events, cleared the atmosphere, and, as I hoped, has produced some actual, or will produce some actual, machinery whereby this question can be settled fairly quickly and, as we all hope, to the satisfaction of all people concerned, so that they will realize that they all had a perfectly square deal according to merits, justice and equity. For this reason, Sir, I ask your leave to allow me to withdraw the resolution.

H.E. THE GOVERNOR: —The resolution is withdrawn.

### **ADJOURNMENT.**

H.E. THE GOVERNOR: —That concludes the business, Gentlemen. When is it your pleasure that we should meet again?

THE ATTORNEY GENERAL: —I suggest this day fortnight, Sir.

H.E. THE GOVERNOR: —That will be the opening of the Budget Session on the 8th of March.

---