

6TH OCTOBER, 1914.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR
F. H. MAY, K.C.M.G.

HIS EXCELLENCY MAJOR-GENERAL F. H.
KELLY, C.B. (General Officer Command-
ing Troops).

HON. MR. CLAUD SEVERN (Colonial
Secretary).

HON. MR. J. H. KEMP (Attorney-
General).

HON. MR. E. D. C. WOLFE (Colonial
Treasurer).

HON. MR. A. F. CHURCHILL
(Director of Public Works).

HON. MR. E. R. HALLIFAX (Secre-
tary for Chinese Affairs).

HON. MR. C. McI. MESSER (Captain
Superintendent of Police).

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

HON. MR. H. E. POLLOCK, K.C.

HON. MR. E. A. HEWETT, C.M.G.

HON. MR. D. LANDALE.

HON. MR. LAU CHU PAK.

MR. M. J. BREEN (Clerk of Councils).

Financial

THE COLONIAL SECRETARY, by
command of H.E. the Governor, laid on
the table the Report of the Finance Com-
mittee (No. 14), and moved its adoption.

THE COLONIAL TREASURER second-
ed, and the motion was agreed to.

Trading with the Enemy Ordinance

HIS EXCELLENCY—Gentlemen: As I
intimated at the last meeting of the
Council, I have been obliged to sum-
mon you rather hurriedly and I am sorry
that I have been unable to give you
longer notice. I am also sorry to learn
that the Bill which forms the second item
on the orders of the day only reached
some hon. members at a very late hour
this morning. We sent it out at about
11 o'clock.

THE COLONIAL SECRETARY—Much
earlier than that.

HIS EXCELLENCY—Or earlier than
that, and the chit books have all been
signed, and we thought it had reached the
recipients, but apparently that has not
been the case in every instance. The final
instructions from the Secretary of State
on this matter, which, as you can well
understand, has occupied a great deal of
attention and formed the subject of
considerable correspondence, were only re-
ceived yesterday, and as the matter affects
vitally a large section of the mercantile
community it is very necessary that this
legislation—to put the matter now on a
permanent basis—should be passed with
the least possible delay. I therefore crave
your indulgence to pass this Bill, which
the Attorney-General will fully explain in
due course, and I can only add that I am
sorry to ask so much of your indulgence.

HON. MR. HEWETT—I rise to a point
of order, Sir. I wish to make some remarks
about this Bill. Can I speak now or
after the Attorney-General's statement?

HIS EXCELLENCY—You had better
speak now.

HON. MR. HEWETT—It is quite true
that the Bill did not reach us until late
this morning. I, in common with other
unofficial members, received it late, and do
not pretend to have read it thoroughly. I
was very busy at my office this morning,
and my work took up the whole of my
time, but from what I have seen of this
Bill and the Proclamation, it appears
that we are unduly generous in dealing
with peoples who are our enemies.

HIS EXCELLENCY—I think you had
better wait until later if you wish to
discuss the Bill itself.

HON. MR. HEWETT—What I was
going to say I can say later. I can merely
say, Sir, that I have been asked to speak
by the unofficial members with regard to
the passing of this Bill. Although we re-
cognise that you are acting under in-

structions from the Secretary of State, and that the Bill will no doubt be passed in this Council, whatever we may say on the subject, we do not think that such an important Bill, affecting the whole trade of the Colony and affecting our own individual interests, should be rushed through in five minutes. The community should have time to consider it, and I think I am expressing the views of unofficial members now present when I say that the unofficial members will vote unanimously against it.

Jury Amendment Ordinance

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled, "An Ordinance for the more effectual preventing and further punishment of the offence of trading with the enemy."

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

Trading with the Enemy Ordinance

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled, "An Ordinance for the more effectual preventing and further punishment of the offence of trading with the enemy."

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

THE ATTORNEY-GENERAL moved the suspension of the Standing Orders to enable the Bill to be passed through all its stages at that meeting.

THE COLONIAL SECRETARY seconded.

