

8TH OCTOBER, 1908

PRESENT.—

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

COLONEL DARLING (General Officer
Commanding).

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

HON. MR. W. REES DAVIES, K.C.
(Attorney-General).

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

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

HON. MR. E. A. IRVING (Registrar-
General).

HON. F. J. BADELEY (Captain Super-
intendent of Police).

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

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

HON. MR. MURRAY STEWART.

HON. MR. H. A. W. SLADE.

HON. MR. W. J. GRESSON.

MR. C. CLEMENTI (Clerk of Councils).

Minutes.

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

Financial Minutes.

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (Nos. 57 to 59) and moved that they be referred to the Finance Committee.

THE COLONIAL TREASURER seconded and the motion was agreed to.

Financial.

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the Report of the Finance Committee (No. 16) and moved its adoption.

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

The Estimates.

THE COLONIAL SECRETARY—Sir, I beg to move the second reading of the Bill entitled an Ordinance to apply a sum not exceeding Five million five hundred and seventy thousand four hundred and twenty seven Dollars to the Public Service of the year 1909.

THE COLONIAL TREASURER seconded.

HON. MR. STEWART—Sir, The duty has devolved upon me of stating in outline the views of the unofficial members on the provisions of this Bill, and of making a few brief comments upon the lucid and interesting statement with which it was introduced. This time last year the representative of the Chamber of Commerce opened his speech on the Estimates by congratulating Your Excellency on the satisfactory financial condition of the Colony. Exchange was then high and believed in. The long period of commercial depression was already thought to be passing away. Land sales were estimated to bring in 3 lacs. The burden of the cost of railway construction had hardly begun to make itself felt. Optimistic forecasts were the order of the day. We all know what happened. We know that a world-wide depression had yet to come. We remember that it fell upon us almost immediately, and that exchange also promptly began to fall. The results are to be found in the figures of the Financial Statement to which, a fortnight ago, Your Excellency invited our attention, preliminary to dealing with the estimates for next year. The figures of the revised estimates for 1908 emphasise the unwisdom of overdrawing upon the imaginary resources of a problematical period of prosperity, anticipated mainly for the reason that it is so much to be desired. The net result of such drawing in the present instance is, in the words of Your Excellency, "that a debit balance of \$581,000, is anticipated to accrue from the working of the current year." Under the circumstance that the balance of our assets is thus expected to decline from over a million and a half dollars, at the end of last year to a little over \$950,000 at the

end of this year, it is unfortunately impossible on the present occasion to congratulate Your Excellency on the financial condition of the Colony. That the financial condition of the Colony is unsatisfactory is clearly demonstrated, not only by the revised estimates for 1908, but also by the leading feature of the estimates for the coming year. The leading feature of these estimates is obviously the inclusion in the general revenue of over \$400,000 received from the Widows' and Orphans' Fund. By this means a large deficit has been provided against, which would otherwise have led Your Excellency to propose an increase in taxation for the full amount. That there was some such design we suspected. That the Colony was in reduced circumstances we knew. But that there was such dire need for the succour thus provided, some of us, perhaps, did not altogether realise; nor could it easily have been imagined from the disinterested attitude adopted by the Government in those somewhat breezy debates which resulted in this windfall. This method of dealing with the proceeds of the fund which, as Your Excellency admitted, "should theoretically be invested in some remunerative work which would benefit the Colony, and at the same time produce a sum equivalent to meet the new charge upon the revenues," naturally occupied the chief place in your elucidation of the estimates. It is equally natural that it should have principally occupied the minds of the unofficial members when we met to consider the Government's proposals. The result of our deliberations is that although we regard the disposal of the Fund as a departure from the principles of sound finance, we do not see our way to oppose it, in view of Your Excellency's pronouncement that it is the Government's only alternative to increased taxation. We are certainly not prepared to advocate that. We believe that to raise the rates on property at the present time would be little short of disastrous. Moreover, we feel that the argument derived by Your Excellency from the fact that the taxpayers of the day are being called upon to shoulder a disproportionately heavy burden of the cost of railway construction is strong enough to clear us from the charge of indifference to the claims of posterity. Those who will come after us will profit at our expense inasmuch as that the interest on the railway loan is being paid out of current revenue