HON. MR. POLLOCK—I am sorry to say that I must oppose the suspension of the standing orders on this occasion. As your Excellency is aware, Rule 3 of the Standing Orders particularly lays it down that a printed copy of every Bill should, if possible, be sent to each member by the clerk at least two clear days before it is read a first time. Now, Sir, if that Standing Order is necessary in the case of an ordinary Bill in which merely a first reading is formally taken at the sitting in question, how much more necessary is it that the Standing Order should be observed when it is a question of passing a Bill through all its stages at one single meeting of the Council. In fact, Sir, I would submit that where such procedure is intended as the passing through of a Bill at the same meeting of Council it is

absolutely imperative that Rule 3 of the Standing Orders should be observed by which members should be given at least two clear days to study the Bill in question. I must therefore, Sir, oppose the suspension of the Standing Orders, because I agree with my hon. friend who represents the Chamber of Commerce that unofficial members have not been treated properly in this matter, because it is imperative that they should know what is to be brought forward in the case of a Bill which the Government proposes to pass through the Council in all its stages at one sitting. The unofficial members have not had a full opportunity of considering this Bill. One unofficial colleague informed me that he had not had an opportunity to study the Bill at all before he came to this Council, and I certainly think, Sir, that Rule 3 of the Standing Orders ought not to be suspended on this occasion in view of the short notice given to unofficial members.

HIS EXCELLENCY—Gentlemen: This is not an ordinary Bill, nor is it an ordinary occasion. The Bill practically gives effect to a proclamation which is the law of this land, although none of the residents herein have had it thrust upon them. I refer to the proclamation concerning trading with the enemy. I feel convinced, gentlemen, that when you have heard the Attorney-General's explanation of the Bill it will be sufficiently clear to you, and I have not the slightest doubt that after consideration of the Bill you will come to the conclusion that it is a reasonable and proper measure to be passed, always remembering that it is the embodiment of the policy approved in detail by His Majesty's Government.

HON. MR. POLLOCK—I would ask, Sir, that you put to the meeting the question as to whether the Standing Orders be suspended.

A division was then taken, and resulted as follows:—

AYES:—Captain Superintendent of Police, The Secretary for Chinese Affairs, The Director of Public Works, The Colonial Treasurer, The Attorney-General, The Colonial Secretary.

NOES:—Hon. Mr. Lau Chu Pak, Hon. Mr. Wei Yuk, Hon. Mr. Landale, Hon. Mr. Hewett, Hon. Mr. Pollock.

His Excellency the General did not vote.

The motion was declared lost.

THE ATTORNEY-GENERAL then moved the second reading of the Bill. In doing so he said—The object of this Bill, Sir, which has been, as your Excellency has said, introduced under the authority of the Secretary of State, is to provide for the prevention and punishment of the offence of trading with the enemy. It seems convenient and desirable to explain what has been done by the Colonial Government in this matter since the outbreak of war, and to state what the policy of the Government will be after this Bill becomes law. But before doing so, Sir, I would like to try to clear away a misapprehension which seems to exist widely as to what constitutes enemy character in connection with the offence of trading with the enemy. Enemy character in this connection does not depend in any way on nationality or national sympathies, but on commercial domicile. A German subject established in trade in Hongkong on his own account and resident here is, in the eyes of the law, a friend. A British subject established in Germany and resident there is, in the eyes of the law, an enemy for the purposes of trade. The former is looked upon as part of the commercial system and assets of the British Empire, and the latter as part of the commercial system and assets of the German Empire. With this principle in view, the policy of His Majesty's Government, which has been the policy of this Government throughout, is, while using every possible endeavour to prevent money or the equivalent of money reaching enemy territory so as to assist the enemy during the war, not to crush local traders and not to stifle fair competition. This policy is not, Sir, as I have just stated, a purely local one; it is the policy of the Imperial Government. It is also not only a national policy, as it is one dictated by the tendencies of international law. That policy, Sir, you intend to continue when this Bill becomes law. In applying this policy to the commercial life of the Colony, the firms which are managed by enemy subjects fall naturally into two classes:—(1) Firms which are branches of firms in Germany, or which have partners in Germany; and (2) firms which are purely local and have no connection with German territory, except, of course, as they might deal with German goods. With regard to the firms which have branches in Germany, or have partners in Germany, the position