instead of being debited to capital account as might properly be done. In fact, in this case, in defiance of the proverb, it is possible to argue that two wrongs make a right. The realisation that in spite of this windfall it has only just been possible to make both ends meet is sufficient cause for satisfaction that negotiations with the Home Government have not, so far, made it necessary to provide for any reduction in the revenue from opium. The narrowness of the financial straits through which the Colony is passing will inevitably wreck these estimates, should the Home Government insist upon pushing the claims of the extreme section of the anti-opium agitators. The unofficial members discussed the possibility of this in connection with the subject of the military contribution. In speaking upon this fruitful topic of controversy Your Excellency evidently anticipated an attack upon the principle underlying the impost, and you referred to some strong remarks made last year on the subject by the honourable member whose place on this Council I temporarily occupy. The quotation from these remarks which Your Excellency made might perhaps, isolated from its context, convey a wrong impression of his attitude and it is only fair to point out that he also said this, "I for one think and have always maintained that it is correct that the Colony should contribute something towards the Imperial Troops, but for a small Colony the sum of \$1,200,000 is excessive." Speaking for the unofficial members of the day, I have to say that we are of one mind regarding the principle of the contribution and in full accord with the views of Your Excellency as regards the advantage to the Colony of the presence of the Garrison. I for one have never been able to appreciate the force of the objection raised against the contribution on the ground that the Garrison is retained here mainly for strategical and Imperial purposes. Imperial strategy in these regions is obviously a naval matter and its depositions can hardly depend upon a small body of troops which is scarcely more than sufficient to ensure order and security within the limits of the Colony. That a small part of this force may be requisitioned to quell a riot in an outport is a minor consideration of its uses which cannot be classed as strategical. But whether for strategical or local purposes, the presence of the Garrison here is recognised by the unofficial

members as conferring great benefits upon the Colony. Those who doubt this can hardly have reflected upon the fact to which Your Excellency also drew attention, that half to two-thirds of the funds devoted to the Garrison come out of the pocket of the British taxpayer. True, the unofficial members view the method upon which the contribution is levied as a bad one. That it is open to criticism Your Excellency clearly showed, inasmuch as that under the present method the sum payable is increased in a time of financial difficulty. We are pleased to know that Your Excellency is at work on a plan which will place the levy on a more equitable basis and we trust that you will succeed in overcoming the serious difficulties, which you have not confided in us, but which have so far prevented you from proposing it to the Secretary of State. But though the unofficial members view with favour the principle of the contribution and, in ordinary times would willingly consent to its appearance in the estimates, we wish to make this clear, that if the Opium policy of the Home Government is pushed with such persistence as to wreck these estimates, and if the threat of increased taxation comes to be made good, then we shall hold ourselves free to seek relief by agitating instead for a remission of a part of this contribution. Here it may perhaps not be inappropriate to suggest to the Government that instead of fixing their thoughts upon increased taxation as the only alternative to temporary expedients they should bring their minds to bear upon the possibilities of retrenchment. Is there really no such possibility? Are all means of cutting down expenses exhausted? Are all methods of effecting those small economies that lead to large economy conscientiously employed in all the Departments of the Government? When one glances over the pages of those estimates and sees the long lists of minor appointments, the frequently recurring items of charges for allowances, extras, incidental expenses and what not, it is difficult to repress a doubt as to whether the administration could not be run on more economical lines. In particular one cannot help wondering whether greater economies could not be effected in the Sanitary Department. The comparatively small saving shown in the estimates under this head has been noted with some disappointment. The recent authoritative pronouncement of the Indian

Plague Commission has made it clear that many of the expensive and irritating methods hitherto employed in combating plague in the Colony were absolutely futile; as for instance the free use of disinfectants, lime-washing and the rest of it. The number of coolies engaged by the Department when it was thought necessary to carry out these mistaken methods could surely be still further reduced and so, one would think, might the number of Inspectors employed to look after them. This would not only effect an actual saving, but would indirectly benefit the revenue by encouraging Chinese to come here, instead of driving or keeping them away as at present. In this and other ways the lavish expenditure which grew up during years of exceptional prosperity, and which originated partly in the careless habit of mind which prosperity brings, should be resolutely reduced. The unofficial members are by no means persuaded that no retrenchment is possible. Neither, I believe, are the general public so persuaded. Before agreeing to any fresh taxation they will require to be. I do not propose to follow Your Excellency into any of the details of these estimates, but there are one or two matters especially interesting to the public upon which it may not be out of place to say just a few words. First and foremost in the public eye stands, of course, the railway. It is satisfactory to learn that, speaking generally, progress has been well maintained. In particular it is satisfactory to know that the pace at which the work of reclamation at Kowloon is advancing has of late been notably accelerated. The arrest of the bridge work is a matter upon which, under the circumstances, it is perhaps undesirable to comment. Of course the railways will never be anything but an expensive toy until through communication is made to Canton and beyond. But even though it may only be as a railway to nowhere we welcome the prospect that the line to the frontier will be completed and opened for local traffic by March 1910. This prospect opens up the question of roads in the New Territory, for which we are glad to see some provision has been made. It is unnecessary to dwell on the stimulating influence of improved means of communication, apart from which the roads are needed to feed the railway. I am sorry that it has not been decided to build the more important roads, as for instance, that from Castle Peak to Ping Shan, wide enough to admit of