taken up by us is that any dealing with the branch here must, under the conditions of modern commerce and local commerce, amount to dealing with the enemy. Any contracts entered into would be contracts for the benefit of the whole firm, including the partners in Germany. Accordingly, such firms were told they could not continue to trade here without permission. It was found, however, that very large British interests were involved in their trading, and in view of those interests, and to avoid dislocation of local trade and British trade in other parts of the Empire, certain limited permission was given them to continue transactions embarked upon before the war. These fall into three classes. Firstly, they were allowed to dispose of stocks in the Colony and any goods due to arrive which were shipped before the war. *As hon. members know, in any goods of that kind British banks are largely interested, and to prevent the disposal of those stocks might cause serious loss and even embarrassment to British institutions. They were also given permission to export from the Colony, so far as the jurisdiction of this Colony extends, any goods contracted to be bought in Hongkong before the outbreak of war. The permission given, of course, does not extend beyond the territorial limits of the Colony, but so far as we were concerned they were allowed to export such goods. To refuse that permission would have caused great embarrassment to sellers here, and British interests again would have been very seriously affected. They were also given permission, and this is the third class, to import into the Colony, again, so far as the local jurisdiction of the Government is concerned, any goods ordered from British firms in England before the outbreak of war. In many cases these goods are ordered a long time before they are wanted. If these goods were not imported by the firms here the manufacturers at home might find it very difficult to arrange for exportation to other persons. The other class of German firms here, as I stated, are those in which all the partners are resident here, and which have no partners in German territory. Those German and Austrian enemy subjects who form any such firms appear to be entitled, so long as they are allowed permission to remain here, and of course during their good behaviour, to carry on trade very much in the same way as any friendly alien. But bearing in mind the great object of the prohibi-

tion of trading with the enemy, which is to prevent money or goods going into enemy territory during the war, those enemy subjects who are allowed to remain here and to carry on trade in their own names—purely local firms—were told they must pay all moneys received by them into certain approved banks. There is one other point to be explained, and that is, that the local partners of firms of the first-class, namely, firms which are branches of firms in Germany, will, if they dissociate themselves from their partners in enemy territory and establish themselves here on their own account under a new firm name, be in the same position with respect to new business as the purely local firms which form the second-class that I have referred to. Of course, any business so carried on by them in their new firm names will be carried on solely on their own account and not for the benefit of their former partners in enemy territory. That, Sir, shortly, is the position taken up and acted upon by this Government since the outbreak of war up to the present time; and as I stated before, Sir, under this Ordinance when the Bill becomes law, it is your intention to continue the same policy with the same objects in view. The Bill refers in more than one clause to a proclamation which has not yet been published in the Colony, but will be published in the same *Gazette* that will contain the Ordinance now to be passed. It is a proclamation issued by His Majesty on the 9th September, and repeals a former proclamation issued on the 5th August. It defines what constitutes enemy character. It lays down in general terms under various heads what transactions may or may not be carried out and also contains certain other provisions. The Bill, Sir, provides that the offence of trading with the enemy shall consist of any act against any proclamation issued by His Majesty or any act which may at Common law or by Statute law or by Ordinance constitute the offence of trading with the enemy. It provides a specific penalty for this offence, which is, on summary conviction, imprisonment for twelve months and a fine not exceeding \$5,000; and, on indictment, imprisonment for any term not exceeding seven years and a fine not exceeding \$5,000. That penalty is retrospective, and applicable to any person who has, since the 4th August, traded with the enemy. It also provides that in addition

to these personal penalties a Court or magistrate shall have power to order the forfeiture of any property in connection with which, or by means of which an offence against this Ordinance may have been committed. That property becomes the property of the Crown free from any rights of any other person whatsoever. But as that might cause hardship, power is given the Governor-in-Council to deal with moral claims and make any such order as the Governor-in-Council may think fit whether as to payment out of revenue of the Colony or otherwise. The Bill also provides that officers and employees of firms and companies who knowingly are parties to any act or transaction which is an offence against this Ordinance will also be liable to the same penalties. It also provides the very necessary machinery for obtaining information by means of search warrants, and those warrants may be issued by a magistrate in any case where a person has sworn an information that an offence has taken place, or that an offence is anticipated. In case of emergency, a similar order may be issued by certain executive officers on such grounds as they may think fit, though, of course, that power will only be used in case of great emergency. The Bill also provides for the carrying on of a business the management of which has been so affected by the war as to prejudice its effective continuance; also, in cases where it is apprehended that a firm might be about to commit an offence under the Ordinance, the Colonial Secretary can apply to the Supreme Court to appoint a controller and the Supreme Court shall have power to appoint a controller who shall generally have the powers of a receiver and manager. A further clause gives power to the Governor to impose certain restrictions on the business of local branches of enemy firms, and on the business of all enemy subjects here. It has been necessary to state this clause in somewhat wide terms, but, as I stated before, there is no intention on the part of the Government of crushing the local trader. The object of the restriction is to prevent money or its equivalent going to enemy territory during the war. The only other provision, Sir, is one which provides that no bank of a certain defined enemy character shall continue its business here except for the purpose of winding up its affairs.

THE COLONIAL SECRETARY seconded.

HON. MR. POLLOCK—Sir, I would like to say a few words in answer to what has fallen from the honourable and learned Attorney-General. The hon. and learned gentleman has told us that there is some misapprehension abroad as to the position of traders of German or Austrian nationality trading in this Colony. But, Sir, I think it would be more to the point in recommending the provisions of this Bill to our favourable consideration if he had been able to tell us what facilities are given to British traders in Germany and Austria-Hungary at the present moment, and whether in fact British traders are allowed to do business at all in those countries. Because, Sir, unless there is some reciprocity of that kind towards us, I fail to see why we should exercise any favour in regard to traders of these nationalities either in Great Britain itself or in the Colonies. There is no reason, Sir, in a matter of this sort, why there should not be perfectly reciprocal treatment. So far as we can gather most foreign, and I certainly think British traders and merchants, have all been sent out of German territory. At all events, Sir, I think it would be an argument in favour of the treatment proposed by this Bill, if we could receive an assurance that our merchants in Germany and Austria-Hungary are receiving as favourable treatment as it is proposed we should mete out to traders of those nationalities in Great Britain and in British Colonies. There is one other point I should like to refer to in connection with the Attorney-General's speech, and that is, he pointed out, and quite justly, that as regards what we might call contracts pending at the time of the outbreak of the war, it is undoubtedly desirable that these contracts should be completed, not only from a mercantile but from a banking point of view. But so far as I can gather from the Attorney-General's speech, he did not advance one single argument in favour of going beyond that. For my part, I cannot see why the words in clause 5 of this Bill regarding completing transactions should not appear in clause 6. I do not think anybody would be disposed to object to transactions at the time the war broke out being completed: in fact, as the learned Attorney-General pointed out, it might cause considerable inconvenience in business and banking circles if such transactions were not completed. But I entirely fail to see why we should carry matters beyond that: why

German and Austrian merchants in this Colony should be allowed to do any more in ordinary trading matters than they are allowed by clause 5 to do. Those, Sir, are two points which have struck me as sticking out prominently in connection with this Bill, and I fail to see any reason why German and Austrian traders or merchants should be put in a different position from the German and Austrian bankers. It is quite fair that pending transactions at the commencement of the war should be carried out, but beyond that, in the absence of proof of reciprocal action on the part of the German and Austro-Hungarian Governments in our favour, I do not see why we should go any further.