wheeled traffic. I think that this decision requires reconsideration. The plan of making a narrow road with the intention of some day returning to widen it does not recommend itself either for efficiency or economy. In the long run it will prove more expensive, and in the meantime communication between the villages will still be subject to pedestrian conditions, which do not make for rapid progress. It has been pointed out to me that the roads ought to be built strictly as feeders and that they should be commenced and pushed out from suitable places along the line of the track. I imagine that the importance of this has not escaped Your Excellency's advisers. That the New Territories should yield in all a Revenue of upwards of \$200,000, exclusive of Land Sales, is perhaps the brightest spot in the whole Budget, and it was only fitting that Your Excellency should single out for special mention the notable part played by Mr. Clementi in the initial stages of the settlement of those Territories and the admirable work of development which is being carried on by his successors. As one who has taken a keen interest in it for years, I found satisfaction in Your Excellency's appreciative reference to the work, the value of which, I may say, has never been hidden from the present unofficial members, nor I fancy from that section of the public which takes an interest in local affairs. As regards the roads on the Island I have a word to say on my own account. When I returned to this Colony at the end of last year, after an absence of nine months, the strongest impression of change which I received was the change for the worse which had overtaken the surface of the roads. In particular I refer to such roads as that leading up from Happy Valley to Wong-nei-cheong Gap, and that down from there to Aberdeen; also to Black's Link and even the Bowen Road, and last, but not least, the Jubilee Road, but I do not by any means confine my criticisms to these. I imagined that the fallen state they were in must be due to less money having been appropriated towards their upkeep than in former years, owing to our extreme impecuniosity. I was surprised therefore to notice that the vote for this year is the same as last, and I am unable to account for it except upon the theory that the money so voted was not properly spent. Quite recently the first road referred to has been repaired,

and also Black's Link, but on the Jubilee Road the grass still grows, in many places a foot high, and in others the surface has become a series of small ravines created by the rains. The roads of this Colony used to be one of our chief sources of pride, and they ought to be so at this day, if thorough supervision were exercised over the spending of the money devoted to their upkeep. Another matter of widespread public comment is the extent to which the Ordinance relating to receipt stamps is neglected in small business transactions. A strict enforcement of the existing law would, in the opinion of many of our leading Chinese residents, bring in a really large revenue; indeed I have heard the comforting opinion expressed by more than one such, that between retrenchment and receipt stamps there ought to be enough to banish the prospect of having to meet a deficit next year, when there will be no Widows' and Orphans' Fund to fall back upon. However that may be, there is no doubt that a good deal can be done, and the unofficial members have noted with satisfaction that Your Excellency was aware of the position, and has already taken steps towards availing of its advantages. On the subject of the Judiciary the opinion of the unofficial members is divided as regards the necessity for a third Judge, but there is no division of opinion as regards the view that the state of the Colony's finance, does not allow of the creation of such an appointment at the present time. Under these circumstances we agree in viewing with favour the new arrangement announced by Your Excellency. I have to add on behalf of the Chamber of Commerce that the arrangement highly recommends itself to the Committee. These are all the points upon which I have to comment at this stage of the Bill. It only remains to refer to Your Excellency's interpretation of the signs of the times. The reiterated belief that these all point towards a period of prosperity ran through your speech like a refrain. It is quite possible to share this belief as regards the general trend of events in the wider world, and even as regards the China trade, and yet at the same time to doubt whether this Colony is destined to benefit thereby to the extent that Your Excellency anticipates. Your Excellency referred with evident satisfaction to certain official reports and statistics which seemed to show that Canton had been prospering during the period in which we in

Hongkong heard nothing but talk of languishing markets. Some of us had already noted the fact as ominous. If Manchester or Hamburg were to flourish, while Liverpool or Bremen respectively dwindled, would the inhabitants of the latter ports have reason to reflect with satisfaction on the circumstance? Without laying themselves open to the charge of undue pessimism they might judge that trade was going past them, that business was being done direct. Our circumstances are not exactly parallel, but there is enough similarity to make one ponder. Some observers think that Hongkong is in danger of losing its important position as a mart. This is an ugly foreboding. But its ugliness does not justify any one in simply turning away. The blindness of hope is proverbial, but optimism, in finance at least, should keep open eyes. Optimism may, sometimes, father the fact of prosperity. But, at least, through excess, it as often begets adversity. Here in Hongkong, if anywhere, the truth of that has been demonstrated time and time again. Some of us, who realise how much this Colony has suffered from the results of optimism carried to excess, view this budget with concern, having regard to the extent to which the future is relied upon to ameliorate present conditions. We should have liked to see more evidence than it displays of a growing disposition to set the Colony's financial house in order, lest the long prophesied period of renewed prosperity should still lag. In saying these things I am not actuated by any desire wantonly to tear in pieces the good hope upon which was mainly based Your Excellency's defence of this makeshift budget, but because I have felt bound to point out that there is another side to the picture. And now having said so much in discharge of the unpleasant duty of critic, I have to add an expression of my most earnest desire that these and all such forebodings may be utterly falsified, and that, instead, Your Excellency's brighter forecast may be justified and even triumphantly vindicated by the only logic that can ultimately be relied upon to make the position clear—the infallible, illuminating logic of events.