HON. MR. HEWETT—Your Excellency, I start very heavily handicapped. This is one of the most important Bills, if not the most important, that has been brought before this Council since I have had the honour of being a member of it. I saw the Bill for the first time at 11 o'clock this morning, and it so happened that I was extremely busy and had no time to read it as then sent. Since coming into this room I have seen the Bill with certain alterations. I had no opportunity of consulting any of my colleagues. One of them had five minutes' conversation in my office this morning, and I have spoken to the others here, and I think I am right and have got the support of my colleagues for what I am about to say. We recognise the seriousness of the question, and quite understand the situation in which your Excellency finds yourself. We know perfectly well that this very important matter of trading with the enemy has received the earnest consideration, not only of the local Government, but of His Majesty's Government at home, for just about two months. We quite realise that when at last you received your instructions you had to draw up a Bill which no doubt has taken a very great deal of time and consideration, and that you should naturally wish that Bill to come into effect as soon as possible. In that respect I am quite sure the whole of the British community of Hongkong will support your Excellency, because up till now we have been in a great state of doubt as to exactly how far we could or could not trade with certain or our fellow residents here with whom we have been doing business on a most friendly

footing for a great many years and with whom, we trust, before a great many weeks are over we shall resume our previous friendly relations. I quite admit that a German resident here is a distinct trade asset, and when it was my painful duty a few months ago to call upon German merchants here, some of whom had been my friends for a great many years, to express my regret that they had to resign positions held in certain institutions with which I was connected, I expressed the hope—and I am perfectly certain it was thoroughly reciprocated by them—that although this war had unhappily broken out between our countries it would not now, and certainly not in the future, have any effect upon our friendly relations. That is a distinct prayer, and I am sure it will be endorsed by all residents of Hongkong. Turning to the conditions of the Bill, with which I confess I am imperfectly acquainted, certain safeguards have been pointed out by the Attorney-General to prevent money reaching the enemy's country. Possibly these safeguards may be effective here, but I can quite conceive, knowing as I do many details of the business of the Colony, that it is quite possible for a German working in his own name or that of a friend to have money transferred beyond the jurisdiction of this Colony—and for the moment we are only concerned with the jurisdiction of the Colony—and for that money to be transferred through other countries to Austria and Germany. I cannot conceive that any safeguards you make in this Bill could prevent a certain amount of money and profits of trade made by Austrians and Germans reaching their respective countries. At any rate, even if you do, that money, which is, say, for the sake of argument, deposited in the Hongkong and Shanghai Bank, the Chartered Bank, the Mercantile Bank or any other bank here, would immediately the war ceases, as accumulated money, be available for their interests. And I take it that this would be doing much harm to us, because it would be putting them in a financial position to meet the consequences of this war. It is not so many years ago that the father of the late Shah of Persia was very much perturbed about the terrible condition of one of his outlying provinces. What did he do? He appointed a very near relative as Governor-General with a free hand. The province was given over to brigandage; it was not safe for one moment.

That Governor-General executed two of the leading brigands, and the severe and frightful barbarities by which those men were put to death quieted the men of that province so long as he ruled there. That, however, is not our policy; but we are unfortunately embarked on a war which means a fight to the finish with some of the greatest Powers in the world. The only way we can bring that war to a speedy finish is by crippling the enemy in every possible way. Therefore, speaking for myself and a large number of the mercantile community of Hongkong who have discussed this question with me in various forms—I think I am perfectly justified in speaking for the Chamber I have the honour of representing and for the business community who have done me the honour of placing me in this position in the Council—I think we ought to fight the enemy in every way we can, and I entirely agree with the hon. member who represents the Justices of the Peace in what he said just now, that we should not allow our quondam friends, now our temporary enemies, to make any profit whatever. We ought to cut off their resources in every possible way we can, and although, as your Excellency has pointed out, this Bill is the outcome of the decision of the Secretary of State because it is the policy adopted by His Majesty's Government in England we out here can possibly realise certain directions where trade can be carried on to benefit the enemy in time of war. We as a community wish to protest against it. We think His Majesty's Government is wrong, and I should be wrong and a traitor to the interests I represent here if I did not press that point upon the Government in the strongest possible manner. I know any protest I make will have no effect, but I think it should be put on record that we as a business community think the policy of His Imperial Majesty's Government is wrong. We quite recognise that large British interests have been involved, and are still involved. Enormous sums have been mentioned—I do not know how much, but it runs into many millions—where British banks and British merchants are mixed up in imports and exports in the Far East with certain German firms, and clearly it is the business of the Government to endeavour to reduce those losses as much as possible, and it is imperative that our German and Austrian friends—I still call them friends although they are enemies—