HON. MR. GRESSON—Sir, The honourable Member who has just resumed his seat has voiced the views of unofficial members of this Council on the Estimates for 1909. There are however one or two

points on which I would like to say a few words. It seems to me, that when an increase of revenue is required the Government regard Shipping and the Harbour as the best source from which this can be derived. It has been pointed out time and again that Hongkong without its shipping would be a port of very minor importance, therefore it should be our policy to foster and not to bleed shipping. In the estimates that we are considering there are two items that have been increased about 66 per cent. I refer to the revenue to be derived from Boat Licences and Medical Examination of Emigrants. On principle I strongly deprecate this large increase, and I desire to criticise the method of its imposition. I believe I am correct in stating that those most deeply interested received no intimation of the increases of fees beyond a notification in the columns of the "Government Gazette". Although Your Excellency may not be aware of it, no better way could be devised of imparting information that it was desired should be commented upon as little as possible. That estimates are unreliable is a well established fact, and that this Government does not belie the reputation will be fully confirmed by a reference to the cost of the Kowloon Water Works. It appears the original estimate was \$835,000, and that the revised estimate is \$1,194,600 of which \$1,121,700 has been spent, and we are asked to approve the expenditure of a further sum of \$44,000 in 1909. The expenditure of a very large sum on a Typhoon Refuge is now contemplated, part cost of which is to be borne by shipping, and I think, Sir, it is not unreasonable to ask that the Government give an assurance that \$750,000 will be the maximum amount to be contributed by a special assessment on Light Dues. Your Excellency referred to the new Magazine on Green Island, and I observe that it is estimated that it will increase the revenue derived from storage of gunpowder by \$5,000. In order to secure this increase it is proposed to terminate the lease of One Tree Island, and make the lessees who have been tenants of the Government for 25 years, *volens volens*, transfer their stocks to Green Island. This arbitrary action of the Government, it appears to me, is a direct interference with private enterprise, and I would ask if Your Excellency cannot reconsider the decision. It is noticeable that Your Excellency made

no reference to any possible means of retrenchment. In the estimates before us the fall in exchange has, under the heading "Personal Emoluments," necessitated the provision of no less a sum than \$156,000. The rate of 1s. 9d. on which this calculation is based will, I trust, prove to be on the safe side, but we have seen lower exchange in the past, and it is by no means improbable that we may do so again. As our revenue is a silver one, it is desirable that as far as possible our expenditure should be in the same currency, and it appears to me somewhat of an anomaly that in any one year we should have to provide such a large sum as \$156,000 for depreciation of the dollar. I am not conversant with the method adopted in calculating personal emoluments, but I think it will be admitted that there must be some limit to the allowance to be made owing to a fall in exchange. This, Sir, may prove a very important factor in the future of the Colony, and is a matter worthy of your early and close attention.

THE COLONIAL SECRETARY—Sir, I shall not deal with any questions which are really in the nature of criticisms of Your Excellency's speech when moving the Estimates, but as I am responsible for certain matters that the last speaker has referred to, I beg leave to make one or two remarks. I am many things in this Colony, Sir, and, among others, the editor of a newspaper—the most important newspaper in the Colony, the *Government Gazette*. I am sorry to learn, Sir, that this excellent publication is so little appreciated that evidently the hon. member regards it as a sort of place wherein to hide things away, not to make them public. He complained that no notice was given of the increase of fees for boat licences. Well, Sir, that increase was effected by an amendment of a schedule of the Merchant Shipping Ordinance, and the whole of those schedules were published in the "Gazette," if my memory serves me, in March last. The hon. member referred to the great part that shipping plays in this Colony. He himself is the head of a firm which has a great deal to do with shipping, and I, as editor of that newspaper, would have imagined that the shipping community would have read with avidity anything in the nature of schedules to such an important enactment as the Merchant Shipping Ordinance. Then again, Sir, the other item

complained of was that no notice had been given of the increase in fees for medical inspection of emigrants. That increase was effected by an amendment of the Emigration Ordinance. It was made in Committee, and after the amendment had been made my hon. friend on the left distinctly warned the Council that the Government would not ask for the third reading of the Bill on that day because this particular amendment effected an increase in taxation. I myself, in Committee, explained that that increase in fees for medical examination was made in order to recoup the cost of the additional staff, amounting to between \$5,000 and \$9,000 per annum, rendered necessary by the provisions in the Bill for the supervision of assisted emigrants. I don't know a more public way of doing a thing, Sir, than of doing it in this Council where the whole of the proceedings are published in the Press, and I fail to see how the Government could possibly bring to the notice of interested parties increases of taxation of this nature otherwise than through the official organ, or through the Legislature.

THE DIRECTOR OF PUBLIC WORKS—With your permission, Sir, I will just refer briefly to the points of criticism with regard to matters concerning public works. The first point mentioned, Sir, was the question of the width of roads for the New Territory, which the hon. member opposite feared were going to be made too narrow for wheeled traffic. It is intended, Sir, to make the road from Castle Peak to Ping Shan of a width of six feet. That will admit of any ordinary vehicles traversing the road, and it will be a simple matter to provide for the passing of vehicles by widening the road in places. In many parts of England, as I have sometimes experienced, roads are of such a width that it is quite impossible for two vehicles to pass each other, and in some cases I have known of vehicles having to go back for a considerable distance if they had the misfortune to meet at certain lengths of the road. With regard to the maintenance of roads on the island, the roads to which the hon. member refers are not surfaced in any way except with ordinary materials from the hillside. Therefore they are peculiarly liable to suffer from the effects of this very trying climate. Whether it is that the conditions in the matter of rainfall have been more favourable for the propagation of the

defects to which the hon. member referred, I am unable to say, but certainly from a waterworks point of view the rainfall has been exceptionally favourable during the past two seasons. During the wet season it is almost impossible to keep these roads free from the growth of weeds and grass, but so long as they are reasonably maintained I think that is all that is necessary. Possibly the hon. member has wandered farther afield, or been more frequent in his wanderings, since he returned to the Colony, and these defects have been more patent to him. The only other point raised was by the hon. member at the end of the table as regards the Kowloon Waterworks. These works have undergone very considerable enlargements since they were initiated. The capacity of the reservoir has been increased to the extent of some 100 million gallons, as it was found that a very much larger catchment area could be made available by the catchwater, and it was considered much more economical to raise the dam to the maximum height in the first instance, rather than to defer it to some future period. The dimensions of the catchwater itself have also been largely increased on account of the greatly increased catchment area which was found to be available. That, Sir, is the explanation of the great increase in this item.

HIS EXCELLENCY—Gentlemen, Before I review briefly the remarks which have been made by the hon. member for the Chamber of Commerce, who voices the views of the unofficial members to-day, I think you will agree with me that the narrow escape which we have just witnessed of one of the members of this Council is a matter on which we all desire to offer him our most sincere congratulations.*

The hon. member on my right (Mr. Stewart) referred first of all to the very large deficit which we shall have to deduct from our reserve at the end of this year, viz: \$581,000, as being due to the working of the past year. I would remind you that (as I explained in my former speech), some \$200,000 of that sum was due to very exceptional expenditure for the purchase of a dredger, and a vote for the relief of people

* While the Hon. Mr. Stewart was speaking a large and heavy piece of stucco fell from the ceiling of the Chamber between the Hon. Captain Superintendent of Police and Hon. Mr. Gresson.

in South China, which cannot be considered to be ordinary expenses of the Colony. Passing from his general review of the finances of the Colony, the general tone of which I have nothing whatever to complain of, I will refer briefly to the remarks which he made on the question of the military contribution. The hon. member said that I had not confided to the Council the difficulties to which I alluded in respect of the scheme which had been engaging my attention, and this phrase would seem to indicate that there had been in his mind some idea that I did not wish to take the Council into my confidence in the matter. I had hoped that I had made it clear that I did not go into details of the somewhat complicated calculations because I had on that occasion much to say on other subjects connected with the estimates, and time would not admit of my going into any very intimate details on any one particular subject; and, moreover, my study of the subject is as yet incomplete, as I am obtaining further figures in order to see whether my suggestion is feasible or not.

The hon. member too, spoke somewhat emphatically on one point. He said that unofficial members were unanimous in their feeling that "if the action of the Imperial Government in the matter of opium should result in wrecking the estimates before us," that they would then feel that a very strong position had been created for an appeal to the Imperial Government for some remission of the military contribution. I do not think the military contribution is precisely *ejusdem generis* with the opium question. Whether or not we may hope for any financial assistance from the Imperial Government if the finances of this Colony should prove to be overtaxed by the Imperial policy is another question. I saw a day or two ago in a local paper a telegram saying, I know not with what truth, that Japan had consented to join the other Powers in prohibiting the import of morphia into China provided China would agree to the Trade Marks Convention. The reply of China was that trade marks had nothing to do with morphia, a reply which I feel is somewhat pertinent to the question of the military contribution and opium revenue.

But undoubtedly the most serious point which has been brought forward this afternoon by both the unofficial members who have spoken is the question of possible