should be allowed to carry out their old-standing contracts. But although I maintain that it is perfectly correct that the Government should give every possible opportunity for clearing off all old obligations, as has been done in the case of the German-Asiatic Bank, this facility for trading should not be continued and no new contract should be entered into. As I understand this Bill, it appears to me that provided the Governor-in-Council is satisfied that people carrying on business here, be they German or Austro-Hungarian, are carrying on their business in a perfectly *bonâ fide* manner and not allowing their profits to go to either of the countries with which unfortunately we are at the moment at war, they can carry on their business. Therefore, the competition of our German and Austrian friends which has been going on so keenly for so many years will continue here with the official sanction of the Hongkong Government, and, I might say, of the Imperial Government, as though war were not in existence. That I say and maintain is an absolutely wrong proposition which should not be permitted for a moment. We are very anxious indeed that all outstanding obligations should be carried out, but at the same time we consider that once these have been fulfilled our quondam friends should not be allowed still to continue their competition with British and other Allied Powers who at the moment are at war with them. The Attorney-General appeared to make rather a point in his remarks that so long as German and Austrian firms had no branches or head offices in German or Austrian territory they should be allowed to continue their businesses. I have been informed that of all German merchants here, and of course they represent a very large proportion of our trade, there are only two small insignificant firms who come under that category. Therefore, the point which the Attorney-General tried to make, as to our liability and the proper way we should treat alien firms, comes down to this: that practically the whole of such export and import business of Hongkong as is done by German firms, does not come under that category at all.

THE ATTORNEY-GENERAL — That information is not up to date.

HON. MR. HEWETT—I am speaking on the strength of a letter addressed to me

by the Colonial Secretary, which I thought good enough to quote.

THE ATTORNEY-GENERAL — The letter was true at the time. I might explain that the same thing would apply to any local partners of firms which at present have branch firms in Germany. Local partners of such firms, as long as they remain in the Colony, will be able to trade on their own account.

HON. MR. HEWETT—Thank you for your very valuable information; it makes my point even stronger. There are a number of firms here who have local partners, and some are represented in the room at this moment. The question of local partners is extended very freely in continental firms, and there is hardly a German or Austrian firm here engaged in business which has not local partners. Therefore, this Bill, so far as checking the enemy's trade is concerned, is not worth considering. They can carry on business almost in the same way as if no war was on, except that certain markets will be closed to them because of the blockade and so on.

THE ATTORNEY-GENERAL — Local partners will have to dissociate themselves from firms in Germany before they can carry on local trade. They cannot carry on trade here in the name of the old firm; they will have to adopt a purely local name to trade in this territory.

HON. MR. HEWETT—Exactly. That, I understand, has been done in the case of one firm here, and when this Bill comes into operation, and this proclamation which we see for the first time, no doubt a large number of German firms will take advantage of it and carry on their business just as if no war was in existence, except that they cannot do business with Germany. Therefore I think what the Attorney-General says more than ever strengthens my opposition to the policy of His Imperial Majesty's Government. We think this is wrong, although I know perfectly well, despite what we say and despite every protest we make, that this Bill will become law. But it is only right that I should protest against it. The Attorney-General made some reference to sale of business of an enemy. I believe one firm has sold its business. Now, there has been a great deal of discussion, as your Excellency is perfectly well aware, about the question of the transfer of ships

since hostilities broke out to an alien flag. We know perfectly well that protests were made on all sides by various belligerent Powers to the American Government for authorising certain transfers. It seems to me that any sale of business from a firm to a senior clerk or a friend since war broke out is equal to the sale of a ship. Of course, it may be urged that papers could be produced to show that the sale is perfectly *bonâ fide*, that a chief clerk of a certain firm had purchased from his seniors their business, and that he paid hard cash for it and so on. But this sort of information can easily be arranged, and I should say myself that the transfer of such business would be equally as wrong as the transfer of a ship of the German flag, to the flag of either Holland, Sweden, Norway or America or whatever the neutral country might be, and I think it should be the business of the Government to see that such transfers are not made. At the moment that is all that occurs to me. As I say, I am very heavily handicapped. I have not had time to consider the first printed Bill, which only reached me a few hours ago, and I have not had an opportunity of discussing this question fully with my unofficial colleagues. But, as I stated in my opening remarks, we cannot possibly see the necessity of rushing this Bill through at five minutes' notice. I think we should have had the 48 hours for consideration which the hon. member opposite (Hon. Mr. Pollock) asked for. Then the unofficial members might come forward with more concrete arguments against it. I have spoken on the spur of the moment, and I trust I have made my case clear. I am perfectly certain that the unofficial members will endorse what I have said, and I trust the merchants will also agree. It must be distinctly understood that I do not wish in any way to do harm to our very good friends in the past by trying to cripple their business. It is not a question of individual feeling or friendship, but it is a question of our fighting for our existence, and one or the other has got to go under. Therefore, we have got to fight not only with our hands, but with our feet too, and we have got to cripple the enemy in every way we can, and I am surprised that it is the policy of His Majesty's Government to allow these people to carry on their competition and their trade. We should not allow this competition with us to continue.

HON. MR. LANDALE—Sir, I would like to explain that my reason for voting against this Bill this afternoon is entirely due to want of time to allow us to consider its provisions. I have no wish to take this opportunity of vetoing any facilities which the Government may wish to give to those who are probably competitors, or to make the lot of German merchants here any harder than it is. This Bill may be very necessary or it may not. I have not had time to consider it, but I must register my protest against this Council being turned into a mere machine, and being asked to pass Bills which they know very little about, and have not had time to consider.

HIS EXCELLENCY—Gentlemen, I do not think that the giving of further time would have helped either the member who represents the Chamber of Commerce or the member who represents the Justices of the Peace in any way, because they seem to be completely opposed to the principle of the Bill, and therefore whether we postpone it for a day, or a week, or a month, I assume the position would be just the same. The hon. member who last spoke has made a very much more valid objection—the want of time. I have already explained why I desired to press forward this measure, and I would have thought that what has passed in the Council would have sufficiently explained the objects of the measure to you. I am very sorry that I cannot accede to the suggestion to give further time, because the matter is pressing very much. Now, the hon. member who represents the Justices of the Peace asks whether I can give him any information as to how British merchants in enemy country are treated. I am sorry to say I cannot, and I do not think it affects the question. I do not suppose for one moment that His Majesty's Government ever considered whether there was any reciprocity in this matter or whether there was not. His Majesty's Government has recently in a dramatic manner shown that they do not drive bargains; and I believe it is a fundamental principle of our Foreign Office not to bargain. What is much more likely to have weighed with His Majesty's Government is consideration of the best tenets of International law, and also, perhaps, consideration for that very fickle creature called trade. It is all very well to talk about killing the enemy's trade

and depleting his treasury, but we want to keep our treasury full. Also, as you know, trade is many-sided. It is possible, if you interfere unduly with it, and cut off many of its channels you may find yourself, instead of being the richer, a good deal the poorer. But it is not my concern to seek from what sources the policy of His Majesty's Government flows. I would only remind you, as the Attorney-General did, that this is not a policy framed for this Colony only. I would like to read paragraph 5 of the proclamation which is about to be issued simultaneously with this Ordinance, which, after reciting the disabilities put in the way of trading with the enemy, proceeds to enact (this law extends through the whole Empire), "that where an enemy has a branch locally situated in British, allied, or neutral territory, not being neutral territory in Europe, transactions by or with such branch shall not be treated as transactions by or with an enemy." If that clause stood alone, the enemy firms here would be as unfettered as British firms. It has been considered desirable to restrict them in some measure with the objects indicated by the Attorney-General. Those objects, we believe, are attainable. The hon. member who represents the Chamber of Commerce thinks they are practically unattainable. I beg to differ. I think they are attainable, and I consider that having regard to the pronouncement which I have just read in the new proclamation, that hon. members will recognise that this is a well-thought-out policy covering the whole of the British Empire, a policy, I would like to remind you, framed by that body of men composing His Majesty's Government, who have, if I may be permitted to say so, won the admiration not only of the whole Empire, but of the whole civilised world for the manner in which they have handled this war and the enormous complications of trade and commerce brought in its train. I think, gentlemen, we may have confidence in the foresight and in the acumen of His Majesty's Government in this matter. They are in a position to judge better what is in the interests of the Empire as a whole; they are in a position to judge better what the results of this policy will or will not be, and while I have listened with the greatest interest to the speeches made by hon. members—for the subject is an extraordinarily fascinating and interesting one—I feel sure the decision arrived at by His Majesty's Government is a