retrenchment. I can assure the Council that during the past year it has been most vividly before both myself and those who, with longer local experience, have advised me in these matters, that the financial position was one of very great difficulty, and that every smallest application for an increase, either in the matter of "personal emoluments" or in the matter of "other charges," should be most carefully scrutinised, and unless it was proved to be absolutely essential, it should not be allowed. Whether or not it may be possible to further cut down expenses in the various departments will continue to receive my most earnest consideration during the coming year. The Sanitary Department was brought forward as a case in point. The savings on the Sanitary Department amount to a sum of of \$37,500 in the estimates before you. That is in spite of an increase due to fall in exchange of \$12,600. There would therefore but for exchange have been a saving of \$50,000. In other charges which were specially referred to by the speaker there is a decrease under twenty-two heads, practically under every one. The Hon. member pointed out that the reports which have reached us of investigations by the Indian Plague Commission, had demonstrated that disinfection and other methods, upon which much money had hitherto been spent, were largely, if not entirely, futile, and he pressed upon the Government that they should not neglect the lessons which are to be learnt from these reports. I would ask the hon. member to whose initiative it is that those reports have been of late so prominently brought forward? He will I think admit that it is largely and chiefly due to the energy of the new head of the Sanitary Department, Mr. Messer—(hear, hear)—who has taken, to my knowledge, an enormous amount of personal trouble in investigating various journals of hygiene, Indian Plague Commission reports and all other documents available on the subject. In some cases he has made *precis* of them for distribution, some of which, I hope, will be translated into Chinese. It is due very largely to his perseverance and energy that laymen are all to-day somewhat of experts on plague etiology. And it is due to him also that so many of the votes in his department are decreased. The only increase is for rat poisoning, and I think hon. members will agree with me that the extinc-

tion of rats is a matter on which the greatest possible stress should be laid—(hear, hear). I may quote as one instance of the very careful scrutiny given "other charges" that a large retrenchment has been made in the Bacteriological Institute which I referred to when speaking on the last occasion.

I turn now to the remarks which were made on the question of roads. These have already been replied to by the hon. Director of Public Works, but I would add to what he said a few words regarding the construction of the road from Castle Peak to Ping Shan. As I said in my speech, the method was due to my own initiative. It does not seem to me to admit of argument whether it is more advantageous to construct a few hundred yards of highly finished road beginning at an emporium of trade and ending nowhere, or whether it is better to push through the first stage of the whole road so as to improve it—even if for pedestrian traffic only—and thus to form a link of connection, having regard to the fact that we have a limited amount to spend each year. Personally I think this the better course: we propose to make a road six feet wide, the bridges to be built to the full eventual width of the road. The money we have available is sufficient for that purpose and for the land resumption. We do not propose to complete at some indefinite period that road, but to complete it without delay. The road is not, as was presumed by the hon. member, a feeder to the railway. It is undoubtedly a most important point that feeders to the railway should be constructed as soon as possible, but it has seemed to me that this particular road was more needed and was more immediately desirable than any particular feeder which can be made. We are, however, in these estimates providing also for roads which will be more directly feeders to the railway, as for instance the amount which has been assigned for the forming and kerbing of streets and the construction of nullahs in the vicinity of Yaumati station. I am, myself, a whole-hearted advocate of the desirability of introducing animal transport, and I think the hon. member may rest quite assured that so far as I am possibly able to do it with the funds we have available such roads, whether feeders to the railway or others, as may be constructed in the New Territory, will be made suitable for bullock-cart traffic.

With regard to the Hongkong roads I will remind you of what I said before, namely, that each year as new roads, new telegraphs, new drains, and new telephones are constructed, the vote for public works recurrent must continually increase. The hon. member pointed out that the amount on the estimates was the same as last year, and that therefore, if the roads were not in equally good condition the conclusion was that the money had been worse spent. I do not think that is a necessary conclusion.

With regard to the more adequate collection of the stamp revenue, that is a matter which for some months past has had my most careful consideration. I have perhaps been accused of undue optimism by the hon. member in some respects, but in this particular respect I declined to be as optimistic as himself. The forecast put before him was also put before me, but I decided not to be too optimistic as to the amount we shall succeed in collecting, though I hope during the coming year we shall exceed the amount put down. We are taking every possible step we can think of to see that the receipts from this source are adequately collected and at the same time to avoid as far as possible such inquisitorial methods as may irritate without bringing in an adequate result.

I will not go into detail as regards what was said as to the outlook for the future. I cannot claim to speak with any great authority on this subject. It has been suggested with bated breath that this port might suffer in its pre-eminence as a great free port by direct trade being done between foreign countries and the ports of China. My answer to that is the same as I gave this time last year, namely, that in my view Hongkong should endeavour to do its utmost to become not only the mart for China but an industrial manufacturing centre, for which its geographical position is just as suitable as it is for an exchange mart. It was hinted too that the increase in the trade of Canton and other Chinese ports while we suffered from depression indicated that it was quite possible that their increase might mean our decrease. I notice however in the abstract of statistics of the Chinese Customs that the imports from Hongkong increased by seven million taels. That appears to me a fact which cannot be gainsaid. I do not think it can fairly be said that this budget is

unduly optimistic because the estimates both of expenditure and of revenue have been framed, as I said before, on a year of extreme depression.

The hon. member on my left (Mr. Gresson) raised the question of the increased earnings by the gunpowder depot on Green Island and he said that the refusal of the licence which had been given for the last twenty-five years to the depot on One Tree Island was—I think the terms be used were—

HON. MR. GRESSON—Interference with private enterprise.