sound one, and not a wrong one, as the member who represents the Chamber of Commerce, with all his great commercial training, would have us believe.

HON. MR. POLLOCK—I think we ought to have a division.

A division was taken, and resulted as follows:—

AYES: The Captain Superintendent of Police, the Secretary for Chinese Affairs, the Director of Public Works, the Colonial Treasurer, the Attorney-General, the Colonial Secretary, the General Officer Commanding.

NOES: Hon. Mr. Lau Chu Pak, Hon. Mr. Landale, Hon. Mr. Hewett, Hon. Mr. Pollock, Hon. Mr. Wei Yuk.

The Bill was read a second time.

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

On Clause 6,

THE ATTORNEY-GENERAL moved that clause 6 be amended by the deletion of all the words after the word "Proclamation" in the twelfth line to the end of the section and by the substitution therefor of the following words, "or if any German subject or any Austro-Hungarian subject carries on business in the Colony, it shall be lawful for the Governor to impose such restrictions on the business of any such branch, firm or enemy subject as he may think fit"; and by the insertion of the words "business of enemy subjects and of" between the words "on" and "local" in the marginal note of the same section.

THE COLONIAL SECRETARY seconded, and the amendment was carried unanimously.

HON. MR. POLLOCK—I beg to move that the following be added to the clause as proposed to be amended by the Hon. and learned Attorney-General: "And no business shall be carried on by any such branch, firm, or person except for the purpose of completing transactions entered into by them or any of them before the commencement of either of the said wars." The object, Sir, of this proposed amendment is to bring clause 6 of this Bill substantially in line with clause 5, and to prevent any new business being entered into by branches or firms or persons of enemy nationality in this Colony.

HIS EXCELLENCY—I am afraid that the amendment cannot be accepted. It violates the principle laid down by the Secretary of State. Just to drive the policy in, I would like to read you the concluding words of a telegram on this Bill which I received from the Secretary of State: "Restriction should not be imposed solely for fear of competition to British traders." So, even in the turmoils of war it means that the Government still stick to the Free Trade and the Fair Trade flag. Therefore, I am sorry I cannot accept your amendment.

HON. MR. POLLOCK—I wish to have the amendment put.

HON. MR. HEWETT—I will second it.

The amendment was then put, the voting being as follows:—

FOR: Hon. Mr. Hewett, Hon. Mr. Pollock, Hon. Mr. Wei Yuk.

AGAINST: Hon. Mr. Lau Chu Pak, Hon. Mr. Landale, the Captain Superintendent of Police, the Secretary for Chinese Affairs, the Director of Public Works, the

Colonial Treasurer, the Attorney-General, the Colonial Secretary, the General Officer Commanding.

Council then resumed.

THE ATTORNEY-GENERAL moved the third reading of the Bill.

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

HIS EXCELLENCY—Council stands adjourned until Thursday fortnight.

The Objects and Reasons attached to the Bill state:—

The object of this Bill is to provide for the prevention, detection, and punishment of the offence of trading with the enemy and to introduce machinery, in the public interest, for the carrying on of a business the management of which has been so affected by the war as to prejudice its effective continuance. It also provides for winding up under supervision of the affairs of the local branch of any bank of a certain defined enemy character.