HIS EXCELLENCY — Gentlemen, I think that the holders of that licence have little to complain of. For twenty-five years they have had practically a monopoly. It was decided before I came here to build a large and expensive Government gunpowder depot within the limits of the harbour. It had been for many years past urged by the Military Authorities that explosives should be stored within the harbour limits, and acting partly on their advice it was decided, with the concurrence of the Council, that that depot should be established. Having built it, it stands to reason that we should use it. In inspecting it a few days ago I found it almost empty, and on going through documents relative to the issue of that licence I found it had been granted for short periods and renewed from time to time. There was no obligation, either inferred or direct, that it should be in any way a permanent licence. The hon. member asked me whether I would give an assurance as to the maximum amount which should be raised by the increase of light dues for the typhoon refuge. I do not feel myself in a position to give any such assurance. The completion of that refuge will in all probability take place some years after I have left this Colony. The taxpayer of the Colony is as much entitled to consideration as those who pay this special and I think not onerous due. He referred also to the increase of fees for medical examination of emigrants. I dealt somewhat fully with that in my remarks on the estimates, and I explained that we had considered that it was the best way of raising a somewhat larger fee on emigration as a whole. Those best able to judge were convinced that it would not in any way interfere with emigration; that the brokers, boarding house keepers, and so on, who are the people who make the largest pro-

fit out of the emigrant, were well able to pay the somewhat increased fee, and it was considered that the raising of the medical fee would best effect our object. I have now replied to every question which has been raised to the best of my ability.

HON. MR. SLADE,—Sir, May I just make one or two remarks to correct an impression which you seem to have that the unofficial members, through the hon. member on my left (Mr. Stewart), felt that you willingly wished to withhold certain matters from us in regard to the military contribution which you stated you had under consideration. That, Sir, was never the idea in the minds of the unofficial members. We realised that these proposals were under consideration and we are pleased to hear that this question of the unequal incidence of the military contribution this year had received your serious consideration, and we hope that in future when Your Excellency has been fully able to formulate your ideas that you will then inform us of them. One other point. The connection between the military contribution and the opium question. Your Excellency said you did not consider there was any connection between the two. It appears to me, Sir, that the military contribution is the only point on which we are directly connected with the Imperial Government, and if there is any change in the opium question then we will be directly connected with the Imperial Government. For that reason we have said we hold ourselves free to seek relief by agitating for a remission of that contribution, and at present, we offer no criticism upon it.

On the motion being put the Bill was read a second time.

THE COLONIAL SECRETARY moved that it be referred to the Finance Committee.

THE COLONIAL TREASURER seconded and the motion was agreed to.

The Evidence Ordinance.

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled An Ordinance to Extend a Certain Definition in the Imperial Act styled the Evidence (Colonial Statutes) Act, 1907.

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

The Council then went into Committee to consider the Bill and, on resuming,

THE ATTORNEY-GENERAL reported that it had passed through Committee, and he moved that the Bill be read a third time.

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

Regulation of Theatres Ordinance.

The ATTORNEY-GENERAL moved the second reading of the Bill entitled an Ordinance for Regulating Theatres, and other Places of Public Resort. In doing so he said—It is necessary for the public safety that some provision should be made for regulating theatres and other places of public resort. From time to time the public has been shocked by some terrible catastrophe that has occurred in some part of the world in a theatre or music hall as the result of fire or overcrowding. In the United Kingdom such places have to be licensed and are subject to rigid control and supervision. It has been found that no such powers exist here, and the Bill proposes to require that all buildings and places used for public performances shall be licensed, and that the Governor-in-Council shall have power to make regulations and authorise the issue of licences by the police or other authority. The length of time during which such licences are granted will appear in any licence. This is necessary here having regard to the different forms of public performances which in some cases may last a week and in many cases only one night. In future it will be necessary, if the Bill is assented to, that a licence should in every case be granted. The licences will be subject to all the safeguards which are enumerated in Clause 4 of the Bill, such as the materials of the building, the seating accommodation, exits, overcrowding, provisions against fire, and inspection by the police, and that clause vests power in the Governor-in-Council to make regulations to meet all the necessary conditions which will be a condition precedent to the grant of a licence. Fees will be prescribed in respect of each licence, and will have regard to the length of time for which the licence is obtained. Sir, it has been said the term "stage play" is somewhat antiquated, and having regard to the scope which has been given to the definition it may also seem a misnomer. It has been taken from the Imperial Act,

which is somewhat old. We have been obliged, however, to enlarge the scope of its meaning. What is really required is to include every stage entertainment, and every place where the public congregate. That being so, I think the definition clause is sufficiently general to include within its scope all public performances which take place in this Colony. The Government, Sir, is constituted the custodian of the public safety and the Government rely upon the co-operation of the public in securing it.

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

The Council went into Committee to consider the Bill, and the Council resumed.

HIS EXCELLENCY—The Council stands adjourned until next Thursday.

FINANCE COMMITTEE.

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

Educational

The Governor recommended the Council to vote a sum of Five thousand two hundred and eighty-one Dollars (\$5,281) in aid of the vote, Education, Department of Inspector of Schools, Other Charges, Evening Continuation Classes.

Charitable Services

The Governor recommended the Council to vote a sum of Two thousand Dollars (\$2,000) in aid of the vote, Charitable Services, Tung Wah Hospital.

Treasury Vote

The Governor recommended the Council to vote a sum of Two hundred and seventy Dollars (\$270) in aid of the vote, Treasury, B.—Office of Assessor of Rates, Other Charges, for the following items:—

Furnitures,...\$ 35
Typewriter,... 235

Total...\$270

The Estimates

When the Appropriation Bill came up for consideration—

HON. MR. GRESSON—Under special assessment, I would like to know how light dues have grown to \$93,000? I was under the impression that the estimate was \$80,000.

THE COLONIAL SECRETARY—It cannot be.

HON. MR. GRESSON—The figures given in the correspondence were based on the estimate that it would extend over eleven years. It was based on \$80,000. Now you spring it up to \$93,000.

THE COLONIAL SECRETARY—It arose in this way. The Chamber of Commerce, the lion of the shipping interests, seemed to pay more attention in the correspondence which passed to ocean shipping than to river steamers. The correspondence was concentrated upon the increase in dues on ocean going steamers. The dues for River steamers have also been increased, in fact, they pay a larger increase proportionately than ocean going steamers. Somehow the protagonists in the dispute did not pay any attention to river steamers, and I was not going to remind them of it. (Laughter.)

HON. MR. GRESSON—I see.

HON. MR. SLADE—Under miscellaneous services there is an item \$10,000 for transport, yet under the various headings there are allowances for travelling and so on.

THE COLONIAL SECRETARY—The item transport is for the passages of officers appointed at home. The other items are for chair and ricscha hire for individual officers.

HON. MR. STEWART—I should like to draw attention to the sum of \$13,000 down for disinfectants. That is a detail of the department which I thought might show a little saving in view of what we have learned from the Indian Plague Commissioners' Reports. Rat poison has gone up. Everybody will approve of that. Disinfectants might reasonably come down. There was a time when it was thought proper to sprinkle disinfectants over walls and floors, even in the streets. In these times different views are held, and one would have thought this item might have been cut down.

THE COLONIAL SECRETARY—The disinfectants are used really more in special cleansing, house to house cleansing, than anything else. The days of disinfectants are not quite over.

HON. MR. STEWART—I quite understand that some disinfectants would still be required, but not that the amount should be the same as last year before this new light was thrown upon the subject.

THE COLONIAL SECRETARY—I do not think there will be a decrease to any extent in that item because we are hoping to do more cleansing of these houses. It is a flea killer. They are using a mixture of kerosene and soap.

HON. MR. STEWART—Have the insurance companies not objected to that?

THE COLONIAL SECRETARY—I do not think there will be a decrease. I do not see any danger in that. It is used in India.

HON. DR. HO KAI—It is inflammable. If extensively used in Chinese houses it would be dangerous. It might be well to ask the President of the Sanitary Board to investigate the matter.

THE COLONIAL SECRETARY—I do not think it is inflammable. There is so much soap in it. The greater part of the ingredients is soap and not kerosene.

HON. MR. STEWART—The actual amount of disinfectants you can get for \$13,000 is large.

THE COLONIAL SECRETARY—That vote has been as high as \$25,000.

HON. MR. STEWART—That was the time when they threw it about the town.

THE COLONIAL SECRETARY—These disinfectants are used in cleansing. Every

house has to be washed, and the materials are supplied free to the inhabitants. We get through a large quantity.

HON. DR. HO KAI—Does it include soft soap.

THE COLONIAL SECRETARY—Yes.

HON. DR. HO KAI—Then you do need it.

THE COLONIAL SECRETARY—The term is perhaps a little misleading. It is a cleansing composition really.

HON. MR. STEWART—It conveyed a different meaning to my mind.

THE COLONIAL SECRETARY—I agree that the term is misleading.

HON. MR. GRESSON—Under education in connection with Queen's College, why should the allowance for exchange be so high?

THE COLONIAL SECRETARY—They have a large number of Europeans.

HON. MR. GRESSON—Is it correct that their salaries have been doubled owing to the fall in exchange?

THE COLONIAL SECRETARY—Every European officer is paid on the basis of a 3/- dollar converted at 2/- when exchange is at or above that sum, and at the rate of the day if below 2/- It is now 1/9. The increase is undoubtedly very large.

HON. DR. HO KAI—In dollars.

THE COLONIAL SECRETARY—That is the system which has been adopted by this Council. Formerly salaries were drawn half at a 3/- dollar, and then this Council in a fit of generosity gave the service the other half and made it 3/- all round.

The Bill then passed through Committee.